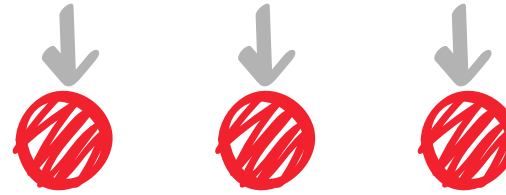# IMPACT MEASUREMENT & MANAGEMENT TOOLKIT

A practical toolkit for managing the social & environmental impact of impact enterprises
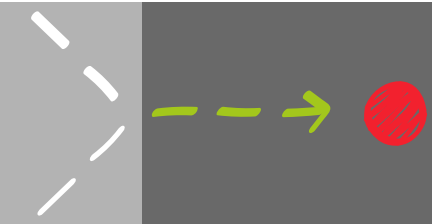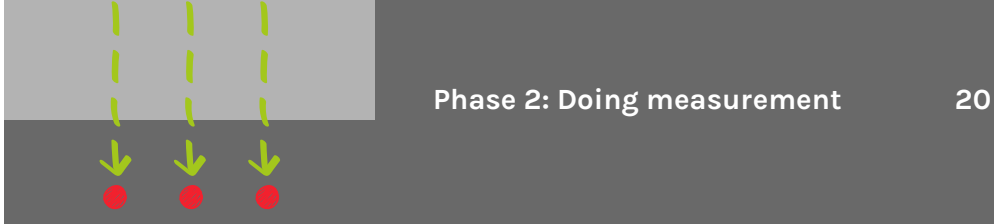
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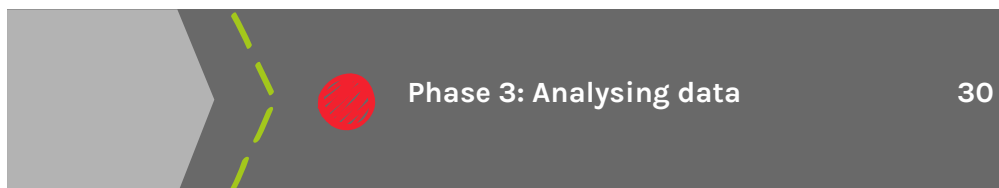Scaling Impact Enterprises
of Bangladesh

Impact Measurement & Management Toolkit

A practical toolkit for managing the social & environmental impact of impact enterprises
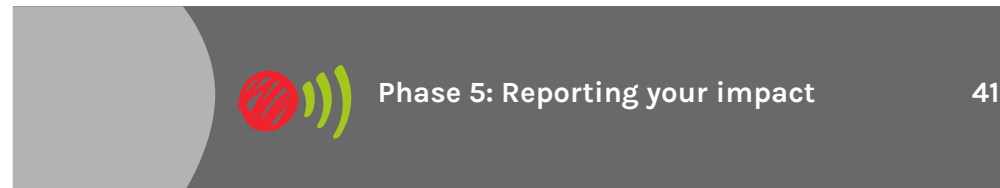
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INTRODUCTION

The rise of impact enterprises and impact investing firms

What is an impact enterprise? In recent years, impact enterprises (IE) have emerged as a hybrid form of organization that delivers solutions to social and/or environmental problems in a financially sustainable manner. While it is possible to define this group of organizations based on their legal forms or core business activities, in this report, we consider "impact" as the key factor that distinguishes IEs from other form of businesses.

Impact enterprise is referred to as a spectrum of enterprises that deliver social and/or environmental impact in a financially self-sustainable manner. But what does "impact" mean?

Impact is the value that people place on the changes they experience in their lives. Some, but not all of this value is currently captured in market prices.

Meanwhile, a business model is a description of how a business creates, delivers and captures value. In order for an impact enterprise to capture the full value of the business, it is essential for them, as well as intermediary organizations like incubators and service providers, to learn to capture this part of their business value by understanding and practicing impact measurement and management.

The benefits of measuring and managing impact

Sometimes entrepreneurs find it difficult to explain why they want to manage social and environmental impact and why it benefits their business. So, here are three key reasons why impact enterprises should conduct impact management:
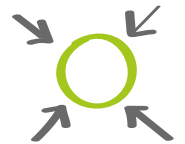
I) Knowing you are truly making a difference

Impact entrepreneurs want to change the world for the better but how can they prove that their business is really making a difference? They have to bridge their mission with their activities and find a way to accurately measure how efficiently this bridge is functioning – and that is exactly what impact management does! It offers evidence that an impact enterprise is achieving its impact targets and thereby, justifies its existence. But that is not all – it benefits the business's performance as well as understanding the client's needs and the effects of products and services on their life are imperative for a ny customer-centric business. Furthermore, sharing results honestly and effectively increase employees' motivation, as they see a more meaningful impact of their work, and builds a brand that the public, customers and investors trust in.

II) Long-term business growth and viability

An effective social impact strategy is more than just a tick in the box – it is key to a business's long-term sustainability and profitability. If entrepreneurs truly listen to their stakeholders' needs and modify their product/service accordingly, they can improve the performance of their business. Therefore, impact management is a crucial element in decision-making because data collected from impact measurement can provide a signal to what works and doesn't work on various aspects of their business operations. This enables the entrepreneur to make important decisions on when to **stop**, to **change,** or to **scale** specific activities.

For a business to scale, it requires not only funding, but impact management is increasingly becoming a decisive factor for investors' decisions because it helps to ensure that entrepreneurs' products and services are indeed making a difference in customers' lives. When customers' lives have improved, these products and services will then create market demand, thereby increases the revenues of impact enterprises. When impact enterprises are financially sound, it helps to ensure financial returns for investors. Integrating a robust impact management system into a business DNA can, therefore, make the difference in receiving funding and unleashing a precious opportunity!

III) Accountability to your stakeholders

Entrepreneurs want to show their stakeholders that they matter to them and that they can trust their business. By embedding impact management within their business, entrepreneurs signal to stakeholders that they care about the positive and negative impact they have on them and that they are willing to be held accountable for their actions. This transparency offers an alternative, yet very powerful approach to measure the success of a business and increase stakeholders' engagement.

We hope we have convinced you that impact management is truly important, and even better, got you excited to start doing it– so, let's start this journey!

3. Why did we produce this guide and who is it for?

When talking about impact management, what are some of the first adjectives that come to the minds of impact entrepreneurs? Vague? Difficult? Lost? Well, don't worry, because that is exactly why we have created this guide. We know that measuring and managing impact can sound overwhelming at times, but it is not rocket science. Our goal is to show you that impact management is something that everyone can do with the right mindset and a little guidance. It is a question of truly listening to and understanding stakeholders' needs and taking the right actions to address them. With this guide, we hope to make impact management an approachable and enjoyable task - outlining step-by-step how to plan, implement, and measure activities and their effects, so that impact is maximized. With key concepts, frameworks and examples, we want to help you understand whether and how impact enterprises are creating social or environmental change.
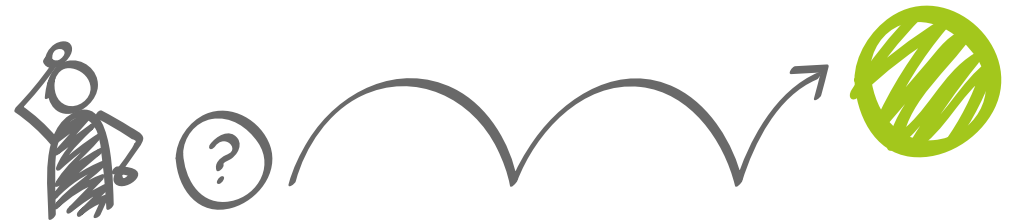
This guide is specially designed for trainers, advisors, and other supporters who want to support entrepreneurs in achieving their impact goal and are looking for a simple and structured way to do so. We want to provide you with the needed knowledge and tools, so you can teach and advise businesses in measuring, managing, and maximizing their impact. With impact, we mean a positive and lasting change either socially or environmentally. No matter how experienced you are in impact management, this guide offers something for everyone. For beginners, we outline a practical approach to define social and/or environmental problems and their respective solutions for ease of impact management. For advanced, we offer guidance on how to review and verify already formulated assumptions, and how to choose the next steps. Above all, we want to motivate you to engage with impact management yourself!

4. How to use this guide?

To provide simple and actionable steps on how to measure and manage impact, we structured impact management into four phases as outlined in the diagram below. We will go through each stage individually

I) Planning for impact

The first step for entrepreneurs is to gain clarity on their impact goal and develop actions that work towards achieving it. To do so, they need to understand and clearly define the problem they are trying to tackle and develop a feasible solution for it. Entrepreneurs learn to define their problem statement and integrate their solutions in the form of Theory of Change into their business operations.

II) Doing measurement

Once phase one is accomplished, entrepreneurs learn how to set indicators, select suitable data collection methods, plan on how they will collect the data, and start collecting them. To help entrepreneurs manage this stage, this guide explains how to effectively design a survey and various data collection methods for stakeholders to understand the changes they experience.

III) Analysing your data

Now entrepreneurs want to see if their actions are achieving the desired effect, so now comes the moment of truth: Did the business meet the impact targets? This guide explains the approaches that entrepreneurs can use to sort and analyse qualitative and quantitative data that they collected. They will evaluate the data by comparing different stakeholder groups, identifying patterns and themes, and finally gain a fuller picture of the impact they have or have not been able to achieve.

IV) Reviewing your work

Don't disregard the last stage! It is important that entrepreneurs do not forget to frequently check and review their previously defined problem, solution and assumptions. The environment in which they operate along with the relevant stakeholders can change and this guide explains how entrepreneurs can be prepared in adapting and modifying their business activities if needed.

We think that impact management is not complete without sharing results and good practices with others. Quite the opposite, impact reporting is an integral part of it and a powerful way to demonstrate a company's value. This guide, therefore, provides an additional section on how to effectively communicate impact results:

V) Reporting your impact

Maybe not after the first iteration of the four phases but at one point entrepreneurs want to and should share their impact. During this last stage, entrepreneurs come up with an approach to effectively communicate their impact given their available resources at hand. They will consider their key audiences and design a structure and design that is most suitable for their impact findings.

You may feel tempted to skip ahead and read only the sections that you are particularly interested in – but please bear with us on our impact journey, because we may introduce some concepts that are new to you or underpin the rest of the guide. Throughout this guide, you will also come across various symbols:

Additional resource on the Social Finance Academy platform for deepening your understanding in a topic

Bonus boxes consist of further impact management practices, approaches, tools for exploring ways to refine your existing work

Remember boxes consist of tips or ideas on what mindset to embrace when viewing a certain topic

Case study boxes consist of example applications in each impact measurement phase based on the Youth Empowerment Program case study

Before we get started, we want to point out that although this is primarily a guide on impact management, it is closely intertwined with business operational activities. It is important to not only coordinate the two but ideally embed impact planning into the operational business planning to achieve long-term sustainability.

VI) IMM through a Gender-lens

Impact Enterprises (IEs) create impact by serving the unmet needs of traditionally marginalized population, therefore it's important to talk about gender equality and social inclusion (GESI), putting the concept of inclusiveness at the core. A GESI lens emphasizes the inclusion of women, girls and other vulnerable populations such as youth, the elderly, persons with disabilities, the very poor, minority groups, displaced and conflict–affected populations, migrant workers and employees of hazardous or informal industries.

In this chapter we focus nearly exclusively on the gender aspect from the perspective of working with people who identify as women and men[1]. The chapter emphasizes on tips and strategies to better understand and to measure the impact that your product/service creates for both women and men from the target group, allowing for the better design and delivery of products and services. In addition, the chapter provides some initial suggestions on developing a gender inclusive organizational culture, both as Service Providers (SPs) and as IEs.

Let us begin by gaining a better understanding of gender related concepts!

Experts largely agree on the definitions of the terms, sex, gender and gender identity in the following terms:

- **Sex** refers to a person's biological status and is typically assigned at birth, usually on the basis of external anatomy. Sex is typically categorized as male, female or intersex.

- **Gender** is often defined as a social construct of norms, behaviours and roles that varies between societies and over time. Gender is often categorized as male, female or nonbinary.

- **Gender identity** is one's own internal sense of self and their gender, whether that is man, woman, neither or both. Unlike gender expression, gender identity is not outwardly visible to others.

We will now provide a snapshot into applying the gender lens to impact measurement and management (IMM) practice. It is the intention of this chapter to help enterprises in the early stages of introducing a gender lens into their organization and product/service, therefore it focusses on limited areas. The actionable suggestions and strategies provided should be implemented based on the preparedness of the enterprise. While making choices about the same, IEs and Service Providers (SPs) are advised to be mindful of the enterprise's ability to measure and monitor the implementation of the gender lens related practices at the same level as other components of IMM.

This toolkit will guide you on the journey of uncovering how our activities can affect, and are experienced by men and women.

---

1   Gender is acknowledged as a spectrum and is not necessarily binary, however, our focus is on the binary genders.

Case study: Youth Empowerment Program

To provide a better understanding of impact management, we use the following hypothetical case study of Youth Empowerment Program (YEP) to illustrate the application of each phase in its respective section later:

YEP equips students with the skills and confidence needed to secure vocational training positions. It targets teenagers who perform poorly in school and are at risk of dropping out. Drop-outs without a school certification face great difficulties in securing a job or vocational training position. Currently, YEP is only active in one region but its targeted students differ. While all of them come from families with low educational backgrounds, some might come from migrant families and others from other socioeconomic disadvantaged families. It provides participating students with mentors (YEP employees who are e.g. retired executives) who offer private tutoring activities to job searching and application training. YEP was founded three years ago and is still a small company. It rents a space in a university for tutoring and employs eight people, three of whom are volunteers. YEP sustains itself financially via the Employment Model, where their revenue is generated through:

(i) a small percentage of first-month salary from jobs secured for the students, and
(ii) fees charged to companies when students successfully secured employment.

PLANING FOR

IMPACT
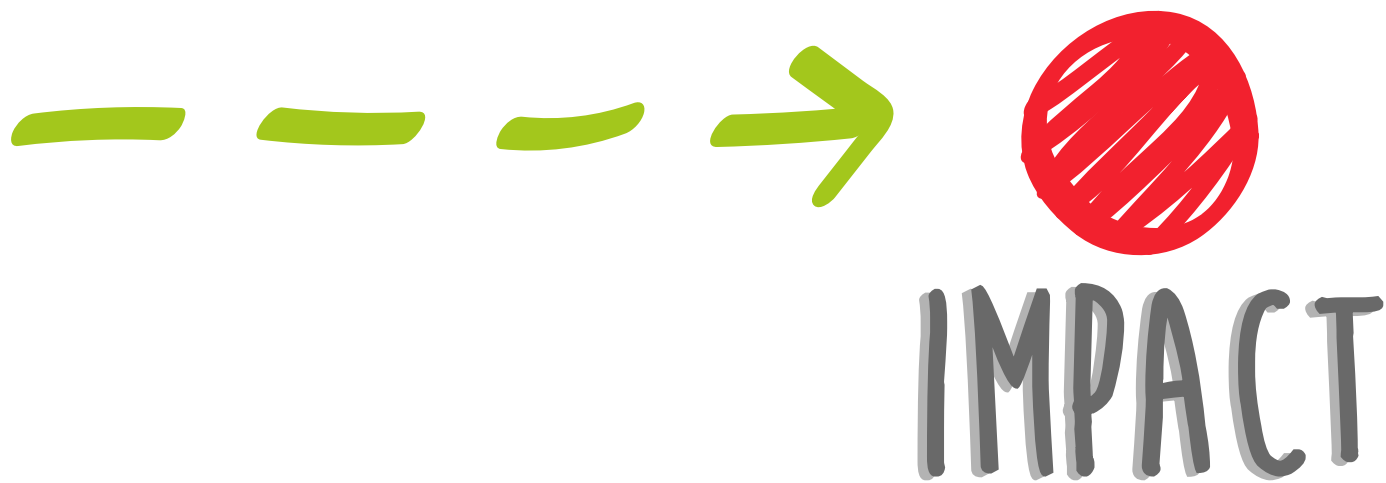
"You need to listen to the people experiencing the problems, and their ideas need to crowd out the words of the "can't be done-ers""

– Ann Cotton, Founder of Camfed

ARE YOU READY FOR THIS PHASE?

☐ Do you see it as your duty to help entrepreneurs realise their full potential?

☐ Do you believe that impact management is an essential component to make this happen?

☐ Do you want to learn how entrepreneurs can start to plan and develop a strategy that is needed for their business to maximize their impact?

If you ticked all the boxes above, then you are ready for phase one!

Entrepreneurs need to be clear about what they want to accomplish, why and for whom. It is important for them to clarify their impact goal and understand what actions are needed to achieve it. This involves laying out the problem they are aiming to tackle, their proposed solution for it along with the required assumption for their proposed plan to work.

1.1 What problem is the business trying to solve?

Entrepreneurs often think this is an easy task that can be quickly checked off. You might hear phrases like "Reduce world hunger" or "Protect native animals", which seem inspiring and visionary, yet are vague and abstract. Entrepreneurs need to be explicit when they outline their problem. Questions that can help them define the issue are:

- Who is directly/indirectly affected? How many people are affected? Are some groups more affected than others?
- What is the scale and scope of the problem?
- What are the root causes of the problem? Why did the problem develop?
- What are the consequences of the problem?
- Who else is addressing this problem?

Entrepreneurs should make the effort at the start to truly understand the challenge they intend to address. This includes on-the-ground research and building upon existing research if possible. Otherwise, they might face the risk of not making a difference at all or worse, have a negative impact. For instance, an entrepreneur that is not aware of another business already addressing the same problem might be wasting the business's financial and non-financial resources, such as money or employees' skills/capacities. To make sure the product or service creates the intended value, entrepreneurs should involve different stakeholder groups. Their input is valuable because they are the ones impacted by the business's activities.

Entrepreneurs often tend to have big visions and high expectations towards themselves when it comes to solving social issues. While this is admirable, these problems are often complex with multiple causes and consequences. Instead of aiming to solve the entire problem, entrepreneurs should focus on a specific part of it. Doing so has several advantages for them:

- It ensures that their business has sufficient resources to tackle the problem
- It increases the probability of success for impact creation
- It fosters stakeholders' engagement because they can see their role as part of the impact creation process

In the following subsections, we will focus in more detail the three areas (who, what changes, how much) that will guide entrepreneurs towards defining their impact goal. Having a good understanding of these three areas is crucial and you are encouraged to use the additional resources "Impact Model + Customer Promise Sheet" to help you to select the most essential indicators prior to structuring your Theory of Change.

> **REMEMBER: A business's impact goal is smaller than the actual problem and that's okay**
>
> Remind entrepreneurs that nobody expects them to solve all of the world's problems. It is okay and more effective to have an impact goal that is smaller than the complex social problem. Once decided on a specific part of a problem, they should regularly review the circumstances around this problem to check if they must change their approach of tackling it.

1.1.1 Who experiences changes in their lives as a result of what a business does?

A business's actions will create a range of outcomes for different people. All people differ from each other and vary, for instance by age, gender, race, or life experience. To understand why and how experiences differ for different people, entrepreneurs have to get to know their stakeholders. That is why we mentioned above that it is important to involve different stakeholder groups when identifying the problem. Entrepreneurs want to understand the problem from their (stakeholders) perspective so that their needs can be addressed, thus helping to offer products and services that are effective and sustainable. Engaging stakeholders shows that the entrepreneur is listening, gives stakeholders a sense of confidence and agency, and will help the business to maximize its impact.

But who are the stakeholders and are they all equally important? Think of stakeholders as all the people that are affected by the actions of a business. Entrepreneurs have most likely already identified some of their stakeholders, such as the users of their product or service. Nevertheless, encourage entrepreneurs to think about the consequences of their activities. Soon they will realize that their stakeholder list is much longer! Here are some questions that can help entrepreneurs:

- Who is needed to perform the business's activities and provide the product or service?
- Who do you think is most affected by the product or service you provide?
- Who else might be indirectly affected by your activities?
- Is there anyone that might be negatively affected as a result of your activities?

Once entrepreneurs think they have identified all relevant stakeholders, they must decide which groups to include and exclude from their data collection. This can be a daunting experience because oftentimes it is difficult to decide which to include or exclude. Fortunately, there are already some well-documented and tested approaches in the market, one of which is the Lean Data's approach on customer promise sheet, where it guides the user to break down the impact statement into a few key value drivers, and with each key value driver, the associated target stakeholders.

> **RESOURCE:** The Impact Model + Customer Promise sheet is accessible under the additional resources section on Social Finance Academy (www.social-finance-academy.org).

YEP Stakeholder Analysis

Stakeholders	Include/exclude	Reason
Q. Who does YEP need to perform its activities?		
Tutoring and mentoring: Employees, volunteers,	Include	High effort for supporting YEP activities and mentoring students
Facility: University	Exclude	Commercial rental agreement only: YEP can find a new venue
Revenue source: Employers (companies)	Include	Companies pay service fee to YEP (for every successful job hire) to cover its operational costs
Q. Who is affected by YEP's activities?		
Participating students from secondary school	Include	Users and beneficiaries of YEP activities
Potential future employers	Include	YEP contributes directly to their quality by providing employees
Q. Who else might be indirectly affected by YEP's activities		
Families of participating students	Include	Student's new job will likely increase financial security of his/her family
Schools of participating students	Include	Schools gain better reputation when students perform well and number of graduates increases
Q. Is there anyone that might be negatively affected by YEP's activities?		
Non-participating students	Include	There is no evidence that they will be at a disadvantage when applying for a job. Yet, YEP must check this to prevent harm

BONUS: When providing the reasons for exclusion/inclusion, you can also consider using the Lean Data's approach to the Impact Model + Customer Promise sheet described earlier. You can ask yourself, "Is this stakeholder connected to my key value driver?". If the answer is yes, the inclusion of this stakeholder that generates the most relevant outcome for your project can be of high certainty.

1.1.2 What changes do stakeholders experience and are the changes equally important?

Before entrepreneurs start collecting data they should brainstorm about how and to what extent their actions will affect their stakeholders. Different stakeholders will most likely experience different outcomes and will also value them differently. Similarly, businesses should prioritize outcomes because it is likely that they don't have the resources to promote all outcomes and some outcomes will create more impact than others. When thinking about possible outcomes, entrepreneurs should keep in mind the characteristics and life circumstances of their stakeholders. For instance, demographics, attitudes and life experiences can heavily impact the way people experience outcomes. And just like for previous tasks, encourage entrepreneurs to involve their stakeholders because who could be better suited to help identify the outcomes than the people experiencing them?

YEP Outcomes

This list of outcomes is not exhaustive and doesn't consider subgroups for YEP's stakeholders, such as students from different family backgrounds. Nevertheless, it should give entrepreneurs an idea of how an outcomes list can be set up. While you should encourage entrepreneurs to conduct this analysis with a higher level of detail, point out that including too many stakeholders and subgroups can result in confusion and a loss of focus when measuring impact.

Stakeholder group	Outcome
YEP employees	Positive feeling about helping students
	Monetary income
Participating students	Increase in students' skills and knowledge relevant for graduating
	Increase in confidence in professional competence
Participating students Future employers	Increase in students' ability to follow through on their application independently
	Successfully secured job employment
	Increase in suitable talents
Families of students	Increased financial security
Secondary schools/ teachers	Increase in graduating students
Families of students	Better reputation
Non-participating students	Decrease in confidence
	Difficulties in securing jobs

BONUS: You can also consider using the Lean Data's approach to the Impact Model + Customer Promise sheet described earlier. You can ask yourself, "Is this stakeholder connected to my key value driver?". If the answer is yes, then ask yourself "what would be the outcome deriving from this stakeholder?".

BONUS: If you would like to obtain some ideas on what are the possible common outcomes that are being measured in your sector, a good public source is the IRIS website, where they have a record of thousands of indicators carefully arranged by individual sectors. The link to the page is here. Please note however that unlike this Impact Management toolkit, where we provide you with the step-by-step guidance on how to develop your impact measurement framework, IRIS is just a library of indicators and it does not provide any guidance on selecting the most suitable indicators for your project.

RESOURCE: IRIS - Library of Indicators – is accessible under the additional resources section on SFA.

1.1.3 How can a business set realistic impact targets?

Before entrepreneurs start collecting data they should set targets and try to forecast how much change they will create. This is challenging when entrepreneurs are just starting to operate but it will get easier once they have collected and evaluated some data. Knowing who the stakeholders are and building upon the created outcomes list can help to formulate the first targets. Of course, these targets will need continual refinement because initial assumptions, for instance about the environment or the target group, can change. However, setting targets offers businesses a point of reference and provides clarity on whether they are creating as much impact as they thought they could. It's a true reality check!

YEP Impact Targets

Before YEP started to collect data, they decided to set the following targets:

Outcome
At least 90% of YEP employees feel positive about helping students
At least 90% of YEP employees receive a salary in line with the market rate for the same position and sector
At least 90% of students reported an increase in their skills and knowledge relevant for securing jobs
At least 90% of students reported an increase in confidence in professional competence
At least 70% of students followed through their job applications independently
At least 40% of the total graduates have successfully secured employment
At least 80% of companies met their hiring needs in terms of vacant positions permanently filled
At least 80% of employed graduates contributed to the increase of their family's financial security
At least 30% of increase in students graduating from schools
At least 50% of participating schools gained good reputation via higher enrolment rate

YEP plans to review, modify and extend these targets in six months.

BONUS: Impact Management Project - Impact Data Categories (Five Dimensions)

We know that developing a strategic plan that demonstrates a business's impact and that differentiates it from other businesses can be a complex and sometimes overwhelming task. So far, we have divided this challenge into smaller parts and provided you with tips and tools that you can use to tackle them step by step with your entrepreneurs, such as the Impact Model + Customer Promise Sheet. Now we would like to introduce another framework that helps entrepreneurs to dissect their impact into different dimensions in a systematic way, which is also adopted by many investors and industry players: The Impact Management Project (IMP). So far so good, but what exactly is the IMP and how does it work?

The IMP is a global, sector-wide initiative to develop a commonly accepted way of defining, measuring, and reporting the impact that businesses have on society and the environment. Together they have developed a framework that breaks impact down into five fundamentals. Dividing impact into five core dimensions helps entrepreneurs to truly understand and scrutinize their impact. Let's have a look at them:

The IMP reach global consensus that impact can be measured across five dimensions: What, Who, HOw Much, Constribution and Risk	
Impact dimension	Impact questions each dimensions seeks to answer
What	○ What outcome occurs in the period? ○ How important is the outcomes to the people (or planet experiencing them?
Who	○ Who experiences the outcome? ○ How undeserved are the affected stakeholders in relation to the outcome?
How much	○ How much of the outcome occurs - accross scale, depth and duration?
Contribution	○ Would this change likely have happened anyway?
Risk	○ What is the risk to people and planet that impacts does not occurs as expected?

These five fundamentals can help entrepreneurs analyse their impact holistically and support them in designing a valuable Theory of Change (ToC). More specifically, once entrepreneurs have developed a ToC, this framework can help put it into something actionable. It facilitates the process of developing meaningful metrics that are needed to appropriately measure impact. Whereas some dimensions, such as "What" or "Who", are more straightforward to answer, others, such as "Risk" and "Contribution" require a more profound understanding of the problem and a more detailed analysis. Even though the latter two dimensions are more complex, entrepreneurs may want to spend resources in answering them, especially if they are crucial investment decision-making factors from the perspective of investors. As the IMP impact framework is internationally recognized and widely used, businesses can use it to compare their performance in all five categories with other businesses.

The IMP – Impact Data Categories – is accessible under the additional resources section on SFA

Hopefully, we have piqued your interest in IMP and you can see the potential benefits of using it! If so, we recommend that you inform your entrepreneurs about the existence and value of IMP and, if possible, learn more about the five categories and their integration into a business's impact management practices. For more information and practical tips on using the IMP, see the IMP website.

Summarising YEP Social Problem

YEP identified a very high unemployment rate in its region and has set itself the objective of reducing it. Yet, the entrepreneur and his employees understood that they cannot solve the entire problem, given the problem's complexity and YEP's limited resources and lack of influence.

To decide which part of the problem to tackle, they researched the causes and effects of unemployment. YEP thought that they could help solve one part of the problem in particular: students that graduate from secondary school experience difficulties in finding a vocational training position, causing high youth unemployment. Further research revealed that a core reason for this problem is that there has not been enough individualized support for students graduating from secondary school and there are barely any career-preparatory offerings for these students. YEP believed that its expertise lied in its expert network, which covered different knowledge areas, and its employees' experience in teaching. Thus, it decided to offer mentoring programs, including tutoring and job-application training sessions.
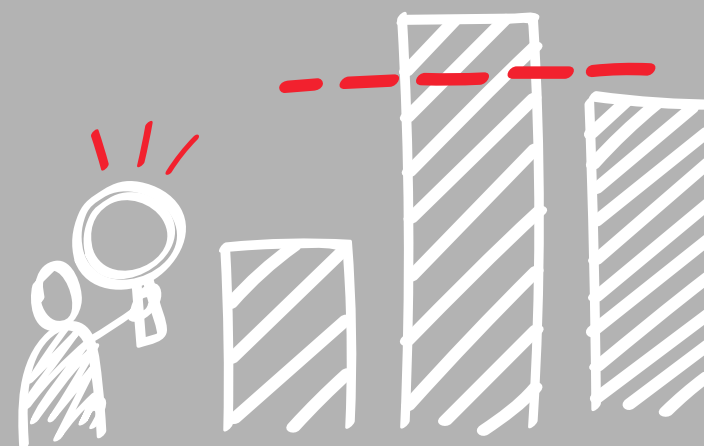
1.2 How to structure a plan for integrating impact creation processes within a business?

A clear definition of the problem should be followed by a plan of how to solve it. A useful tool to help businesses set up a strategy is the Theory of Change (ToC). A ToC explicitly outlines how a business will make an impact on the targeted community, either in the form of a written text or a visual map. We think it is best to include stakeholders in this process because in the end, people, such as employees, users, or funders, are the ones that are affected by the business' activities. To help entrepreneurs correctly set up the ToC, let us go through this process step-by-step:

INPUTS → ACTIVITIES → OUTPUTS → OUTCOMES → IMPACT
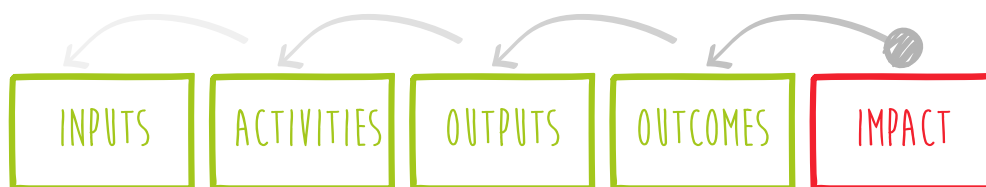
I. The first step is to define an **impact goal**. An impact goal is what a business wants to achieve and can contribute based on the part of the bigger problem it decided to tackle. In doing so, the business will make sure it stays on the right track and maintains its purpose.

II. Once the impact goal is defined, entrepreneurs work backward. Together with their stakeholders, they will come up with the intended short-term and long-term results required to achieve the impact goal. We call these **outcomes** – changes, benefits, learnings, or other effects that result from a business's activities.

III. Next, they need to consider the **outputs**, which are the products or services directly produced by the business's activities. Typically, the provision of outputs is under control of the business.

IV. To make changes happen, a business has to perform certain **activities**. These concrete actions are the day-to-day tasks it must undertake to effectively provide a product or service. Each output should be linked at least to one activity and just like outputs, activities should be controlled by a business.

V. Lastly, a list of resources needed to perform the activities should be created. We call them **inputs** and they relate to all kinds of resources, whether capital or human.

Any good theory rests on well-documented assumptions, both implicit and explicit, which state the way we see the world. The same holds for a ToC. For a business to have a credible ToC, it needs to make realistic assumptions about the links created between activities and outputs, outputs and outcomes, and outcomes and impact goals.

REMEMBER: Validate assumptions!

Example: It is proven that regular handwashing can prevent children from dying of diseases like diarrhoea. Why do we think that providing soaps thrown away by hotels to children combined with handwashing education can prevent diseases? One assumption is that they have access to water. This might seem obvious but it is important to include even simple assumptions when developing a ToC. The identified conditions need to hold for a ToC to be true and for a business to achieve its intended impact. During the data collection stage, businesses can then collect data to verify their key assumptions.

Output vs Outcome

Entrepreneurs sometimes don't know whether they should place an item into the output or outcome category. This explanation can help you clarify the difference between them. An output is something that is created at the end of an activity. For instance, the number of trainings offered, children taught or grants funded. However, they do not address the value of a business's product or service for its stakeholders and, therefore, do not demonstrate how the lives of them are impacted. Outcomes take this next step. They reflect the changes over time that have occurred because of a product or service that a business provided. Whereas the number of children taught is an output, a possible outcome could then be the percentage increase in children's' grades as a result of the teaching.

RESOURCE: A webinar video on the difference between Output vs Outcome is accessible under the additional resources section on SFA.

YEP Theory of Change

Inputs	Activities	Outputs	Outcomes	Impact goal
○ Human resources ○ Financial resources ○ Space in university used for trainings ○ Materials used for trainings	○ Private tutoring ○ Job search training ○ Job application training	○ Number of students receiving tutoring on job search and application sessions	○ Increase in students' knowledge and skills ○ Number of graduates who secured employment	○ Reduce youth unemployment in the region

Assumptions inputs - activities

○ Trainer is well-equipped with knowledge and skills for training sessions
○ Training content materials are relevant for job seekers

Assumptions activities - outputs

○ Students attend most of the tutoring and mentoring sessions

Assumptions Outputs - Outcomes

○ Training contains necessary information to fill knowledge gaps and to prepare for job applications
○ Information is conveyed at appropriate level (e.g. language, literacy)
○ Students learn and retain taught knowledge
○ Drop-out rate is kept at x%

Assumptions Outcomes - impact goal

○ Graduates applied, hired and retained their jobs
○ Enough jobs are available for graduates

RESOURCE: A "Theory of Change Template" is accessible under the additional resources section on SFA.

REMEMBR: Create an impact culture to maintain focused on impact

In the beginning, we mentioned that this guide's primary focus is to teach businesses about managing their impact. But we also said that impact management should be embedded in every department and operation of a business. For this, entrepreneurs need to create a culture where employees are committed to continuously learn and improve to maximize impact. They need to build a community where people are dedicated to leveraging their talents and skills to actively create positive social and environmental impact. To achieve this, employees must have a complete understanding of the business's impact goal and how it is aiming to achieve this (e.g. ToC). They need to believe in the plan and understand how their role will contribute to solving the problem. A further habit that entrepreneurs should embrace within their business is to honestly share and discuss results, accept failures without blame, and celebrate the team's achievements. Creating and fostering an impact culture from early on is crucial to achieving impact goals!

RESOURCE: "Root Capital Case Study - integration of learning-based impact measurement into business operation" is accessible under the additional resources section on SFA.

KEY QUESTIONS THAT ENTREPRENEURS SHOULD BE ABLE TO ANSWER BY NOW

☐ Why are you / should you measure and manage your impact? **P. 6**

☐ What problem are you trying to solve? Be specific! **P. 10**

☐ Who experiences changes as a result of what you do (aka who are your stakeholders)? **P. 11**

☐ What changes will your stakeholders experience in your opinion? **P. 12**

☐ What are your targets? **P. 12**

☐ Can you articulate the process of how you will achieve social impact - your theory of change? **P. 16**

Congratulations, you finished the first (and longest) phase of this guide!
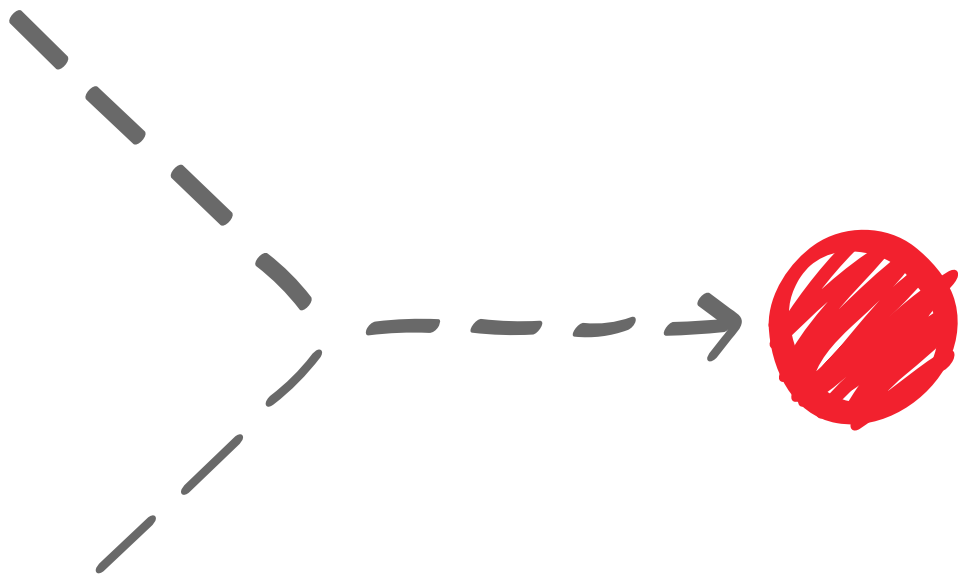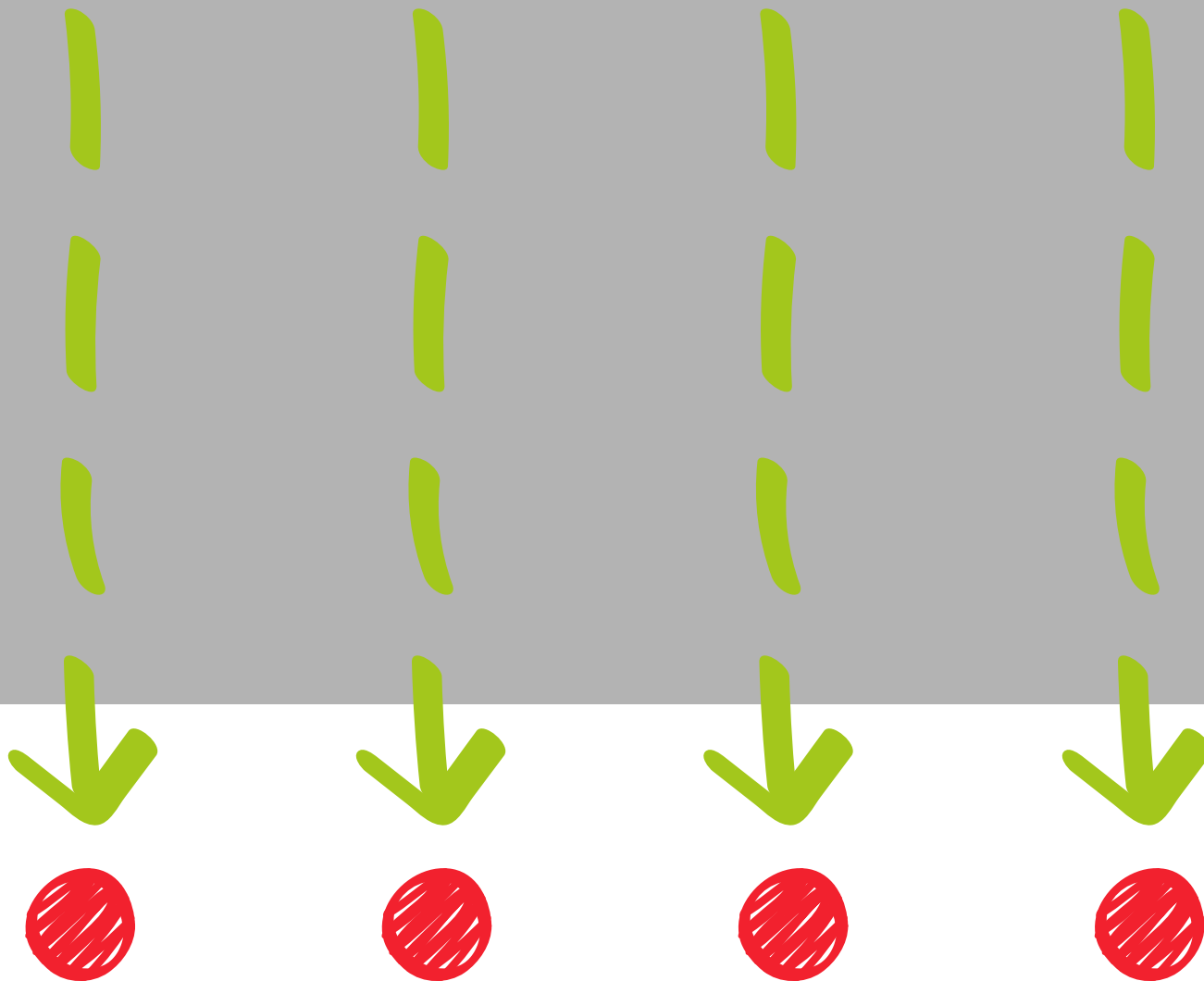
DOING MEASUREMENT

"Most of the world will make decisions by either guessing or using their gut. They will be either lucky or wrong"

– Suhail Doshi

ARE YOU READY FOR THIS PHASE?

- ☐ You successfully convinced your entrepreneurs that impact management is important
- ☐ You helped them set up their ToC
- ☐ Your entrepreneurs identified their stakeholders
- ☐ They brainstormed about the outcomes that each stakeholder group is likely to experience

If you ticked all the boxes above, then you are ready for phase two!

Before entrepreneurs start collecting data they need to create a data collection plan. This includes outlining what data to collect, why it needs to be collected, how often it will be collected, and who is responsible for collecting it. Gaining clarity on these questions beforehand assures that the data required for measuring the intended impact is collected efficiently.

2.1 What should entrepreneurs always keep in mind when thinking about data collection?

Before we dive into the topic, we want to provide some general thoughts on collecting data. The ultimate maxim that entrepreneurs should always have in mind when planning and doing data collection is measure what matters. The following tips aim to help entrepreneurs follow this line of thought:

I.   The indicators should guide a business's decision-making and should monitor the meaningful changes resulting from those decisions. They should answer the question: "Are you achieving what you are wanting to achieve?" Only indicators that can contribute to the answer of this question are useful for a business and should be measured.

II. To prove and demonstrate the impact that a business is creating, it needs a powerful impact story and this is supported by quantitative and qualitative data. By collecting both forms of data, entrepreneurs provide facts backed up with emotional individual stories.

III. The true impact will probably show years from now, so it may take time to collect outcomes data to fully understand whether and how a business is moving things toward its mission. Entrepreneurs might feel tempted to focus on short-term results, but an outcome-driven focus will show the real changes.

IV. Published information and research might already offer answers to some of the business's questions. Reviewing what is already out there and available to the business can save time and effort.

V. A data collection plan should correspond to the business's stage of development and capacity. Entrepreneurs shouldn't create a long and complicated to-do list that only a full-time employee dedicated to impact measurement could manage – when in reality they only have two full-time employees.

2.2 How can entrepreneurs measure changes using indicators?

A business can track changes by measuring the outcomes that were defined in phase one. The first step to do so is to come up with indicators for the outcomes. Indicators are measures that show if and how progress has been made. You can think of them as signs that something has happened. It is important that entrepreneurs select the right indicators before they start any activities to allow them to properly assess the impact later. The decision to measure a certain indicator has far-reaching implications because it directly determines the type of evaluation and assessment to be performed. Thus, defining indicators requires careful consideration!

Indicators can be qualitative or quantitative. Quantitative indicators use numerical data to explain something and answer questions, such as how much or how many. The results can be a number, a ratio, or percentage. For instance, water consumption can be evaluated by stating that three litres were consumed (number), 50% of all available water was consumed (percentage). Qualitative data are used to show how individuals or groups understand, interpret or experience the world. For instance, communities reported that they consumed water, but they felt that the water was not clean as it emitted some kind of odour. They communicate the changes through the eyes of the people being studied and are often richly descriptive, relative and subjective. While quantitative data is easily measurable and tells entrepreneurs how much something has changed, analysing qualitative data can help entrepreneurs to contextualize the quantitative data, and help them understand the nature of that change and why it has occurred. As mentioned before, entrepreneurs should use a combination of both data to ensure that the strength of one data can balance out the limitation of another.

QUANTI   QUALI
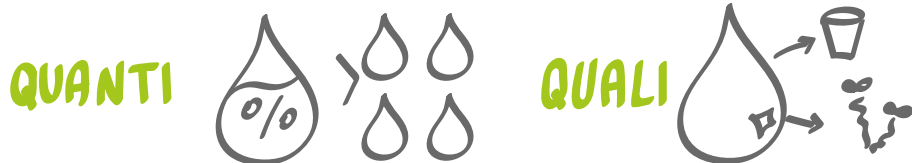
Activities create change and indicators are used to show and communicate this change. However, to truly estimate change, entrepreneurs need to know two things: the initial condition of the people that they aim to affect and the condition of these people when the outcome occurs. The difference between those two data points is the change they want to measure. If they don't know where they are, how can they know where they are going? Baseline data are initial information about stakeholders collected before the start of activities and are essential for entrepreneurs to monitor and track changes. They can help set realistic and achievable targets because they provide a clear starting point to benchmark progress against.

YEP Qualitative and Quantitative Indicators

The following list only outlines indicators for participants' outcomes. Of course, YEP designed indicators for other stakeholders, yet YEP's main target group should be sufficient to demonstrate that indicators are a very effective way for entrepreneurs to show whether their business delivered as expected.

Outcome	Indicator	Qualitative / Quantitative
Increase in students' skills and knowledge relevant for graduating	The participant has improved its knowledge in subjects relevant for graduating	Qualitative (participants self-report – improvement scale)
	The participant has/hasn't graduated	Quantitative (participants self-report - % of yes/no answers)
Securing sustainable employment	The participant has/hasn't obtained a job	Quantitative (participants self-report - % of yes/no answers)
	The participant has this job at least for x months	Quantitative (participants self-report - pure number)
	The participant receives sufficient income to make a living	Quantitative (average income per participant)
Increase in confidence in professional competence	The participant reports greater confidence in his/her professional competence	Qualitative (participants self-report – improvement scale)
Increase in students' ability to follow through on their application independently	The participant has/hasn't completed applications independently	Qualitative (participants self-report - % of yes/no answers)

2.3 How can entrepreneurs develop indicator statements using SMART criteria?

SMART criteria were originally proposed as a management tool for program managers to set goals and objectives, but the criteria have also been well accepted in the field of impact measurement and have become common best practice approach in developing indicator statements. Below is an overview of what SMART means:

- ○ **Specific**: the indicator is clear on what is exactly being measured, and clearly defined or sufficiently described without ambiguities
- ○ **Measurable**: the indicator can be counted, observed, analysed, or tested, so that progress or results can be determined
- ○ **Attainable**: the indicator accurately specifies the amount of what is to be measured and the target amount attached to the indicator should be realistic and achievable
- ○ **Relevant**: the indicator must have a relationship between what it measures and the Theories of Change, whether at the input, activities, output, outcome or impact level
- ○ **Timely**: the indicator must be efficient in terms of time spent in data collection, which also relates to the resources that are available to measure it in a cost-effective manner

> RESURCE: "Developing Indicator Statements Using SMART Principles" is accessible under the additional resources section on SFA.
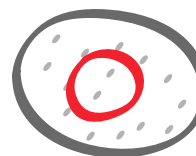
2.4 Data collection methods

2.4.1 Data collection method via survey

A powerful way to collect information (including baseline data) about people is through a survey. Although it is a simple and well-known data collection method, many people underestimate the effectiveness of a well-design survey. We will go through the various features of a survey to show that details matter and determine the quality of a survey.
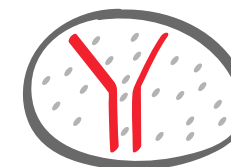
Survey is a method for entrepreneurs to reach a high volume of people at very little cost and ensure anonymity if designed with care. It also enables entrepreneurs to quickly summarize and evaluate the results. There are different ways of delivery: a survey can be conducted on paper or with a tablet, in-person or over the phone or internet. The first step in designing a survey is also the trickiest: developing the appropriate survey. It is helpful to look at existing surveys that have been developed by professional researchers and make reference to the structure, as well as wordings of them. A critical question to ask is, what questions should entrepreneurs ask in a survey? Thinking about the following questions can help make this decision:

What kind of information do I need?	*What information can be easily collected?*	*What information is actually useful for the organization?*
Focus on the outcome and think about all things that can possibly impact the outcome	*Choose parameters that are useful and can be collected with reasonable efforts**	*Collect data that can lead to decision-makings in improving business operations*
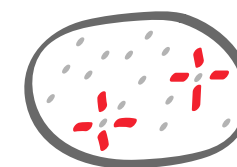
Developing an effective survey is more than just choosing the right questions. Entrepreneurs need to think about how they will ask these questions because the question format directly influences the evaluation. Question types include but are not limited to text, numerical, dichotomous, scale, and multiple choice. To show entrepreneurs how the same question formulated in two different ways can result in two completely different evaluations, you can use the following example:

---

1   Be mindful of the trade-off between ease of data collection and biased data. E.g. younger generation tends to be more responsive towards digital survey than older generation. This automatically creates a selection bias in the pool of data generated.

JOHN

BEFORE: $1000
AFTER: $2000

LENA

BEFORE: $10.000
AFTER: $11.000

Absolute change in income

John: $1000

Lena: $1000

% change in income

John: 100%

Lena: 10%

As you can see from the illustration above, capturing data in absolute change vs percentage change can result in a huge difference. Therefore, think carefully about the measurement when you pick your indicators and design your survey questions!

Next to choosing the right questions and format, entrepreneurs should keep the following best practices in mind to ensure good quality responses:

Survey best practices	Instead of doing this…	…try this instead!
Avoid vague terms and don't leave room for interpretation	What do you think of our solar lamp?	Which feature of our solar lamp is most useful to you?
Keep your survey short. *(note: Tested approach shows that any survey that lasts for more than 10 minutes result in steady declines in response rates)*	Many questions, more than 10 minutes	5 – 7 questions, within 10 minutes
Ask objective questions to avoid bias	How did service improve your life?	What aspects of your life have changed because of this product?
Avoid asking two different characteristics at a time	Did you find the training useful and affordable?	Did you find the training useful? Did you find the training affordable?
Be careful with asking sensitive questions	How much is your income?	Formulate the answer options by providing different income brackets
Ensure that questions are relevant and actionable	Ask yourself: what information can I expect to collect?	Ask yourself: what will you do with the information you expect to collect?
Final open-ended question to ask	What I ask is all I need to know	Is there anything else you'd like to tell us?

YEP Pre-Evaluation (Baseline) and Post-Evaluation Survey

Before YEP offered the first training, they asked prospective participants about certain characteristics that they considered relevant for assessing their impact. They designed a simple and short online baseline survey that participants completed in their own time before their first session. The following example is a survey for participants looking for tutoring classes that will help them graduate.

Hey, nice to meet you! Help us to get to know you a bit better before we start. We want to offer you the best training possible and completing this survey would go a long way towards making this happen! We know your time is precious, so we will keep it short. This survey only takes you 3 minutes (really, we timed it!)

1. *What is your name?*
2. *What is the name of your school?*
3. *What grade are you in?*
4. *Please select your age (16,17,18)*
5. *What subject do you want to learn more about? (Open answer)*
6. *How well do you think you know the content of this subject? (5 point scale: poor – excellent)*
7. *How difficult do you think are the following topics of this subject? (list of topics with 5 point scale: very easy – very difficult)*
8. *How confident do you feel about taking exams on this subject?*
9. *How do you like to learn? (Multiple choice: Workbook, writing, reading, personal conversation, other, etc)*
10. *Is there anything else you want to share with us?*

Thank you and let's get started!

YEP was aware that this survey had some weaknesses. Asking about someone's age is a sensitive question, yet YEP believed that for students of this age this would be less of a problem. YEP also recognized that many of the questions were subjective but they felt it gave them information good enough to assess their impact. After students either completed all their tutoring sessions or attended them for six months (whatever came first), YEP asked them to complete another online survey. The purpose of this was two-fold: they wanted to evaluate the change that students experienced because of YEP's tutoring (two data points are needed for that!) and they wanted to assess their impact.

Thank you for choosing YEP as your tutoring partner. We want to constantly improve our tutoring offerings and your feedback would help us to do so! And don't think we are just letting you go empty-handed. Take this short survey and have a chance at winning a $20 Amazon voucher

1. *What is your name?*
2. *Are you currently enrolled in a school? If yes, what is the name of your school?*
3. *Have you graduated yet?*
4. *If you answered no to question 2, what grade are you in?*
5. *When you came to YEP, you wanted to learn more about subject x. How well do you think you know the content of subject x now? (5 point scale: poor – excellent)*
6. *How difficult do you think are the following topics of this subject? (5 point scale: very easy – very difficult)*
7. *How confident do you feel about taking exams on this subject?*
8. *Are you satisfied with the tutoring you received at YEP? (5 point scale: very satisfied – very dissatisfied)*
9. *What could YEP have done better to improve your tutoring sessions? (Open answer)*
10. *Has someone or something else contributed to your knowledge in subject x while you attended the tutoring sessions of YEP? (e.g. doing homework with friends/parents) (Open answer)*
11. *Is there anything else you want to share with us?*

Thank you for taking the time to complete this survey. We wish you all the best and will contact you in case you won the $20 voucher!

Bonus box: Introduction to Lean Data

Throughout this toolkit we have emphasized the importance of listening. We want entrepreneurs to listen to their stakeholders because we believe this is vital for them to truly understand their needs and problems and respond with effective solutions. Yet, traditional measurement practices can be not only complex, time-consuming and expensive but also insufficient in reaching the underserved people. Consequently, it is hardly surprising that entrepreneurs have become increasingly frustrated with the conversation around effectively measuring impact. How can we actually help entrepreneurs with this problem?

The impact investor Acumen has created Lean Data to fully understand how its investments (the companies they invested in) can impact the lives of low-income families and has recently decided to spin it off into a separate enterprise, namely 60 Decibels. For entrepreneurs, Lean Data can be a new time- and cost-efficient tool to measure impact performance, bringing the voice of the people they serve at the heart of impact measurement. This approach acknowledges both the dynamic environment, in which entrepreneurs operate and their limited financial and human capital. So how exactly does Lean Data work?

First, Lean Data encourages entrepreneurs to leverage the power of low-cost technology, recognizing that the near-ubiquity of mobile phones makes it possible to communicate directly and quickly with people, even in remote rural areas. Lean data suggests different technologies, such as SMS or phone calls, depending on the conditions and responses required to reach the target audience. Second, Lean Data offers a list of selected survey partners that entrepreneurs could work with. Third, Lean Data has grouped questions into topics to help entrepreneurs mix and match questions to design their preferred survey. Let's take a look at the question set:

Question set	What ar you trying to find out
1. Value proposition	Why are customers buying your product/service? What do they see as valuable?
2. Customer satisfaction	How happy are your customers with your product/service? What would they improve?
3. Meaningfulness	Is your product/service actually having a meaningful impact on your customers' lives?
4. Outcome measurement	Are social outcomes improving as a result of your product/service? To what degree? What outcomes do customers value most?
5. Poverty profile	What is the income profile of your customers? What % of them liv below the poverty line?
6. Customer archetypes	What attitudinal/behavioural chaacteristics are common in your customrs? Are they more risky? More inspirational?

Entrepreneurs can use this template to ensure that they cover all impact aspects with their survey. For the first category "Value Proposition", entrepreneurs could, for example, ask "Why did you purchase this product/service?" and "How would you rate the value of money of this product/service?". Lean Data recommends designing 2-5 questions per category. In addition to the set of questions, the Lean Data field guide also provides some useful information about what a good survey should look like. For example, if you give a brief introduction and thank the participant for completing the survey, a survey will be more personal and enjoyable.

Previously, we introduced you to the IMP and the five dimensions of impact: who, what, how much, contribution, and risk. How can entrepreneurs use IMP and Lean Data together? Looking at IMP's five dimensions, at least the first three of them, and in some cases, all five, can accurately be described by the people experiencing the impact - if we would only take the time to listen to them! The Lean Data methodology can help entrepreneurs choose the right set of questions they need to answer in IMP's five dimensions and ask them in a

cheap and cost-effective way. For example, asking people the question "How would you rate the value of money of this product/service?", which is part of the first category of the Lean Data's question set, can be one way to find out how important the outcome for the people is, thereby answering IMP's first impact dimension "What". So rather than considering IMP and Lean Data as separate tools, picture them as interlocking gearwheels that complement each other: The IMP helps entrepreneurs understand what parts impact is made of, while Lean Data helps them choose the exact questions to find answers to those parts and ways to ask these questions easily, effectively and quickly.
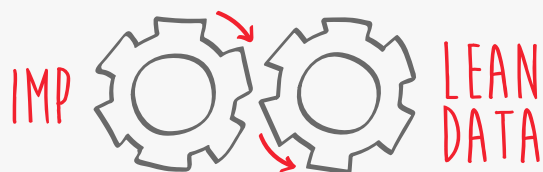
Whether you are using remote technology or in-person survey, Lean Data methodology can also help to ensure data collection costs are kept to the minimum via customer touchpoint approach: entrepreneurs embed impact data collection into existing business operations so that it is less burdensome for both customers, entrepreneurs, and employees. It works by mapping out the entire customer interaction journey, from the point where customer experiences a problem or situation that draws them to use your products and services. This is followed by identifying all the places that the impact enterprise is already interacting with customers (customer touchpoints), noting down any data that is currently being collected at each stage, and determine points where data collection opportunities might be. This data collection method is extremely cost-effective as it looks into ways to incorporate impact management into the existing business operations.

Have we convinced you that Lean Data offers impact enterprises, especially those who are in the early stages of building an impact strategy, an agile, effective, and low-cost way to better understand their stakeholders and assess their social impact? If yes, we want to encourage you to inform your entrepreneurs about Lean Data and if possible, learn more about Lean Data and how impact enterprises can design and implement their own Lean Data action plan.

RESOURCE: To help you navigate and save some time, we have prepared a list of Lean Data resources and they are accessible under the additional resources section on SFA – but of course, there are many more other resources out there that may work better for you.

RESOURCE: A webinar video - Impact Measurement in practice - Lean Data and Impact Measurement is accessible under the additional resources section on SFA.

2.4.2 Other data collection methods

Surveys may seem less impactful and outdated with all the new technological approaches available, such as impact management software. Yet, if the right questions are asked in the right way, they can be a simple, cost-effective, and informative way to collect and measure impact data. We have extensively talked about surveys - not because we think it is the best approach but because we believe that surveys are underestimated and often not designed correctly. Nevertheless, other very powerful methods to measure impact exist. The following table contains relevant (yet, certainly not all!) approaches that entrepreneurs can use to measure their impact on people's life. Each method comes with its advantages and disadvantages as well as the right time of usage.

Method	Advantages	Disadvantages	Time of usage
E-mail / Online surveys	Cheap and quickly evaluated in bulk; Ensures anonymity	Return rates may be low; Online access needed	Verify a problem; Baseline information of stakeholders; Indicator Measurement
Face-to-face / Phone interview	In-depth data collection and comprehensive	Time consuming; Difficult to evaluate and quantify	Development of new project; Identification of improvement areas
Focus groups	Add value through different points of view; Can deliver unexpected results	Medium time consuming; Participants might not speak openly; Difficult to quantify and evaluate	Participants deal with common problems and solution must be developed
Systematic observations	Information directly obtained from target group; Not subjective	Very time consuming; Privacy concerns	Verification of survey answers
Case studies	Data combined with individual stories provide good content for impact communication	Difficult to make generalization	Illustration of the achieved results
Quasi-experimental designs	Powerful way to demonstrate additionality of impact	Expensive and resource intensive; Limited in ruling out exogenous factors	Advanced enterprises aiming to prove impact with significant certainty

RESOURCE: A document detailing more information about Other Data Collection Methods is accessible under the additional resources section on SFA.

2.5 For how long and how frequently should entrepreneurs measure changes?

After deciding what information is needed to measure outcomes, entrepreneurs have to think about the points in time at which they want to collect the information. There is no general answer to this question because it depends on the outcomes of a business. Some activities might affect people for a lifetime, others may only last a short time. This doesn't mean that the latter is less important. If short-term outcomes are valued by a business's stakeholders, they are important and should be measured. Therefore, entrepreneurs have to decide which outcomes are long-term and short-term and which are more and less valued by stakeholders. This way they can decide how long and how often they will collect data points for outcomes.

YEP Measurement Frequency

YEP, for instance, wants to assess the impact of their tutoring sessions for graduating students. They think their service is highly valued by students but they also believe that it takes time to observe their learning progress. Therefore, they ask students to fill out the post-evaluation survey after six months and/or at the end of their tutoring contract – depending on what comes first.

2.6 How can entrepreneurs structure, plan and oversee their data collection process?

By now entrepreneurs should have an overview of the different measurement approaches. Whether a method is suitable for a business to measure changes in people's life depends on the defined outcomes as well as the human and financial capacity. Yet, the decision should always be guided by the goal to maximise or at least to optimise the impact. No matter the choice, the process of collecting data should be carefully mapped out to ensure that impact is truly and effectively measured. Entrepreneurs can either use different approaches to collect information on different outcomes or collect all the data at the same time using the same approach. A helpful tool to structure, manage, and monitor the collection process is a data collection plan. It outlines what information is

needed, why it is needed, how it will be collected, when and how frequently it will be collected, and who is responsible for collecting it. This might seem like a very detailed plan, requiring a lot of work. Nevertheless, a well-designed data collection plan provides the most accurate answers to your impact questions.

YEP Data Collection Plan

The following table is an exhibit of YEP's data collection plan and relates to the outcome "Increase in students' skills and knowledge relevant for graduating" (Outcome 1). Entrepreneurs should have a data collection plan that covers every relevant outcome along with its indicators. Arranging a data collection plan based on a business's outcomes helps to maintain a structured overview.

Question	YEP's response for outcome 1
What information do you collect? *Enter here what information you want to collect*	Participants' change in skills and knowledge
Why this information? *Indicate here how the information will help you to assess changes in people's life*	An increase in students' knowledge of relevant subjects can help them graduate, which will increase their chance of finding a job
How will the information be collected? *Enter here the data-collection instruments that you propose using*	Online surveys
When and how frequently will the information be collected? *At what points in time will the data be collected? When will the data have to be presented?*	Pre-survey: before students have their first tutoring session Post-survey: every six months after starting the first session and/or after completing all tutoring sessions – whatever event comes first
Who is responsible for collecting it? *Who is capable and authorized to collect the data and has sufficient time resources?*	Mentors responsible for tutoring the students
Feasibility: Yes/No Can the planned data collection be completed within the time and funds available?	Yes, online surveys are cost- and time-efficient and easy to distribute among students (either via phone or computer)

RESOURCE: The data collection plan template is accessible under the additional resources section on SFA.

KEY QUESTIONS THAT ENTREPRENEURS SHOULD BE ABLE TO ANSWER BY NOW

☐ Why is it important to have a mix of quantitative and qualitative indicators? **P. 21**

☐ Have you applied SMART principles in developing your indicator statement? **P. 22**

☐ Have you explored the most cost-effective data collection instrument? **P. 22-26**

☐ Have you developed your data collection plan? **P. 27**

Congratulations, you finished the first (and longest) phase of this guide!

ANALISING DATA

"The goal is to turn data into information and information into insight"

– Carla Fiorini

ARE YOU READY FOR THIS PHASE?

- [ ] Did your entrepreneurs choose appropriate indicators and approaches to measure their outcomes?

- [ ] Have they developed a data collection plan?

- [ ] Have they designed baseline surveys for their users?

- [ ] Ideally, have they collected some data based on their data collection plan?

If you ticked all the boxes above, then you are ready for phase three!

Once entrepreneurs have collected their first set of data, they want to make sense of it and check if they are achieving their impact goal. Organizing their quantitative and qualitative data appropriately is crucial to accurately assess data and translate it into useable information. This way they can identify patterns and themes, improve their activities, and draw conclusions about their impact.

3.1 What should entrepreneurs always keep in mind when analysing data?

Data analysis can be overwhelming and exciting at the same time. Yet, before entrepreneurs start to assess and play around with data, they should always remind themselves of their overall impact goal, and even better, how it intersects with their business KPIs. Businesses can spend a lot of time and money conducting different analyses but are they all necessary? Most probably not. To perform evaluations that are meaningful for measuring impact as a business, entrepreneurs would find it helpful to frame their data analysis by asking the following two questions to capture both impact and business performance information:

- ○ Impact performance (can I prove that my products or services delivered and created changes in peoples' lives?)

- ○ Business performance (can I improve my operational processes, so that we can use our resources more efficiently to optimize the generation of impact in people's lives?).

These insights can be revealed by analysing either qualitative or quantitative data.

3.2 How can entrepreneurs effectively analyse different types of data?

Analysing data to reveal performance or process-related insights can be done as soon as entrepreneurs have recorded their first set of data. The quicker they can prove that change happened or identify ways to improve their impact the better. But how do entrepreneurs record their data and how does data storage differ between quantitative and qualitative data?

3.2.1 Quantitative data

I. Organising data

Quantitative data is numerical data that helps entrepreneurs to understand who experiences change and by how much. If entrepreneurs collected information through a paper-based survey, they can enter the answers manually in a spreadsheet. If they used an online-survey, their provider will most likely offer an option to export the dataset into a spreadsheet. While many different impact management softwares exist, Excel is a widely available and easy-to-use tool that can analyse large amounts of data to discover trends and patterns. Hence, before entrepreneurs switch to expensive impact management platforms, ask them if they have exploited Excel's full potential.

It can always happen that participants leave questions unanswered or respond to questions incorrectly.

YEP - Organising Quantitative Data

For instance, YEP's students responding with a number when they were asked for their names. Businesses need to identify and correct or eliminate such inaccurate data. If it is clear what respondents wanted to say, for example, because they made a spelling mistake, then entrepreneurs can correct their response. If, however, they left certain answer fields blank or did not respond appropriately to the question, erase their answer from the data set. Standardizing the data is necessary for a truthful and precise analysis.

It is also good practise to keep a record of those unanswered survey questions (not included in the statistical analysis) because such record may also provide insights for improving development of survey questionnaires in the future.

II. Using appropriate statistics

As mentioned before, quantitative data can be reported in different ways. Averages are often used to summarize results, such as reporting the average age or grade of participants. Percentages are helpful to give readers a sense of scale and proportion but should not be used for small samples. For example, stating that 70% of students improved their knowledge through tutoring is a powerful way to communicate impact if 1,000 people responded to the question – yet, it would be weak and misleading if only ten students responded to the question. If entrepreneurs already collected two data points, before their first product/service delivery and after it, they could measure the change.

YEP - Presenting Quantitative Data

For instance, if 70% of students felt that math was a difficult subject in the baseline survey and the first post-evaluation survey showed that now only 50% of the same students felt this way, YEP can cite a decrease of 20 percentage points. Different ways exist to measure change and entrepreneurs should choose statistics that truthfully and effectively communicate their impact.

RESOURCE: Sample size calculation methodology is accessible under the additional resource section on SFA.

3.2.2. Qualitative data

I. Organizing data

Qualitative data is used to understand people's behaviour from their perspective. It gives entrepreneurs insights into why a business is performing well or not. The first step for preparing qualitative data is to scan through the entire data set so that entrepreneurs can already identify

patterns and themes. This way entrepreneurs can create categories, which can be either very broad or detailed depending on the research question and what they are trying to get out of the data.

YEP - Leveraging Qualitative Data

For instance, additional learning materials could be one category when asking students for suggestions on how to improve YEP's tutoring sessions. Alternatively, it could be further split into additional homework, readings or online lectures.

II. Categorizing data and then using appropriate statistics

After developing categories, entrepreneurs code the data by allocating the answers to the categories.

YEP - Categorising and Presenting Qualitative Data

If YEP decided to go with the sub-categories, one potential way to code answers is to put a "1" for homework, a "2" for readings, and a "3" for online lectures. This way YEP can count how many times a code is mentioned and then use appropriate statistics method (similar to analysing quantitative data) to rank their importance for students. Again, it is easiest to use an excel spreadsheet for this task, pasting the answers in one column and the codes next to each answer in a different column. Alternatively, if businesses have a lot of qualitative data, they can use data analysis software, such as MAXQDA, which can analyse data faster and visualize it in graphs or charts.

REMEMBER: Thinking critically about data

After entrepreneurs analysed their data, they should take a critical look at it and question their evaluation techniques. The following questions can help to make sure that no important findings are missed:

- Are there any patterns, themes, or trends?
- Are there links between different statistics or codes?
- Do the results differ for different groups? If yes, what could have caused the difference in experience?
- Are there any gaps in the impact assessment, which require additional measures?
- Is any finding surprising or unexpected? If yes, why?
- Are the findings in line with the assumptions?

BONUS: tips and tricks on how to use Excel

- **Preparing data:** Each respondent should have its own row, labelled with a number, and each answer should be entered in a separate column. To maintain an overview, each column should have a corresponding title.
- **Saving raw data:** Before conducting any analyses, a copy of the raw data set should be saved. This way, entrepreneurs can always start over if something did not go as planned.
- **Conditional) formatting:** Answers to a question should be formatted in the same way to ensure that an analysis is possible. For instance, all numbers are displayed with two decimal places after the point. When performing analysis, it can be useful to set conditions for which the cells are formatted differently, such as filled with a different colour, when the data meets or doesn't meet certain criteria.
- **Visualizing data:** To visualize data, charts and graphs can be easily created and modified. Besides the variety of built-in charts and graphs, pivot tables are a powerful feature to quickly summarize large amounts of data into lists and tables.

RESOURCE: A document detailing example quantitative and qualitative analysis of impact and business performance is accessible under the additional resource section on SFA.

3.3 How can entrepreneurs categorize their analysed data?

Businesses might already have a data system in place that is geared towards their respective needs. Nevertheless, we want to offer entrepreneurs a framework that helps to systematically structure the analysed data based on five categories. Depending on a business's development stage and activities some categories might be more relevant and include more data than others.

- ⭕ **User data:** information on the characteristics of the people businesses are reaching
- ⭕ **Feedback data:** information on what people think about the product/service
- ⭕ **Engagement data:** information on how, how often, and what percentage of customers are using and discontinuing the product/service
- ⭕ **Output data:** Number of products sold; number of customers reached
- ⭕ **Outcome data:** the changes that people experience result from the product/service

3.4 What are different ways to compare data?

To truly assess and value the outcomes, businesses need to make comparisons. This can either be done by using one's own data or by benchmarking. Benchmarking is the process of comparing the performance of a business with competitors or the best practices in the industry. Entrepreneurs sometimes are reluctant to perform comparative analysis. They might feel that external events influenced their current outcomes, making a comparison with their previous measured data invalid, or that their product/service is unique, making a comparison with other businesses not representative. Nevertheless, entrepreneurs need to overcome this feeling of discomfort because comparisons are a powerful way to support and verify findings. Regardless of the chosen data collection and comparison method, entrepreneurs should be consistent with their approach to have a reliable and comprehensive evaluation.

I. Comparing with one's own data

If entrepreneurs have already collected two or more data points, they can do a before-after comparison. This evaluation shows the changes that their activities created over time.

YEP - Baseline Comparison

For instance, in YEP's baseline survey only 10 % of students indicated that they knew the content of math very well. After six months of tutoring, 30% of the same students felt that way. Thus, YEP reported a 20 percentage point increase among students that know math very well.

Entrepreneurs can extend their evaluation further by looking at changes over a longer period of time with more than two data collection points to give greater context. Alternatively, entrepreneurs can compare their current results with their previously defined targets for this point in time. Contrasting actual outcomes with desired objectives indicate whether change occurred as hoped and whether realistic targets were set.

II. Comparing with external data

In addition to using internal data, entrepreneurs can compare their results to competitors or industry standards. By doing so, they give greater credibility to their results and increase the overall trustworthiness of their business model. To find a competitor or an industry standard that exactly matches the business is difficult and thus, a direct comparison might not be possible. Yet, even similar businesses are worth looking at because businesses can learn from best practices within the industry and thereby, improve their activities. If your peers are also operating within the same sector and also using the Impact Management Project framework that covers the five dimensions (please see page 15), you can also perform a comparison. The IMP does not have an online database with an automatic comparison feature, but it has a very comprehensive framework with detailed comparative subcategories to guide you in performing your own benchmarking against your peers.

! REMEMBER: Sometimes less data analysis is more

Once entrepreneurs have sorted and organized their data, they might feel tempted to do as many analyses as possible. While it is great to explore evaluation techniques and look for possible connections between the data, entrepreneurs should always keep in mind their impact goal. The reason for impact enterprises doing the assessment is to find out whether they made progress on achieving their outcomes and whether the experienced change differed between stakeholder groups. Additional analyses should then focus on understanding why some people experienced certain changes while others didn't. This way, entrepreneurs are able to view the product/service from their stakeholders' perspective and can identify areas for improvement.

KEY QUESTIONS THAT ENTREPRENEURS SHOULD BE ABLE TO ANSWER BY NOW

☐ What should you constantly have in mind when conducting your impact analysis? **P. 30**

☐ Have you prepared and organized your quantitative and qualitative data in such a way that your impact analysis is accurate and reliable? **P. 31-32**

☐ Do you have a structured and easy-to-use data system in place? **P. 32**

☐ Have you compared your collected data to your baseline information and performed some benchmarking? **P. 33**

Congratulations, you finished the first (and longest) phase of this guide!

REVIEWING AND REVISING WORK

"If you are walking down the right path,

eventually you'll make progress"

– Barack Obama

ARE YOU READY FOR THIS PHASE?

☐ Have your entrepreneurs collected their first data?

☐ Have they entered the data manually in a spreadsheet or exported it to their preferred analysis tool?

☐ Have they categorise and prepare the data in a clear and easy-to-understand way?

☐ Have they performed their first impact analyses?

☐ Have they compared their current data with previous data points or best practices in the industry?

If you ticked all the boxes above, then you are ready for phase four!

After social entrepreneurs performed their first impact analysis, they should think about what the findings suggest about their current way of operating. Do their activities create the highest positive impact possible? To assess this question, it is important that entrepreneurs review their defined problem, solution and assumptions. Frequent revision assures that they are still on track and make the right decisions about their activities so that they can maximize their impact.

4.1 How can entrepreneurs voluntarily assess the relevance of their Theory of Change?

The most interesting and valuable part of impact assessment is to understand what the findings of an analysis mean for a business. Entrepreneurs need to put their results into context and relate them to their activities: What went well and what needs to be done differently in the future to increase the business's impact? Together with their stakeholders they should revisit their impact goal and defined outcomes, and reflect on whether and to what degree they have met their desired objectives for this period. The following questions can help to guide this discussion:

- Did we meet our expectations for this period? If not, why?
- Did our stakeholders experience the change we imagined? If not, why?
- Did anyone experience negative change as a result of our activities? If yes, can we minimize or prevent this effect in the future?
- Did the findings surprise us? If yes, why didn't we anticipate these findings?
- Did stakeholders share stories/feelings about their experience? If yes, what do they tell us?
- Are their connections between certain experiences or stakeholder groups? If yes, what do they tell us?
- Is the change that people experienced and that we measured solely due to our activities?

Many of these questions will eventually lead entrepreneurs back to their ToC, which is the foundation for their impact practice. Relating the findings to the ToC encourages entrepreneurs to constantly revisit and scrutinize the pre-defined problem, solution, assumptions, stakeholders and attribution. This kind of impact thinking will ensure that entrepreneurs explore different options and adapt their activities in such a way that they will create as much impact as possible with the resources they have at hand. So, let us revisit our impact decisions step-by-step!

4.1.1 Has the problem that entrepreneurs tried to tackle changed?

At the very beginning of the journey, entrepreneurs identified a problem that they wanted to tackle. They then narrowed it down to a particular part of the problem, which they thought could be solved by them considering their capacity and resources. The definition of the problem laid the foundation for any further decisions of the business. Thus, it is crucial that entrepreneurs frequently go back and check whether the circumstances and the conditions of the problem have changed. They need to be aware of whether the root cause remains the same or if other causes are now the main driver of the problem. By reviewing the problem and the causes, entrepreneurs make sure that their activities are still contributing to solving the issue.

YEP - Reviewing the Problem

When YEP started their business, they conducted research on why students graduating from secondary school struggled to find a vocational training position. Back then a core reason was that those students didn't receive enough individualized support. Yet, it could be the case that the root cause changed over time. For instance, companies offering many vocational training positions in this region could have moved to a different city for whatever reason. In that case, YEP's services, consisting of tutoring and career-preparatory sessions, would no longer create the desired impact or reduce youth unemployment because it wouldn't help students find a job in this region.

4.1.2 Has the solution that entrepreneurs proposed for the problem changed?

Equally important to reviewing the problem is to question the proposed solution for it. Solutions that were appropriate when entrepreneurs started their business might no longer be the most efficient ones. Instead, the constantly changing environment could have brought forward better and more effective approaches. Especially with today's technological advances, entrepreneurs need to make sure that they are up to date about new and innovative solutions. They should regularly ask themselves the question: Is our solution still right or do we need to re-consider our activities to achieve the intended impact?

YEP - Reviewing the Solution

When YEP analysed the data after six months, they realized that although their tutoring sessions were valued, many students stopped coming because the travel time to the YEP's facility was too long. Yet, they also knew that they didn't have the resources to travel to every student's home. So, how did they modify their solution to serve the students' needs? They decided to offer online video tutoring sessions. This way students saved the time and cost to travel to YEP's facility and YEP was able to keep the students in their program.

4.1.3 Have the assumptions underlying the ToC changed?

The assumptions explain the process of a business's ToC because they connect activities, outputs, outcomes and the impact goal. Essentially, they justify why and how proposed activities are expected to bring the changes needed. Therefore, assumptions cannot be taken for granted and shouldn't be solely based on opinions or beliefs. Entrepreneurs need to support their assumptions with research and facts, which should be verified and updated frequently. Assumptions that do not reflect local understanding or context simply will not work in an impact enterprise whose model is driven by customer needs.

YEP - Reviewing the Assumption

One of YEP's assumptions is that mentors possess the skills to fill the knowledge gaps of their students. This is an essential condition for YEP's success because only then students benefit from the tutoring and can receive better grades. However, YEP realised that their mentors were not able to deliver the training in a way that the students could understand. Thus, YEP decided to assess mentors' knowledge level and teaching skills before they officially hired as mentors as well as frequently re-evaluate their fit during the term of employment.

4.1.4 Have the stakeholders of entrepreneurs changed or their experience?

Stakeholders are the people affected by a business's activities. Before entrepreneurs started their intervention, they identified certain stakeholder groups on which they decided to focus because the impact on them was the greatest. What if these people are less impacted by the activities today than they were previously? What if new stakeholder groups became relevant for the business? Entrepreneurs need to recognize such shifts to make sure that they concentrate on stakeholders which are generally most affected by their activities and that they experience the outcomes needed to achieve the impact goal.

YEP - Reviewing the Stakeholders

When YEP started, they knew that they had to pay attention to non-participants because there was a chance that they could be at a disadvantage. For instance, they could feel intimidated by their classmates who attended YEP's tutoring sessions and received better grades in school. Unfortunately, that is exactly what happened! Recently, YEP was contacted by teachers who draw attention to this issue. They complained that while students participating in YEP's program performed better, their classmates felt suddenly less confident and were frustrated because they didn't advance as quickly. YEP is now thinking of a way to minimize or prevent this negative effect.

4.1.5 Has anything else caused the change that people experienced?

Entrepreneurs want to create change in people's lives and in order to assess the type and degree of change, they conducted impact measurement and management. However, the change that their stakeholders experience might not solely be due to their activities. In order to not over claim impact entrepreneurs should ask themselves the following questions:

- Would this change in people's life have had happened anyway?
- To what extent did other people or businesses contribute to this change?

Honest answers to these questions can provide insights that will help entrepreneurs to target those stakeholders who need their service/product the most. In addition, it may help to identify people or businesses that entrepreneurs should be working with to achieve the greatest impact possible.

YEP - Reviewing the Attribution Factors

After three quarters, YEP measured a clear positive change in participants' life. Students indicated that they received better grades and that they felt more confident about taking exams on their chosen subjects. However, when they looked at the data, many students revealed that their schools offered recap classes to deepen the content and follow up on student's questions. This support might have helped students to receive better grades.

4.2 How can entrepreneurs improve their impact practice?

Entrepreneurs want to have the greatest possible positive impact on people's life. We discussed above that to achieve this goal, entrepreneurs need to review and modify their activities, so that they can keep up with the constantly changing environment. This involves decision-making processes, which might not always be easy but necessary. After honestly answering the above-questions, entrepreneurs must decide whether activities should be stopped, changed, or scaled.

The first option might be very difficult for entrepreneurs driven by the passion to make a change. Yet, if activities are creating more negative than positive outcomes or if outcomes aren't the effects that stakeholders value, it is time for entrepreneurs to reconsider their strategy. They have a responsibility towards the people they are trying to help and if their activities are creating more harm than good, they must be prepared to end them. Entrepreneurs then need to re-channel their resources towards other activities that create positive impacts instead.

Activities that were suitable for stakeholders at the beginning of an intervention might create less impact now because of changes in circumstances. Entrepreneurs should track such changes and adjust products or services to respond accordingly. This doesn't necessarily mean that significant additional financial resources are required. Instead of trying different approaches, perhaps involving new stakeholders can help to find optimal solutions.

Finally, entrepreneurs can decide to scale their activities. This way they can create more value and come one step closer to solving the problem they targeted at a larger scale. Scaling-up can mean different things for different businesses. For instance, a business can increase its size and reach more people due to cost-efficiencies. Alternatively, entrepreneurs can partner up with other players in the field who are trying to solve the same problem. Entrepreneurs should evaluate different ways of scaling to assure that their choice will maximize their impact.

KEY QUESTIONS THAT ENTREPRENEURS SHOULD BE ABLE TO ANSWER BY NOW

☐ Have you scrutinized your defined problem, solution, underlying assumptions, stakeholders, and potential attributions? **P. 37-38**

☐ Are your activities creating the highest possible positive impact on people's lives? **P. 39**

☐ If you answered no to question two, what actions can you take to do so? **P. 39**

☐ What activities are you going to stop, change or scale, and why? **P. 39**

☐ Have you updated your forecasts and, if needed, redefined your targets for the subsequent periods? **P. 39**

Congratulations, you finished the fourth phase of this guide!

REPORTING YOUR IMPACT

"More are doing social reporting and planning and it does help convince stakeholders, supporters, volunteers and employees"

– Nick Temple, Director of Social Enterprise UK

ARE YOU READY FOR THIS PHASE?

☐ Entrepreneurs have reviewed their ToC after the findings from their data analysis?

☐ They have made necessary changes to their ToC to increase their impact?

☐ They have used their findings from the data analysis to decide which activities to change, scale, or stop?

If you ticked all the boxes above, then you are ready for phase five!

Entrepreneurs have now completed their first iteration of impact measurement and management. While they might choose to go through this process again after making crucial changes to their Toc, at one point, entrepreneurs want to and should share their findings. Presenting impact in a clear and precise way is key to show the changes one has achieved and convince others of the potential of one's enterprise. Entrepreneurs need to think about how they can effectively communicate their impact with their resources at hand, keeping in mind their different audiences.

5.1 Why is impact reporting important?

So far, social entrepreneurs have developed an impact analysis plan, collected data, evaluated their results, and reviewed their work. They know how their activities impact their target audience and have a system in place to monitor and adjust their methods of measuring impact if necessary. Entrepreneurs want to and should share their insights and success with others for a variety of reasons:

- It proves to stakeholders that they are truly creating impact and that they care about making a difference.
- It shows that transparency and accountability in reporting are important to them and that they are committed to manage and optimise their impact
- It raises awareness of what the business is doing.
- It ensures that the business is on the right track with its performance goals.

To help entrepreneurs communicate their impact effectively, this last part highlights important aspects of impact reporting that entrepreneurs should consider when developing their preferred communication strategy.

5.2 How can entrepreneurs structure their impact report?

Developing a report is a very common way for entrepreneurs to present their results and demonstrate their value. It can be difficult to collect all the information and organize it in such a way that the company's impact is clearly communicated. As a first step, it is helpful for entrepreneurs to create a structure for the report. The following proposed outline for entrepreneurs helps ensure that the reporting has

a clear narrative to the reader and that all relevant aspects are covered. While this structure serves as a guideline for entrepreneurs, the sections and their length can vary or change depending on the complexity, industry, or life cycle phase of the business.

#	Section	Information	Length
1	Executive Summary	This short summary should provide an overview of the impact enterprise including date of foundation, a brief history of how you came to address the problem you are tackling, a brief overview of your current operations, key achievements and impact figures, and what you will cover in the report	0.5 - 1 page
2	Table of Contents		
3	Theory of Change	Describe your ToC including inputs, activities, outputs, outcomes, impact, relevant assumptions, and indicators. If available, also include an image of your ToC	0.5 page
4	Methodology	Provide readers with an understanding of how information in this report was compiled: background on how you got started, how you collected data, any limitations	1 – 2 pages
5	Impact	Every specific product or service that you provide should have its sub-section outlined as followed: need, action, impact – all of which demonstrate how they fit vis-à-vis your ToC (extra: next steps, lessons learned, recommendations)	Early stage: 3 – 5 pages > 2 years: 5 – 10 pages
6	Lessons learned	Outline lessons that you've learned during measuring and managing impact as well as how they inform your next steps	0.5 – 1 page

In section five, entrepreneurs give a detailed analysis of their impact journey. First, they describe the identified need of their target population, so the reader understands the problem they are trying to solve. Second, they outline the measures they have taken to address this need. Lastly, entrepreneurs outline the impact that their activities have created so far based on the data they have collected. Here, it is essential that entrepreneurs explain the indicators that they used to measure the performance. This way, the reader can understand how the social problem, the entrepreneurs' activities, and impact results are linked to the various stages of ToC, i.e. input, activities, outputs and outcomes.

Depending on the stage of the business, entrepreneurs can also share the lessons that they have learned so far or their next steps as well as make recommendations for other measures that are necessary to meet the needs of the targeted populations. However, this is likely something that experienced and late-stage businesses can include in their impact report, as they have collected more data and gained deeper insights over several years.

5.3 What information should entrepreneurs include in their impact report?

After having designed a structure for the report, entrepreneurs should consider their audience to understand what content is important to include. Businesses have different stakeholders, all of whom have different characteristics and priorities. For example, while potential investors may be interested in the exact number of key performance indicators, new potential customers want to hear from other customers about their experience. As an important step towards effective impact reporting, entrepreneurs may want to think about their different stakeholders and the information that is valuable to them. One way to approach this task is to list the company's key stakeholders and the impact data that these stakeholders are interested in.

YEP audience list

The list of stakeholders is not exhaustive and other stakeholders or information might be relevant for other businesses. However, it should give entrepreneurs an idea of what kind of impact information they need to provide for its stakeholders.

Stakeholder	What do they want to know?
YEP employees	Is my work helping students to find employment?
Funders / potential investors	Are the business activities reducing youth unemployment? Is the impact enterprise reaching the right stakeholder group and having a wide enough reach? Does the impact enterprise have plans to scale and grow their business activities?
Participating students	Has my knowledge increased and have I acquired new skills? Will the YEP help me find employment? How does my performance fare in comparison to other students?

In addition to creating such an audience list, entrepreneurs should also consider which information to include in a public report and which information to pass on rather privately to a stakeholder. Some information may be highly relevant to a stakeholder, but can contain very sensitive data.

BONUS: Visualising data

An impact report often contains a lot of information with dense walls of text, making it difficult for the reader to follow and keep reading. How can entrepreneurs showcase some of the great work they do while simultaneously keeping the reader engaged? One way to do so is to balance the report with visuals. It can help entrepreneurs to display data and tell a clear story because images are often easier to process than text.

Here are some popular ways to visualize data:

- Infographics: Infographics are usually simple illustrations, which often include charts, short descriptions, key figures, and facts. They can be helpful to simplify or summarize information.
- Charts and diagrams: Charts and diagrams can be used to visualize quantitative data. Depending on the data available and the key message that entrepreneurs want to bring across, they can choose from several different charts, such as bar charts or pie charts. These can be directly generated from MS Excel spreadsheets, so they automatically update the charts with new data inputs
- Photographs: Photographs are a powerful way to draw the connection between abstract numbers and human experiences. These are especially helpful to reach the reader on an emotional level.
- Videos: Videos are instrumental in capturing the logical and comprehensive picture of impact created by organizing bits and pieces of stories from different channels into well crafted, impactful digital stories

To help you effectively visualize your data, here are some tips on which data type is best represented with which visualization method. When creating visualisations, it is important to use clear titles and report the sample base. For example, if a pie chart shows that 80% of participants participated in a survey, the reader needs to know the total number of participants to interpret this number.

RESOURCE: Visualizing data tips (e.g what data is best presented in what way?) is accessible under the additional resources section on SFA.

Bonus Box: Powerful Storytelling

An impact report should capture facts and numbers because those are measurable, concrete information, and demonstrate clearly what your organization does, but ultimately it is also about stories of human lives. They possess the ability to trigger specific emotions which can help to open up new perspectives and help to understand complex issues and increase our empathy for other people. Storytelling is thus a great way to engage and persuade your stakeholders that your products and services matter, so consider storytelling for your impact report.

Basics of powerful storytelling is accessible under the additional resources section on SFA.

What are principles of good impact reporting?

Entrepreneurs should allow time for review and iteration, and involve team members as well as beneficiaries and external stakeholders in this process, where helpful. Especially if entrepreneurs plan to publish the report and want to make it available to a wider audience, they want to make sure that someone from outside their business or even sector reviews the entire report to ensure that it is clear to the external audience.

When reviewing the report, entrepreneurs and other proof-readers should bear in mind the following principles to assure good impact reporting:

Clarity: The reader should easily understand the purpose of the company and all the components of the ToC. Throughout the report, there should be a coherent, clear, and precise narrative.

Accessibility: The structure and format of the report should be intuitive and suitable for different stakeholders. It should be easy for the reader to find the relevant information that he or she is looking for.

Transparency and Accountability: The report should reflect a business up-to-date accomplishments and current state of operations. While entrepreneurs want to impress their stakeholders with what they achieved so far, they should be open about what they can and cannot report based on their data. This demonstrates accountability and honesty.

Verifiability: To help others verify the information provided in the report, entrepreneurs should provide a range of qualitative and quantitative evidence. Here, it is also crucial to list other contributing factors, such as the support from other organizations in solving the issues. Again, entrepreneurs often do not have the capacity to solve a problem on their own, and that is okay!

Proportionality: The level of detail of the report should reflect the complexity and size of the business as well as the difficulty of the problem it is trying to solve. There is a tendency to include too much information in a report because there is so much to share. While some topics require a high level of detail, others are better suited for high-level analysis. It might be also helpful to add summaries for those readers looking for a quick overview of specific sections.

5.4 What alternative formats can entrepreneurs use to share their impact?

Once entrepreneurs have figured out what information is most important to different stakeholders, they should choose a format that enables them to share their results. Here, too, different stakeholders may prefer different formats, and certain information is best presented in a certain way. For example, spoken formats such as videos or podcasts can be engaging and interactive and offer beneficiaries and the company the opportunity to share their experiences with others. Let's take a closer look at some of the formats:

Podcast: A podcast is a great opportunity to share detailed information either informally or formally, depending on the audience. Multiple voices in a podcast together with a loose script enable natural interactions and promote authenticity and trustworthiness.

Presentation: A presentation offers the chance to directly engage with the audience and react to its comments and questions. In the end, the presenter can receive immediate feedback from its audience. Possible tools that can be used to present impact are, for example, PowerPoint, flipcharts, or posters.

Video: A video illustrates actions and stories. It has the power to reach its audience emotionally by giving a face to the company or its customers. A video can be easily distributed and therefore made available to a wider audience.

Blog: A blog is a great opportunity to give the audience an overview of the most important results, recommendations or lessons learned. It usually contains several entries that can be used to display topics from a certain point of view or to update previous entries.

Report: A report (physical copy or digital website) offers the opportunity to share a detailed impact analysis and further steps. It can contain various elements such as text, images, or infographics.

This list of formats is not exhaustive, but should give entrepreneurs an idea of the different formats available to them. Entrepreneurs should choose a format that matches the priorities of their stakeholders and also consider combining formats. However, creating content in multiple formats to the satisfaction of all stakeholders can be time consuming and expensive. Therefore, entrepreneurs will likely need to align stakeholder preferences with their company's resources and choose one or two formats.

KEY QUESTIONS THAT ENTREPRENEURS SHOULD BE ABLE TO ANSWER BY NOW

☐ Have you outlined how you can effectively share and communicate your impact? **P. 42**

☐ Have you carefully selected the impact data that you want to present, keeping in mind your audiences? **P. 42**

☐ Have you tried to visualize your impact data, so that it is easy to understand for your audience? **P. 43**

☐ Does your impact report check off the principles of good impact reporting? **P. 44**

Congratulations, you finished the fourth phase of this guide!

"Gender inequality is not a symptom of poverty, but a fundamental cause of poverty."

– Linda Scott, USAID

"Nations are poorest where the limits on female's economic engagement are strongest. This is true in part because excluding half the population from the economy is an inefficient use of resources, but also because female's subordination results in costly damage to households and communities

– Linda Scott, USAID

MITHS ABOUT GENDER

There are myths and misconceptions when it comes to Gender. Some examples are:

- It's solely about women while men's needs and perspectives are not relevant

- Gender-lens impact management is only for those IEs that are producing products or services that specifically target women

- Gender lens in impact management is only relevant for women led enterprises.

- Gender lens in impact management is about ticking boxes only and not about holistic action.

ARE YOU READY FOR THIS PHASE?

- ☐ Do you feel well equipped for IMM but don't see any connections between IMM and gender lens?

- ☐ Are you relatively new to the topic of Gender and IMM and want to learn where to start from, what tools to use and what options of strategies you have?

- ☐ Are you already thinking around how to apply a Gender lens to your product or program and interested in learning how to deepen your understanding and strategies regarding Gender and IMM?

Even if you tick one box, you are ready for this phase!

> BONUS: Your journey just started!
>
> As a starting point for your gender lens IMM journey, we highly recommend that you go to the Getting started - Exercise Sheet and answer the prompts to set gender lens related goals for your enterprise. This will help you pick the tips and ideas that follow in this chapter, even better.

Why we recommend this: It will help you set priorities for your enterprise and team.

6.1 Gender Lens Impact Management through Customer Journey Approach

In this section we offer you insights to use your customer journey to understand the points at which you are or can possible collect data in a manner that allows you to hone-in on an understanding of the experiences of men and women customers. Further, we give you insights on the questions that you may try to answer from the data that you collect in order to create comparable impact for both men and women users of your product/service. Let's dive right in!

6.1.1. Collecting Gender Disaggregated Data

- **Consider the points at which you are already collecting data from your customers, check if you can collect the same in a manner that it is gender disaggregated.** Examples: Is there some kind of electronic or manual registration for using your product or service which involves capturing the gender of the users? Do you conduct surveys or have feedback forms, can you also include a question that will allow you to capture the gender of the respondent?
- **Include opportunities for collecting both quantitative and qualitative data through the customer journey approach.**

Examples of sources

Disaggregated Quantitative Data

- **Information from mobile application and other registration documents that indicates gender**, this information linked with the usage pattern of that customer can provide important indications differentiating gender-specific needs.

- **Usage patterns of users.** For example, even if a user is registered as a man but often uses products and services meant for women, this could be indicator of the end user often being a woman. For example: Even if a user is registered as a man but often buys sanitary napkins from a health e-commerce website, they can be considered as also a profile that is a good indicator of women user's needs.

- **Census information from government authorities.**

Disaggregated Quantitative Data

- **Surveys** and **customer feedback** form

- **Telephone and in-person chats** undertaken by salespersons
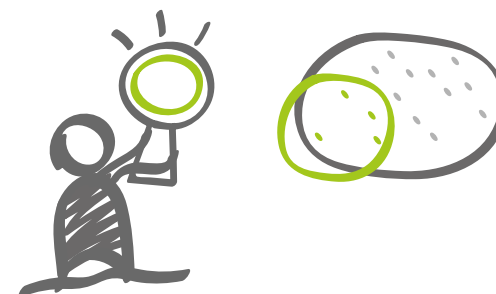
In the next step, prepare to analyse the data that you collect to answer these questions:

○ Who are the target groups for different product lines? Are certain products or services used more by women and certain others that are used more by men?
○ Which channels are preferred for access by women users?
○ How can access and experience of different user groups (men and women) be improved?

⭐ **BONUS: Acumen's Lean Data Gender Tool**

If you want to go further, read Acumen's guide which captures measuring gender impacts across five projects in four countries. This guide provides you with approaches, surveys and the Lean Data methodology, while giving insights both on project-level and consolidated insights across all analyzed projects. Resource Acumen Lean Data Gender Tool. (Reading Time: 2 hours)

Tip: This is one of our longer recommended reads so we recommend reading from page 45 of the toolkit.

6.1.2. Applying the Gender Lens to Product and Service Design

Based on the disaggregated qualitative and qualitative data, try to answer the following questions and apply the insights to further tailor and improve on your impact enterprise's offerings

○ Is your product or service equally accessible to women and men of the target customer group?
○ Are men and women having similar experiences with your product or service?
○ Are men and women equally well impacted from the usage of your product?

⭐ **BONUS: Get some inspiration!**

Get inspired by this women user centric customer journey map by Misfit Ray Smartband. (Reading Time: 20 minutes)

6.1.3. Applying the Gender Lens to Product and Services Delivery

After you collect and analyse data, depending on your findings, here are some general tips that will allow you to offer inclusive and meaningful customer experience to both men and women users by improving on the services delivery. Try to cover as many of these recommendations as possible.

○ **Ensure diversity among people who are delivering your product / services.** Aim to engage equal number of men and women sales and after sales support persons.
○ **Pay attention to the context** and ensure friendly technical support, preferably from the local community.
○ **Create a safe environment when sharing details of your product or services.** Based on the data and feedback you receive from your customers, try to find innovative ways of engaging with women customers in a manner that makes them comfortable.

⭐ **BONUS: More on gender inclusive products and services**

For more ideas on gender inclusive product and service design and delivery strategies, go through this sheet that lists ideas and exercises to get you to better understand where your current customer journey can be improved to create equal impact for women customers Gender in Product and Service. (Reading time: 30 minutes)

Case study: Interstellar

Instellar works towards scalable and sustainable social impact through incubation, advisory, and investment in mission-driven companies in Indonesia. Within their portfolio, they found a majority of female entrepreneur as participants, yet there were large gaps between men and women entrepreneurs in terms of soft skills which affected their achievement in business leadership. Read how they explored the potential of nurturing female entrepreneurs and running a female-focused incubation program and their lessons learned: <u>Case study: Instellar</u> (Reading time: 15 minutes)

6.2 Introducing the gender lens to programs (for Service Providers)

As a Service Provider, you are like mentors to the Impact Enterprise teams that participate in your program, therefore understand and be mindful of your role in the participants' journey. At the very beginning, before you start going through this basic checklist of do's and don'ts, prepare yourself with an open mind and a reflective attitude. Be mindful that even if your programme accepts women and has a fair number of women participants, it does not automatically create a uniform experience for all participants. In the following section there are some general tips and ideas that will help you deliver a more inclusive and fruitful programme experience for all your participants, regardless of their gender.

**BONUS: Mentor-Mentee Code of Conduct**

Wondering where to start on delivering a gender inclusive program? Take a look at this example of a mentor-mentee code of conduct document which gives some basics on the kind of environment that you could aspire to create for your participants. <u>Mentor-Mentee Code of Conduct</u> (Reading time: 20 minutes)

6.2.1. Gender Inclusive Program Delivery and Facilitation

- **Ensure there is diversity** in the people who are delivering your program content

- Be intentional about including **diverse examples of success stories** of impact entrepreneurs. Ensure language used is not sexist or biased against social groups

- **Be mindful that entrepreneurs can have diverse educational and professional backgrounds** and adapt your content as well as mode of delivery accordingly.

- **Create a safe learning environment** in the program by being open while preventing any form of hostility or threatening behaviour by anyone present in the room.

- Invest in creating a **gender diverse pool of mentors and facilitators.**

- Develop **a clear mentor/mentee code of conduct** for instructors and participants, let both parties sign it.

- **Have relevant training for mentors, facilitators and all other content deliverers** so they can create a safe and inclusive learning environment.

- **Be observant of repeated patterns and dynamics** between the participants of the cohort and call out exclusionary behaviour. Make sure all participants feel equally heard and included.

- **Adapt evaluation and competitive events to adequately highlight achievements and strengths of all participants.** For example, pitching events for obtaining funding need not be the only format for showcasing an impact enterprise. Consider other creative approaches including participants within the cohort evaluating one another and also voting for each other's ideas, providing valuable feedback.

- **Improve funding opportunities for women participants** of your programs, some of the ideas could include:
  - Creating a **fund specifically for women** participants of your training cohort
  - **Providing a specific module on financial literacy** so that entrepreneurs can already be on the right track to develop an 'investable startup.'
  - **Creating programs for small investments from the communities in which the impact enterprises work.** For example: If there are impact enterprises that are active in a particular city, then you can consider asking for small investments for enterprises in the city from the residents of that city.

- **Create an inclusive alumni network.** Some ideas for the same could be:
  - **Continuing to provide support** through information newsletters and short workshops for alumni;
  - **Hosting women participants only networking events**; and
  - **Contracting alumni as facilitators and instructors** for other cohorts of your program.
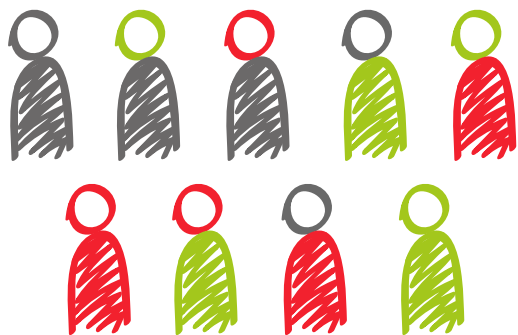
6.3 Gender Inclusive Organisational Culture

For both Impact Enterprise and Service Partners: your board, your team, and your organizational culture play a big role in several aspects relating to product and services creation and delivery. They encompass how work is done and decisions are made within your organisation. Addressing gender issues within these areas, therefore, has the potential to create and deepen the impact that you have on women users in your target group. So for this reason, creating and promoting a work culture with equal participation and decision making authority between genders, fosters an environment where solutions, products and services that can positively affect marginalised groups, like women can be created and promoted. In the following sections, there are some direct tips and ideas to work on creating a more inclusive organisation.

6.3.1. Initiatives for More Inclusive Organisational Culture

- Equip all team members with awareness training so that they understand the organization's commitment to fostering gender inclusivity.

- Actively brainstorm with your team over what can make your culture more inclusive.

- Look at daily language, day-to-day interactions, etc. and recognize patterns of inequality.

- Create and share an inclusive organisation policy. Build a value around gender by articulating the vision that you have for a gender inclusive team as well as the standard of inclusive conduct to which your organisation holds itself.

- Share your values in all marketing activities.

- Contextualize your policies around gender inclusivity and publicize them via your organisation's code of conduct.

- Review and update policies in order to accommodate the needs of employees of different genders.

6.3.2. Initiatives for an Inclusive Team and Leadership

○ Analyse your team's composition and try to **introduce members with diverse backgrounds**, paying special attention to gender.

○ **Design new and existing policies** in order to accommodate the needs of employees from different genders.

○ **Create channels for employees to share grievances** and encourage **open discussions** around gender inclusivity issues.

○ **Be mindful of not perpetuating gender normative culture** by assigning certain operational and administrative tasks only to women team members. For example: Men team members should also be equally responsible for housekeeping duties in the office and tasks like scheduling meetings and organising snacks and refreshments for the office.

○ **Create an inclusive leadership team** (including the Board). Initial steps could be:
  - Try including as **many women board members as possible.**
  - Carefully **consider the timing and location** of your meetings, while ensuring meetings are equally accessible.
  - **Alternate board chair's position between women and men** members. If someone does not feel comfortable or experienced enough to take on this role yet, consider having two board chairpersons.
  - **Rotate administrative duties** (e.g. minute taking) between genders in order to not perpetuate social norms.
  - Ensure that both the board chair as well as the agenda **invite all members to speak equally at all meetings.**
  - **Clarify what is appropriate versus inappropriate behaviour** for every board member


⭐ BONUS: What are the next steps?

Need help thinking about what to focus on, aspects that help create an inclusive organizational culture? We highly recommend going through this short guideline by the London School of Economics on developing an appropriate Code of Conduct for a gender inclusive organization. (Reading time: 15 minutes)

Why we recommend this: It offers ideas on issues to think about when trying to create a work environment that is equally welcoming to both genders. Pages 6-9 of this resource capture the best ideas for the same.
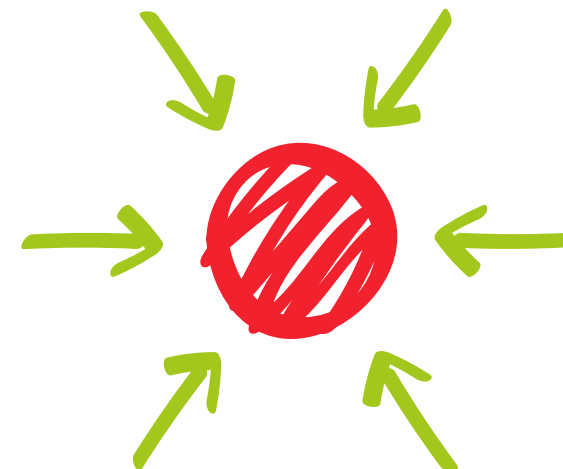

For more in-depth understanding of the concepts shared here, go to the Applying Gender lenses to IMM - Extended Version!
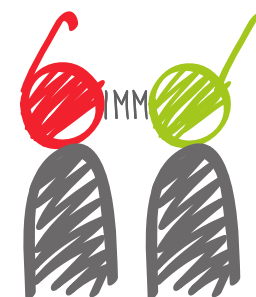
CONCLUSION

The last decade has seen a proliferation of so-called impact enterprises. The growth of these hybrid organisations creates an untapped market that could attract billions in capital specifically dedicated to the provision of economic, social, and environmental value to societies worldwide. Ultimately, the success of these enterprises holds the promise of transforming the market system and bringing the world into a new era of capital with purpose. Still, a crucial barrier to the realisation of this promise remains unaddressed: the development of a common language of impact. Such a language is indispensable as a guide not only for impact entrepreneurs, but also for the investors, accelerators, and service providers that work with them. With this, it becomes possible to evaluate the strength of enterprises' impact models, measure the value of the impact they create and, in so doing, catalyse an inflow of capital that allows these enterprises to scale their impact.

This toolkit seeks to address that barrier. Much as a cookbook provides recipes detailing the ingredients of delicious foods and the steps to make them successfully, this impact measurement and management toolkit provides the ingredients of impact and the steps to measure and manage it successfully. It captures here all the ingredients, i.e the various frameworks and tools, in one place. It also details the steps and approaches for articulating this common language in a structured manner, from planning the impact creation process, collecting and measuring data, analysing information and reviewing the business, to communicating the impact. We would like to congratulate you for having completed all the chapters in this toolkit and digested the additional resources on our Social Finance Academy platform.

We hope this has been a valuable resource for you and are thrilled to send you off on your impact journey with the knowledge and skills to apply the lessons in this toolkit to your work. Ultimately, your goal is our goal: turning the promise of the impact envisioned by your enterprise into a reality, thereby improving the lives of the communities you work with. Let's continue to share, learn, and build a global community moving in lockstep towards a more impactful future.

GLOSSARY

Attribution: Attribution is when some of the change measured by an organization was caused by another organization or group of people that it is not working with.

Activity: The actions that produce the intended outputs or outcomes.

Baseline: Information about the situation of the target group before the start of the project. A baseline can serve as a reference point for evaluating future progress or for comparative purposes.

Benchmark: A point of reference against which outputs or outcomes can be assessed and compared to. A benchmark can be an industry standard, a comparable organization or a result that has been achieved in the past.

Counterfactual: A counterfactual answers the question "What would have happened anyway?"

Data collection methods: The techniques employed for acquiring data for purposes of measurement, management and monitoring impact.

Evaluation: Systematic and objective assessment of an ongoing or completed project.

Input: Financial, personal and material resources invested to make the project happen.

Impact: The attribution of an organization's activities to broader and longer-term social, economic, and/or environmental outcomes. They can be positive or negative, intended or unintended.

Indicator: Indicators deliver a reference to a certain output or outcome, which are not directly observable. Indicators are essential for measuring progress and demonstrating impact.

Output: Outputs are the direct products of an organization's activities. They do not address the value or impact created for stakeholders by a project.

Outcome: Outcomes demonstrate the results or effects that result from an organization's activities. They reflect the immediate, intermediate or long-term changes, which can occur in attitudes, values, behaviours or conditions.

Qualitative data: Aims to understand how the world is perceived and experienced by various stakeholders. It answers the question "Why?" and is often highly descriptive and subjective. Qualitative data is usually text or narrative.

Quantitative data: Aims to demonstrate an effect by using numerical data. It answers questions like "how many?", "how often?", or "how much?".

Target group: Specific individuals or groups for whose benefit a project is undertaken.

Theory of Change (ToC): A tool to develop and describe why an intervention is needed and how it will solve a specific social problem. ToC demonstrate how impact enterprises aim to deliver impact.

Stakeholder: Organizations, groups or individuals that are directly or indirectly affected by the organization's activities.

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