



CASE STUDY

Developing a Model for Social Return on Investment



Client Profile

GoodCompany Ventures (GCV) transforms innovators into entrepreneurs, and dreamers into doers. GCV accomplishes these goals by giving firms the tools and resources necessary to solve social challenges via market based solutions, by designing business models that support long term social change, and by mobilizing capital to accelerate the impact of proposed solutions.

The Project

The consulting team developed a Social Return on Investment (SROI) model that gives social innovators the ability to quantify their social impact in dollars. This was accomplished by translating the model into a dynamic tool that can measure impact for both a single entrepreneur or across a portfolio of companies that touch a variety of sectors. The tool can then be used to demonstrate the efficacy of the GCV organization by measuring GCV graduates against a control group of other participants in the impact space. Finally, the tool can be used by GCV to provide services to impact investment professionals, including venture capitalists, by providing insight into a potential investment's social impact in dollar terms.

Recommendations

Primary research was conducted mainly through interviews with impact investors and other experts in the industry. Secondary research to analyze the current reporting methods and metrics was also completed. The research resulted in the following key findings:

- Current State of the Art- Current metric and SROI reporting does not yield an output in a dollar value as requested by GoodCompany.
- SROI Metrics- Industry accepted metrics are available but needed to be summarized at a high level.
- Conversion- Conversion of the industry accepted metrics needed to be completed to convert social impact metric units to dollars.

Results

Since the conclusion of the project, a board member from GVC invested \$25,000 to employee Adam Caplan as a consultant/short-term employee that can lead the SROI assessment tool. The result became a Projected Social Impact assessment tool, which entrepreneurs can use to produce a dollarized projection of their key social outcomes over a 5-year period. As of March 2015, the tool has not yet launched and is still in beta testing.