

Measuring our true value

Being able to account for what you do is standard procedure in a regular business, but what happens when your outcome can't be measured in monetary terms?

Blue-chip companies measure their success – or failure – in share values, FTSE rankings and profits. But for social enterprise organisations, whose work is primarily aimed at improving outcomes for disadvantaged members of society, financial benchmarks are not meaningful in gauging success.

The value they create goes far beyond what can be captured in monetary terms, but this is, for the most part, the only type of value that is measured and accounted for. Many organisations with social objectives are not reporting on the relationship between their investment and the outcomes they are achieving.

As Heidi Stewart, A4e's Business Development Director for Learning, explains: 'The value we create from the work we do goes much further than the immediate tangible benefits we create. For example, working with a client to help them find a job creates social value way beyond the obvious one of finding employment – it raises a person's self esteem, impacts on their family, saves the government money and helps stimulate the local economy.'

'There are many things that we value as societies and individuals that cannot be easily captured in economic terms,' she adds. 'And yet, most decision-making in the private, public and third sectors are based solely on cost and price.'

Valuable assets

A4e is working with the Employment Related Services Association (ERSA) and Oxford Economics to develop a framework for measuring and accounting for this much broader concept in value. What it is seeking to achieve is a consistent approach to measuring value. Aligned to the A4e Total Person ethos, a pioneering methodology to deliver significantly better results for dramatically

lower cost, it seeks to measure change, as well as the value it creates, in ways that are relevant to the company and its clients. This is often referred to as Social Return on Investment (SROI).

SROI is an analytic tool for measuring and accounting for a much broader concept of value. It incorporates social, environmental and economic costs and benefits into decision-making, providing a fuller picture of how value is created or destroyed.

SROI is able to assign a monetary figure to social and environmental value that is created. For example, research on the value created by a training programme for ex-offenders revealed that for every £1 invested, £10.50 of social value was created. It is essentially social accounting that monetises the value of benefits created.

But what is really important is the value, rather than money – money is simply a conventional way to express value and, as such, is a useful way of conveying worth that is understood by government and individuals. In the same way that a business plan contains much more information than the financial projections, SROI is much more than just a number. It is a story about change, directly relevant to an individual's journey with A4e.

Government is increasingly aware of the need to move from the historic output-based method of managing a provider's success, and to instead focus on the outcomes created.

Heidi adds: 'This framework will help us demonstrate and support the real value that an A4e intervention creates, telling the story of change created by individuals and the true value that change creates for the individual, the wider community and our funding providers.'

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