



SEEP

Powering connections

Measuring & Marketing Measurement

Drew Tulchin

Social Enterprise
ASSOCIATES

ReVisioning Value, Portland, OR

PRESENTATION OUTLINE

1. About Us
2. Background & Theory
3. Microfinance Financial Reporting
4. Microfinance Social Performance
5. Social Return on Investment (SROI)

About SEEP Network

25-Year-Old Global Community of Microenterprise Practitioners

Find out more online: www.seepnetwork.org

The SEEP Network's Approach

Enable members to drive agenda and priorities

Develop tools, resources, and training materials

Promote peer learning between microenterprise practitioners

About Our Firm

Private Consulting, registered B Corp

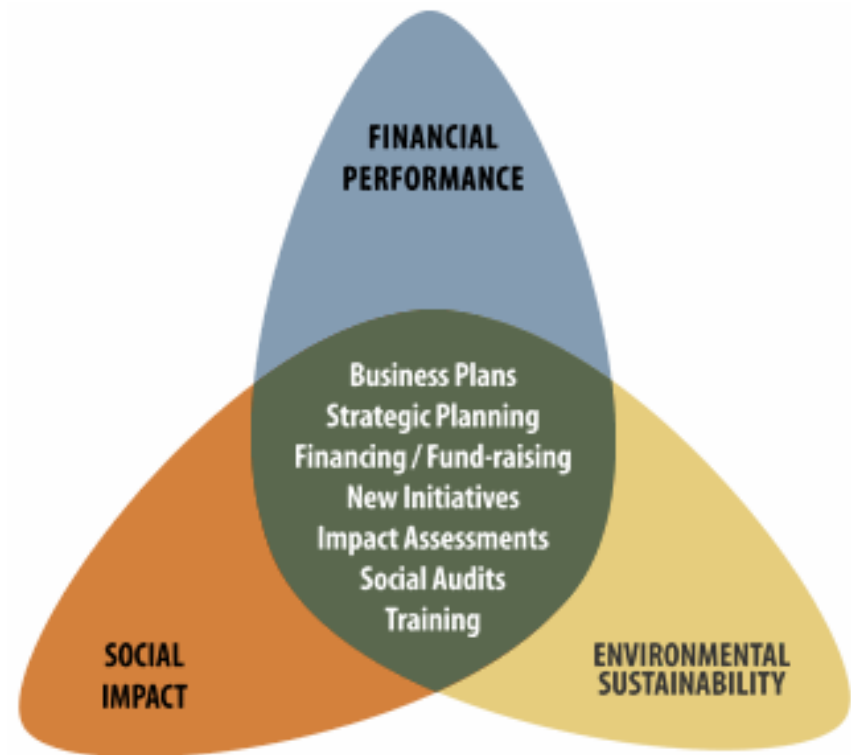
A network of professionals making communities better by applying business skills & sustainable practices.

Drew Tulchin, Managing Partner, MBA:

- 13 years relevant professional experience
- Biz plan winner, Global Social Venture Comp; Prisma Microfinance raised venture \$1.2 mil.
- Written >50 business/strategic plans, efforts > \$100 mil. In socially motivated capital

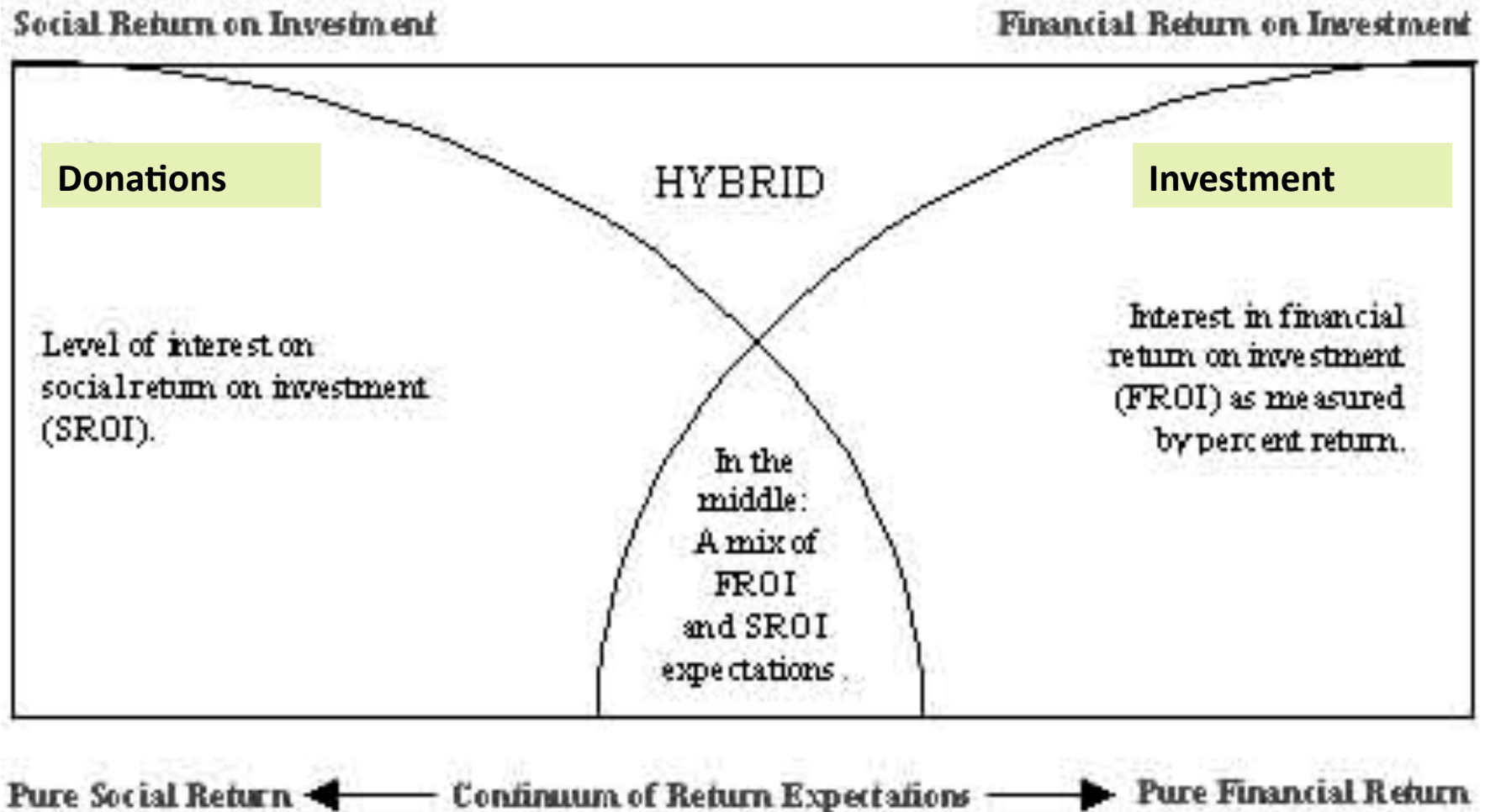
Recent Engagements:

- Environmental Defense Fund, Mexico
- Organic Exchange, TX
- USAID AED/ARIES, Afghanistan
- Microfinance Reporting Standards Initiative, the SEEP Network
- White Mountain Apache Indian Tribe (Fort Apache Historic Preservation), AZ

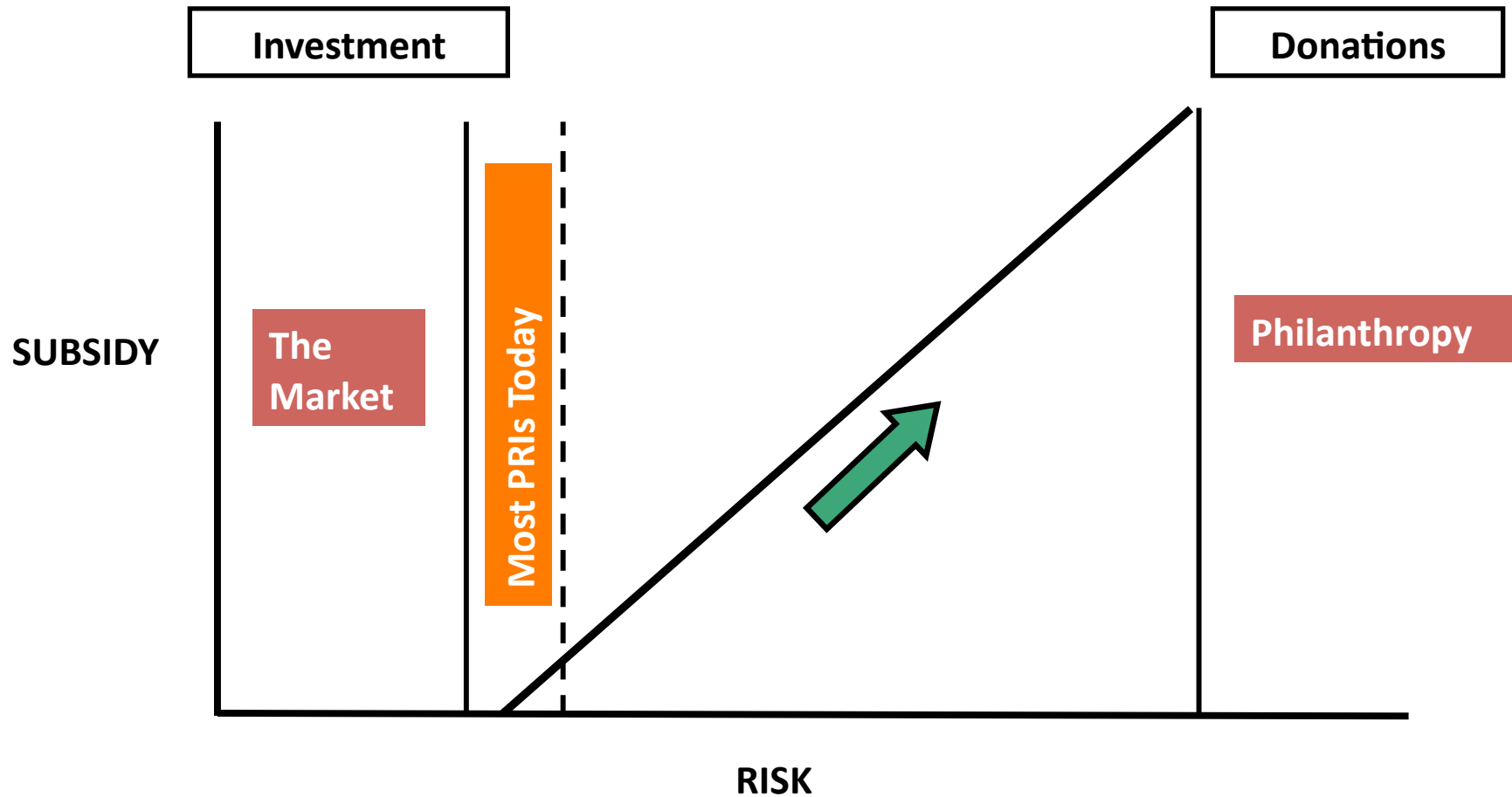


BACKGROUND & THEORY

Continuum of Return Expectations



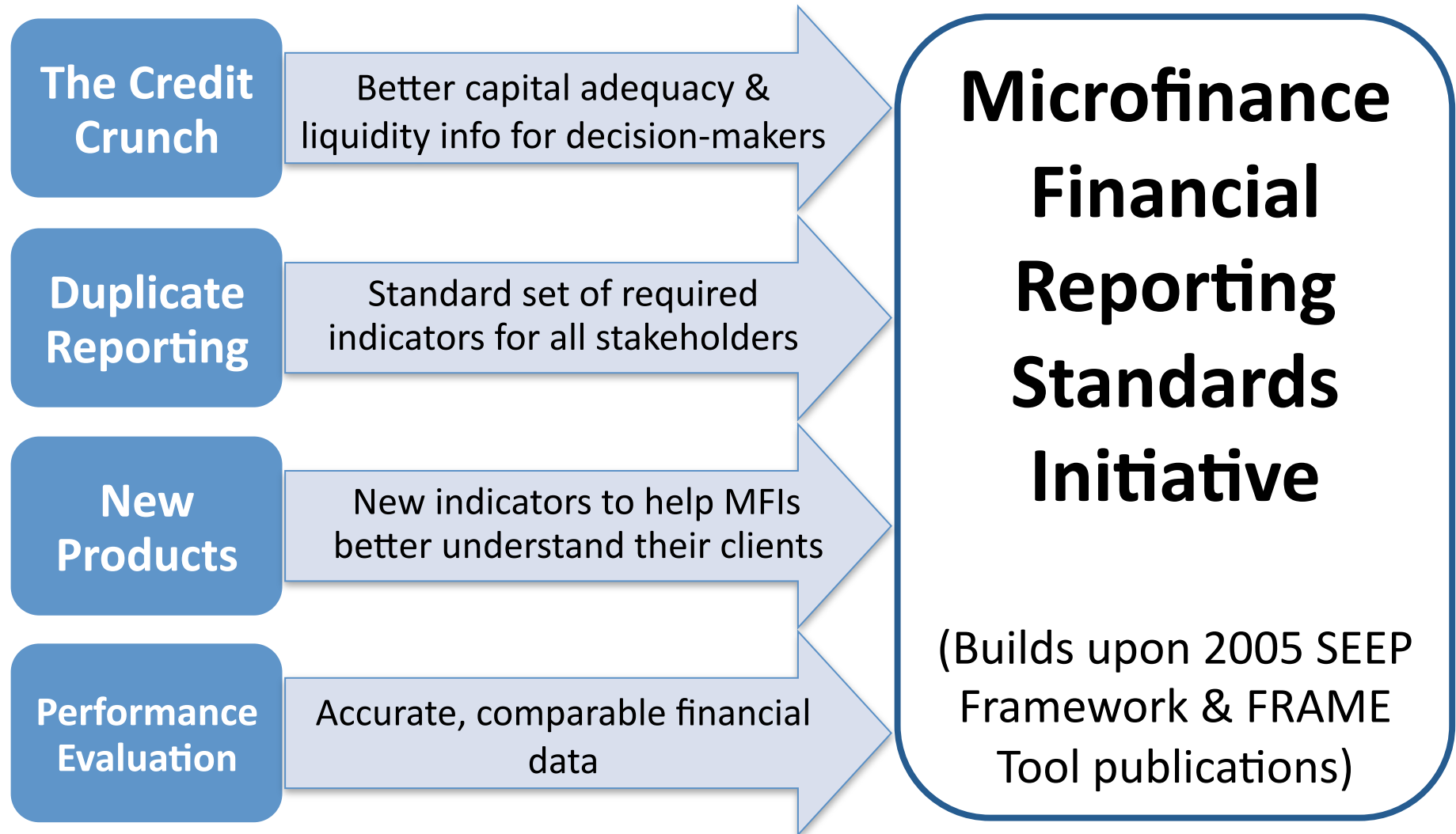
Continuum of Investment Risk



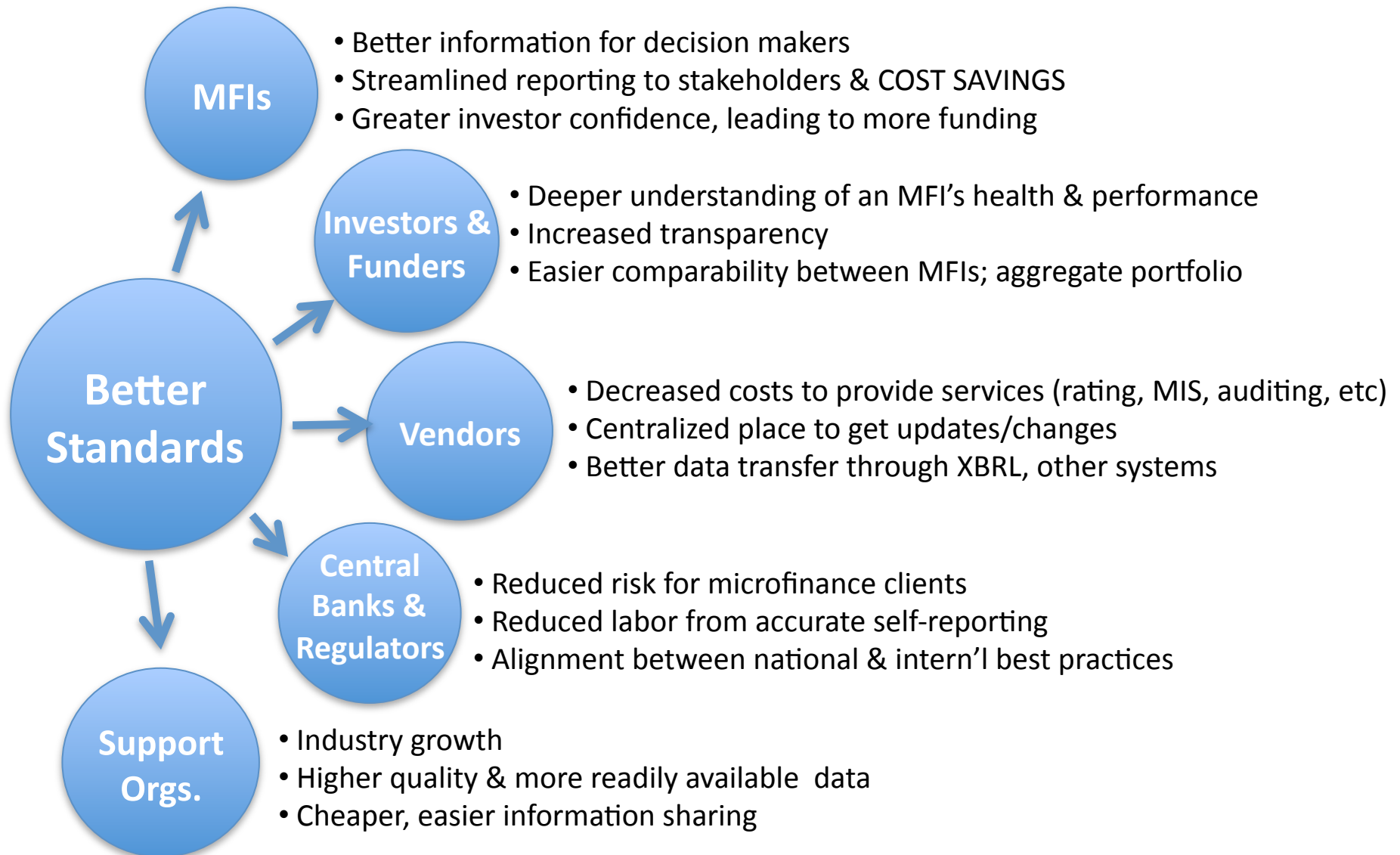
What is the optimal matching of risk & subsidy?

MICROFINANCE STANDARDS FINANCIAL REPORTING

Standards: An Industry-Wide Solution



Standards - Benefits for Stakeholders



Standards – How You Can Get Involved



- **Review** draft publication on STANDARDS open for public comment
- **Distribute** draft STANDARDS to your network; request feedback
- **Host** a speaker at your organization or your next event
- **Participate** on the committee

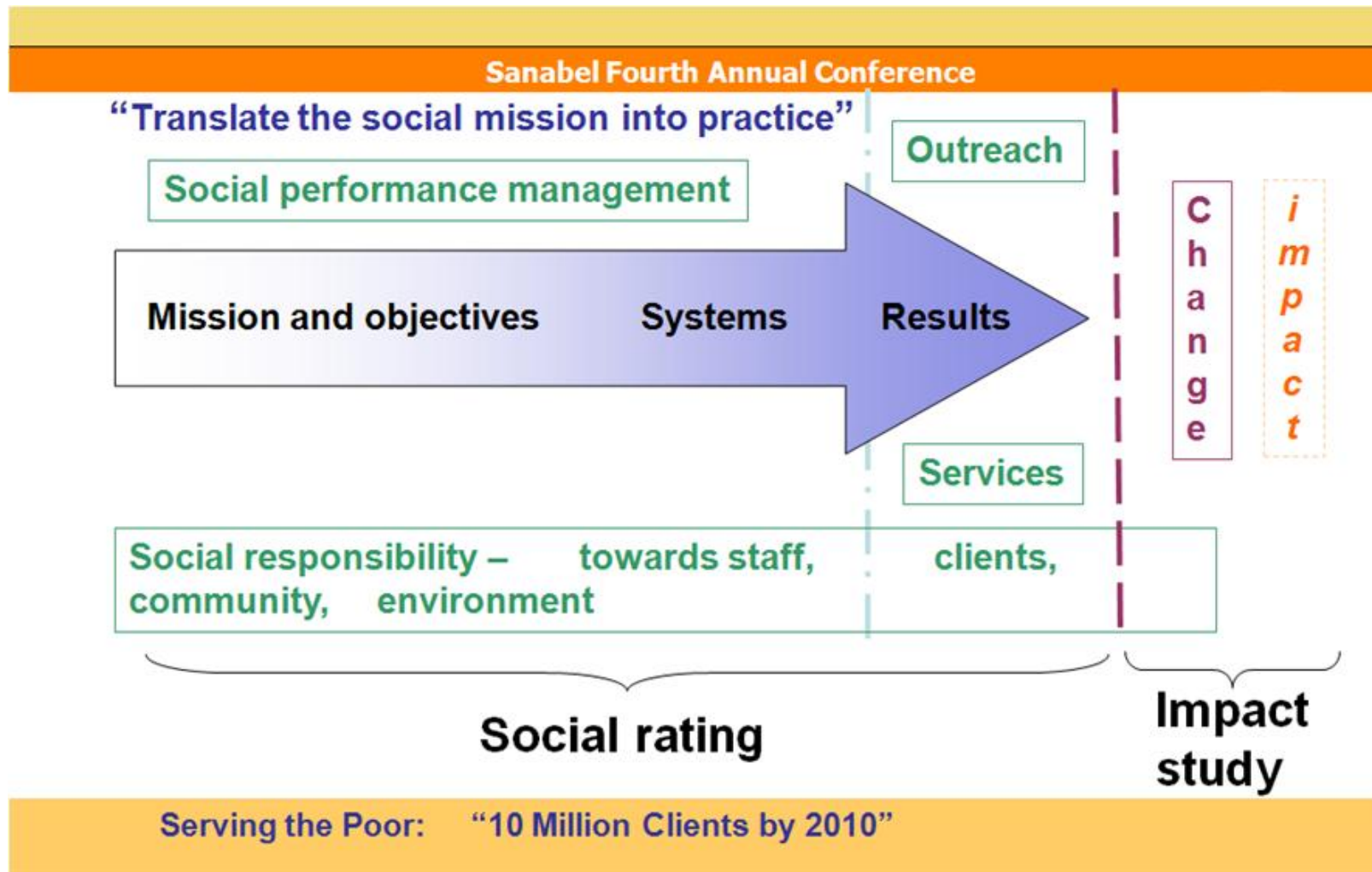
WWW.REPORTINGSTANDARDS.ORG

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MICROFINANCE SOCIAL PERFORMANCE

Microfinance Social Performance Mgmt



Source: Social Performance Rating

www.sanabelnetwork.org/files/W2%20Tools%20for%20Measuring%20Social%20Impact,%20Fabio%20Malanchini.ppt

Grameen's Progress Out of Poverty Index

A specific tool in use

Indicator	Value	Points
1. How many household members are aged 0 to 17?	> 5 0 3 or 4 7 1 or 2 16 Zero 27	7
2. Does the family own a gas stove or gas range?	No 0 Yes 13	13
3. How many television sets does the family own?	Zero 0 1 9 >2 18	0

Weighted Numeric Value Numeric Value

Indicator	Value	Points
1. How many household members are aged 0 to 17?	> 5 0 3 or 4 7 1 or 2 16 Zero 27	7
2. Does the family own a gas stove or gas range?	No 0 Yes 13	13
3. How many television sets does the family own?	Zero 0 1 9 >2 18	0
4. What are the house's outer walls made of?	Light (rogon, nipa or sawal, bamboo, anahaw) 0 Strong (iron, aluminum, tile, concrete, brick, stone, asbestos) 4	4
5. How many radios does the family own?	Zero 0 1 3 >2 10	3
6. Does the family own a sala set?	No 0 Yes 9	0
7. What is the house's roof made of?	Light (salvaged, makeshift, rogon, nipa or anahaw) 0 Strong (iron, aluminum, tile, concrete, brick, stone, asbestos) 2	2
8. What kind of toilet facility does the family have?	None, open pit, closed pit, other 0 Water scaled 3	0
9. Do all children in the family have salaried employment?	No 0 Yes 4 No children ages 6-11 6	0
10. Do any family members have salaried employment?	No 0 Yes 6	0
PPI Total		29

Score	Below the Poverty Line		Total Below the National Poverty Line	Total Above the National Poverty Line
	Bottom Half Below the National Poverty Line	Top Half Below the National Poverty Line		
-4	85.0%	14.3%	99.3%	0.7%
-9	79.7%	12.8%	92.5%	7.5%
-14	61.9%	30.0%	91.9%	8.1%
-19	70.5%	22.9%	93.4%	6.6%
-24	53.2%	24.4%	77.6%	22.4%
-29	42.4%	34.4%	76.8%	23.2%
-34	35.2%	42.6%	77.8%	22.2%
-39	23.8%	24.8%	48.6%	51.4%
-44	22.2%	26.1%	48.3%	51.7%
-49	16.5%	17.1%	33.6%	66.4%
-54	18.4%	21.8%	34.4%	65.6%
-59	1.1%	14.2%	22.6%	77.4%
60-64	4.5%	5.4%	10.1%	89.9%
65-69	0.7%	7.6%	10.1%	89.9%
70-74	0.0%	5.2%	6.9%	93.1%
75-79	1.6%	2.2%	3.8%	96.2%
80-84	0.7%	1.4%	2.1%	97.9%
85-89	0.0%	3.8%	0.0%	100.0%
90-94	0.0%	0.0%	0.0%	100.0%
95-100	0.0%	0.0%	0.0%	100.0%

Source: <http://progressoutofpoverty.org>

Poverty Likelihood

SOCIAL RETURN ON INVESTMENT (SROI)



Social Return on Investment (SROI)

Non-financial value created by an organization relative to investment/cost required – measuring impact

Goals

- Assess actual value created
- Inform management decisions
- Align investment /expenditure with value created

Answers questions such as

- Where is the best place to spend the next dollar?
- What resources are we leveraging from our partners?
- What is value created (SROI measure) via health promotion?

Example SROI Project



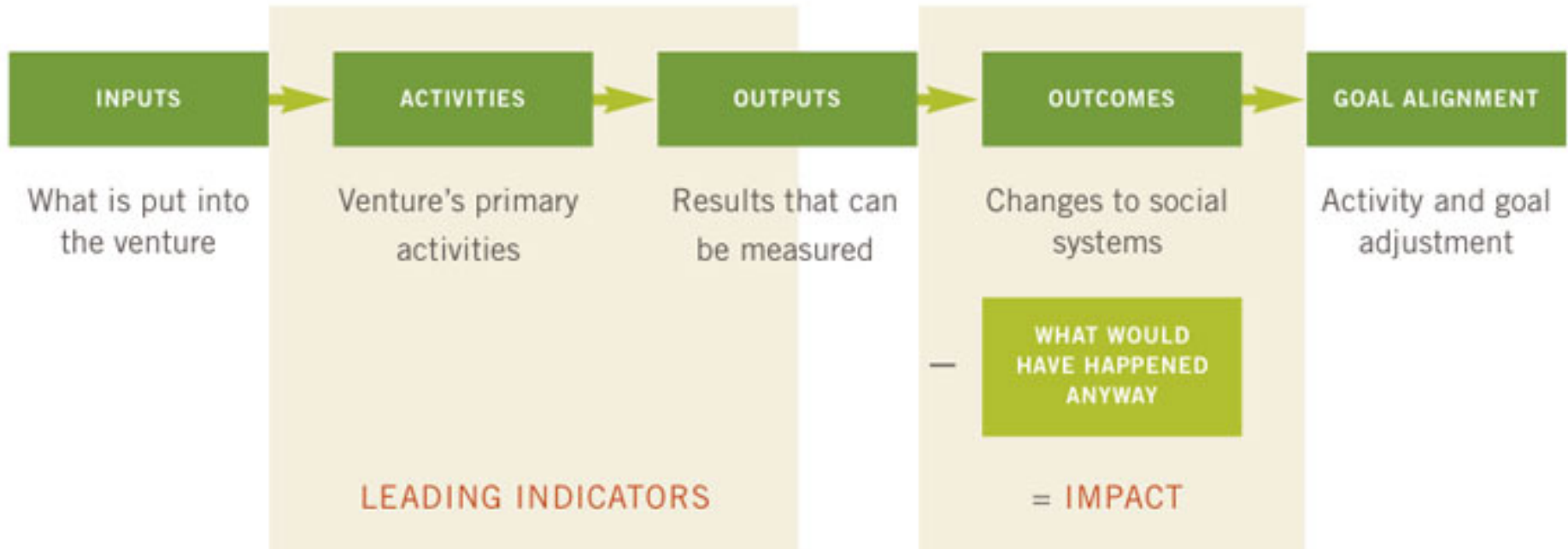
Delaware based non-profit – **Nemours Health and Prevention Services (NHPS)** – aims to effect long-term changes in policies and practices that promote child health



Consulting firms specializing in impact measurement, designed and implemented the Social Return on Investment (SROI) project with tools (calculator, 360), tracking investment, community value & performance

Goal: See the organization install and use tools that enable management to make informed decisions that can work towards answering: **“What is the best use of the next \$1?”**

SROI: Proving the Theory



*\$,
time,
know-how,
capital
assets*

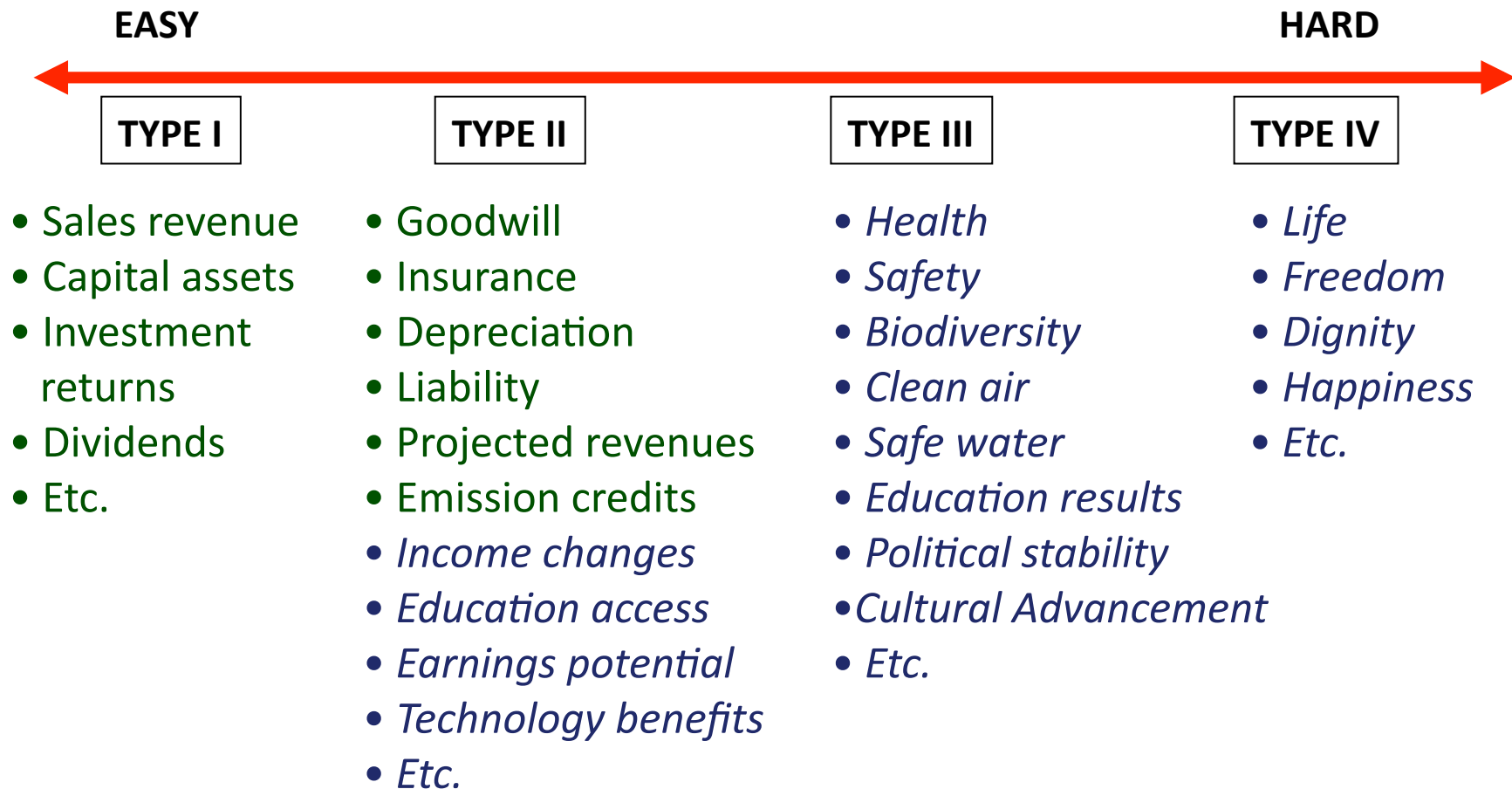
*Community
organizing,
training,
waste collection,
recycling*

*Tons of waste
captured,
composted,
treated
\$ earnings
customers*

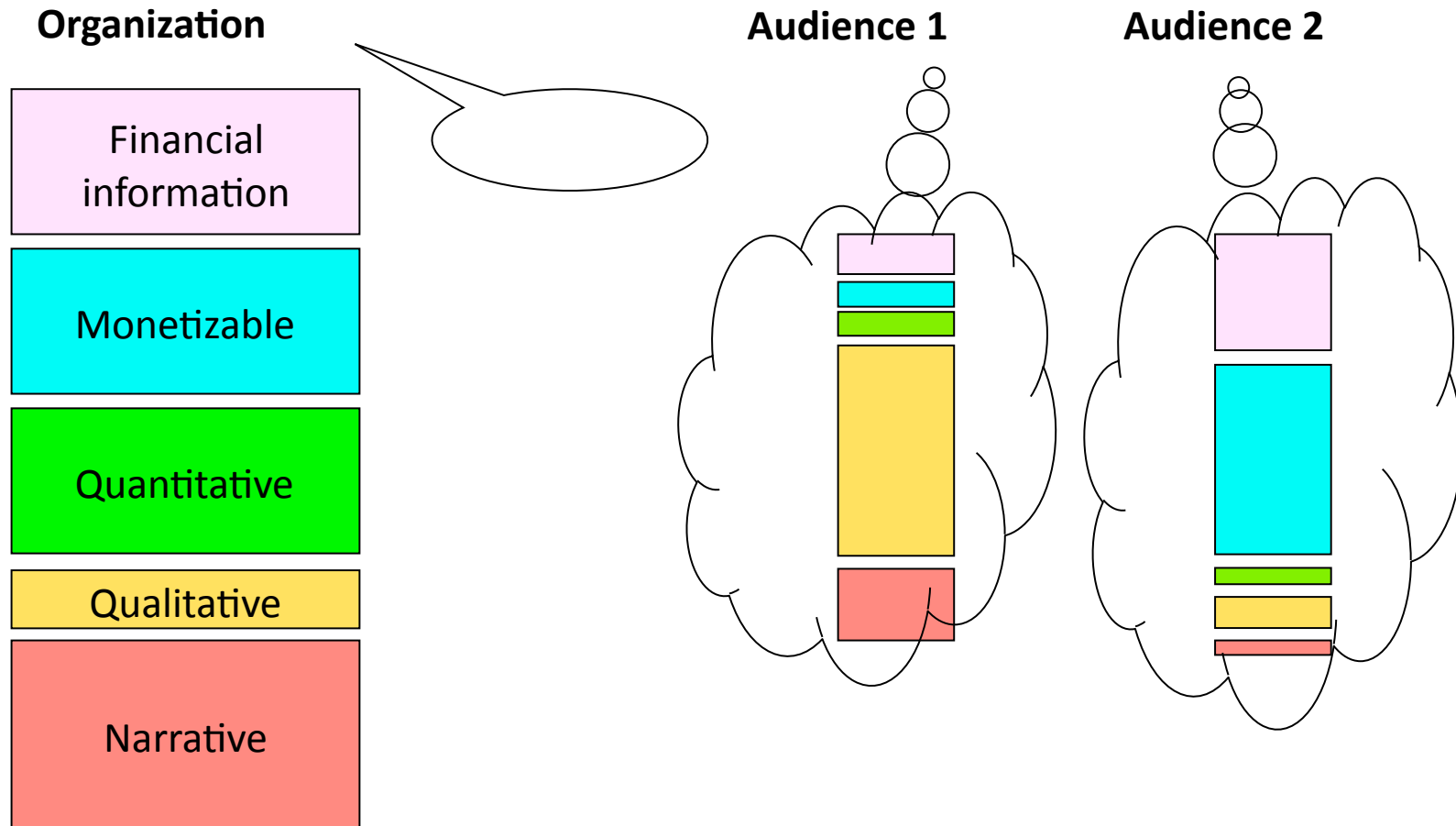
*Residents above the
poverty line,
fish back in river,
less disease,
more dignity*

*Updates to
data,
activities and
goals (desired
states)*

Measuring & Quantifying SROI



SROI Captures Different Data Types to Communicate to Variety of Audiences



SROI Calculator Example Inputs

II. INVESTMENT				
17				
18	A. Duration	How long is project/tactic?	Length of engagement in weeks (max=52 weeks or rest calendar year)	52
19	B. Senior staff #	How many senior staff involved?	Number of senior staff involved	2
20	C. Senior staff time	How much time spent by senior staff on project/tactic?	Average weekly time spent by each senior staff (0 to 40 hours)	20
21	D. Intermediate/ entry level staff #	How many intermediate/ entry level staff involved?	Number of intermediate/ entry level staff involved	2
22	E. Intermediate/ entry level staff time	How much time spent by intermediate/ entry level staff on project/tactic?	Avg weekly time spent by each intermediate/ entry level staff (0 to 40 hours)	20
23	F. Administrative staff/interns #	How many administrative staff/interns involved?	Number of administrative staff/ interns involved	1
24	G. Administrative staff/interns time	How much time spent by administrative staff/interns on project/tactic?	Avg weekly time spent by each administrative staff/interns (0 to 40 hours)	10
25	H. Non-staff expenses	What are annual non-staff expenses of project?	Total NHPS annual budget for project less staff time (includes in-kind, publications, materials, contracts, sponsorship, swag, etc)	\$ 5,000
26	I. Previous investment	How much has NHPS invested to date in this project/tactic?	Amount invested by NHPS to date, non-staff (if known)	\$ 1,000
III. IMPACT AND REACH				
27				
28	1 Type of project/ tactic	How well established is this type of project or tactic?	Level of research-based validity for this type of project or tactic	Emerging trends/practices
29	2 # Children reached directly	How many children are reached directly?	Estimated number of kids reached in targeted population annually	10,000
30	3 Amount of direct time	How much program time is between NHPS / partner and children, i.e. if there is class time, how long; if it involves tech. assist., how long?	Please estimate the amount of program time (in hours) each recipient will receive with this project/tactic over time period (up to 1 year).	10 mins to 1 hour of programming

SROI Calculator Example Outputs

Annual Social Return on Investment (SROI) Lite Calculator Tool V.1.0

Project / Tactic:	Project/Tactic ABC
Calculator Owner:	Jane Smith, YYY Sector
Analysis Date:	11/11/2008
Project Start Date:	1/1/2006

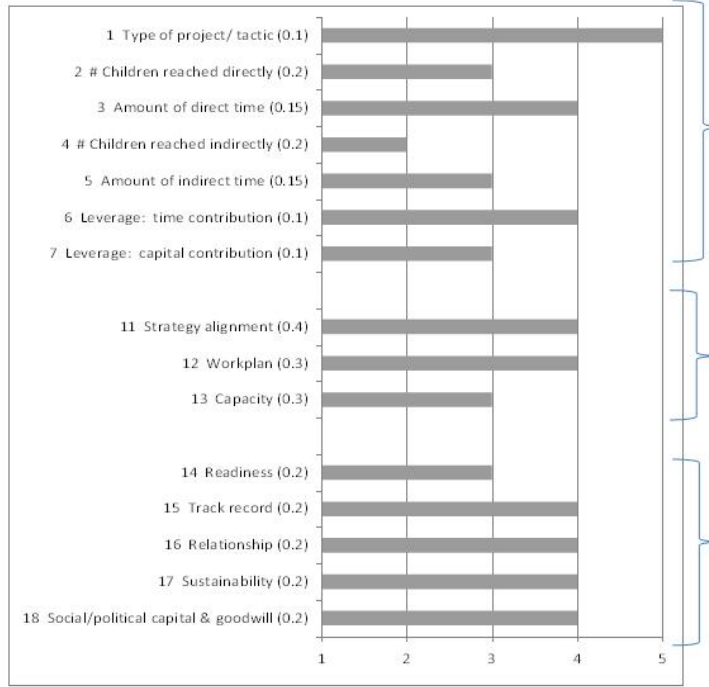
TOTAL SCORE (Scale of 1 - 10 where 10 is strongest) **6.5**

CATEGORY SCORES & WEIGHTINGS	SUB-SCORE (1-10)	TOTAL SCORE CONTRIBUTION
IMPACT & REACH	6.1	60%
INTERNAL CAPABILITY & ALIGNMENT	7.1	15%
ATTRIBUTES OF POTENTIAL PARTNER & RELATIONSHIP	7.3	25%

IMPACT & REACH	
Total # children involved annually through this effort	7,000
Total # child influencers involved annually through this effort	20
Avg # of children each child influencer will reach	100
Total annual program hrs (# children * avg time of contact)	640,000
Expected impact type	Health outcome change
Expected impact timing	2 years
Level of impact	High impact
Other expected impact not accounted for, either for NHPS or the partner?	
Description of other expected impact	

INVESTMENT	
= total staff time * value of time (see assumptions) by category of staff	
Annual value of senior staff time	\$ 43,200
Annual value of intermediate/entry-level staff time	\$ 19,800
Annual value of administrative staff/intern time	\$ 5,600
Total NHPS budget for project (minus staff time)	\$ 50,000
TOTAL INVESTMENT (\$)	118,600
Amount invested by NHPS to date, non-staff (if known)	\$

EFFICIENCY METRICS	
Cost per hour	\$ 0.19
Ratio of dollars invested in project/tactic to hours with target population	
Cost per child	\$ 16.94
Ratio of dollars invested in project/tactic to number of children reached	
Cost per child influencer	\$ 5,930.00
Ratio of dollars invested in project/tactic to number of child influencers reached such as teachers, administrators, etc.	



Staff Assumptions	Value of 1 hr Sr staff time (Sr. Mgr, Leads & Sr. Level)	\$ 60
	Value of 1 hr Mid/Entry level staff time (Level I & II)	\$ 33
	Value of 1 hr administrative staff/intern time	\$ 20

Project/tactic description

Example: The ABC Intervention involves working with...

Risks in project/tactic and what at risk if NHPS DOES NOT participate

Example: While NHPS will have to ensure it is maintaining its brand, we risk losing the strong relationship with this organization if we decline to...

Sectors involved: if there is sector integration, what is the value added?

Q&A

THANK YOU

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Consultant to the SEEP Network
Microfinance Reporting Standards Initiative
www.reportingstandards.org

