

Amplifying the impact of  
Ontario's social enterprise  
community: An Action  
Plan towards a common  
approach to impact  
measurement

March 31, 2017





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# Social enterprise impact measurement task force

The recommendations contained in this report are the result of a collaborative process of discussion and consultation driven through the Social Enterprise Impact Measurement Task Force. The purpose of the Task Force was to bring together the unique perspectives from a range of social enterprise sector representatives in order to inform and support development of an Impact Measurement Action Plan for Ontario. KPMG was engaged by MEDG to facilitate the Task Force discussions, resulting in recommendations and actions to create a common approach to impact measurement. Each member of the Task Force contributed to this effort by offering input based on their practical knowledge of, and experience with, impact measurement. Members of the Task Force have participated in their capacity as individuals and as representatives of their organizations. The report embodies the collective perspectives of the group, rather than the specific viewpoints of each individual.

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- *Tessa Hebb*, Carleton Centre for Community, Carleton University – Task Force Co-Chair
- *Tim Draimin*, Social Innovation Generation (SiG)

*As co-chair of the Task Force on Impact Measurement for the Province of Ontario, it is my pleasure to endorse this plan for a common approach to impact measurement in Ontario and beyond.*

*I believe that the common processes recommended here will greatly enhance the capabilities of social enterprises in our province to understand and tell their own impact stories, while simultaneously providing a framework for the whole sector to demonstrate the aggregated impact that social enterprise has in our province.*

*By utilizing the UN Sustainability Development Goals (SDGs), this plan builds on leading-edge global thinking and propels our work to the forefront of innovation in impact measurement. Finally, the commitment of the Task Force to an overarching infrastructure that will support these recommendations through actionable steps, will ensure that the common approach to impact measurement envisioned in this plan will become a reality.*

*I want to congratulate all the members of the Task Force and KPMG for their hard work. I believe that social enterprises across Ontario will greatly benefit from the common approach detailed here and that the key components of this plan represent a groundbreaking opportunity in impact measurement.*

**– Dr. Tessa Hebb, Task Force Co-Chair**

*The Ontario social enterprise sector will benefit greatly from this renewed focus on impact measurement. While there is compelling evidence on how social enterprise can foster inclusive economic growth, it is important to understand how these benefits contribute to citizens and their communities.*

*This plan contains actionable short- and medium-term recommendations on a common approach to impact measurement, informed by a diverse range of perspectives across the province. As Co-Chair of the Task Force, it is my hope that this plan will help social enterprises to more easily and clearly demonstrate the significant economic and social impact they create, and to encourage their stakeholders (including customers, investors, and policy makers, among others) to recognize this value.*

*With this action plan, Ontario is now one of the few jurisdictions with a compelling vision and actionable priorities for impact measurement, which can allow it play a leadership role within Canada and internationally.*

**– Karim Harji, Task Force Co-Chair**

# The measurement challenge

Maximizing impact, which is the social, environmental, and economic change that happens to people and communities as a result of an initiative<sup>1</sup>, is something all stakeholders in the social enterprise community strive to achieve. However, the absence of a common approach to measure and report on the impact created is a barrier to the success of the social enterprise community.

In 2015, the Ontario Ministry of Economic Development and Growth (MEDG), consulted with over 400 individuals from the non-profit, for-profit and public sectors, including social entrepreneurs, academics, funders, investors and others, to develop Ontario's Social Enterprise Strategy 2016-2021. This revealed:

- Social enterprises face capacity and financial barriers in undertaking impact measurement effectively.
- The impact measurement landscape is fragmented. There are various tools and methods used by the social enterprise community to measure impact. Some have developed bespoke solutions, and many others still remain uncertain as to the most appropriate measurement approach for their organization.
- There is a strong desire to have greater consistency throughout the sector regarding how to measure as well as what to measure, resulting in better alignment of the interest of stakeholders.

A more cohesive approach to impact measurement is a crucial step in promoting the sector's vitality and growth. It would:

- **Reduce transaction costs and inefficiency** by reducing the need for social enterprises to prepare multiple evaluations, applications and reports to funders and investors, taking the guesswork out of what should be measured.
- **Improve transparency**, making it easier for funders and investors to evaluate risk and impact. A common approach may help attract new investors and more capital to the sector by simplifying the additional impact dimension of investment decisions.
- **Provide a basis of comparison and enable the sharing of information and leading practices** among organizations pursuing similar impact goals.

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*The actions detailed in this report are a great starting point to bring together all the stakeholders who will build an ecosystem that values impact as part of our relationship to society and the environment through private and public business activities.*

*– Andre Vashist  
Task Force Member*

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<sup>1</sup> Lisa Lalonde, Joanne Cave and Rajesh Sankat, *Unpacking Impact Exploring Impact measurement for Social Enterprises in Ontario*, Mowat NFP, 2016

- **Enable the aggregation of data** to profile the collective contribution of social enterprise activity in Ontario, with this greater visibility helping to drive increased demand. This will provide clearer insight into the growth, diversity, and needs of social enterprise, which will be useful to government, intermediaries, and other supporters of the sector.
- **Provide an accepted framework** for social enterprises to demonstrate their impact, which serves to differentiate their products and services with consumers, drive sales, and the self-sustaining nature of the sector.

Increasingly, consumers feel personally accountable for addressing social and environmental issues. When price and quality are equal, 84 percent of Canadians said they would rather buy from businesses that also “do good.”<sup>2</sup> More broadly, a global study showed that 55 percent of respondents say they are willing to pay more for products and services from companies that are committed to positive social and environmental impact.<sup>3</sup>

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<sup>2</sup> Ipsos, *Canadian Brands Who Do 'Good' Likely to Perform 'Well'*, Ipsos In North America, 2015 <http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=6685>.

<sup>3</sup> Neilson, *Doing Well by Doing Good*. The Neilson Company, 2014 <http://www.nielsen.com/us/en/insights/reports/2014/doing-well-by-doing-good.html>

# The social enterprise community in Ontario

In Ontario, social enterprises are defined as organizations or initiatives “that use business strategies to achieve a social or environmental impact. While generating revenues from the sale of goods and services, social enterprises also expressly intend to create positive outcomes and measure their results. As their business grows, the social impact grows.”<sup>4</sup>

Social enterprises operate with the intent to create positive outcomes through the sale of goods and services. It is this intent and the measurement of these outcomes alongside financial success that differentiate social enterprises from other businesses.

There is no legal form known as a ‘social enterprise’ in Ontario. However, approximately 10,000 organizations employing over 160,000 people identify as social enterprises, with approximately 80 percent being non-profits and charities. According to the Canadian Community Economic Development Network’s (CCEDNet) 2015 survey on Social Enterprise in Ontario, responding social enterprises earned at least \$489 million in total revenues. About 78 percent of this revenue comes from the sale of goods and services, while nearly 17 percent is from grants.<sup>5</sup>

Many charities and non-profits have established a social enterprise in an effort to diversify sources of revenue beyond donations and grants, and to become more self-sustaining, with most non-profits having a blended revenue model. There are an increasing number of for-profit companies with the intent of addressing a social or environmental challenge – 173 of these Canadian companies have sought certification as a ‘B Corp’ with majority of them in Ontario.

The social enterprise community in Ontario, also referred to as the social enterprise ecosystem or sector, comprises a diverse group of stakeholders that pursue a range of social, environmental, and economic outcomes across the province and around the world. The social enterprise community is a market composed of the following:

- **Social enterprises** that create a range of positive social, environmental and economic impact through their revenue-generating activities. Examples include:
  - **Green Shield Canada** – the country’s only non-profit health and dental benefits provider whose mission is to improve access to health care for uninsured and underinsured populations in Canada.
  - **ReStore** – Habitat for Humanity affiliates across the province operate these retail outlets that sell new and used donated building and household materials and use the proceeds to fund the construction of Habitat houses within the community.
  - **The Common Roof** – a community-based, multi-tenant centre that provides high-quality, affordable space for human service organizations in Simcoe County. More than 10,000 clients annually receive help from the organizations at The Common Roof, which provides a single point of service.

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<sup>4</sup> Government of Ontario, *Ontario’s Social Enterprise Strategy 2016-2016*, <https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>, 2016.

<sup>5</sup> Canadian Community Economic Development Network (CCEDNet). *Enterprising Change: Report of the 2015 Social Enterprise Survey for Ontario*. Canadian CED Network, 2015

- **Grant makers and investors** who help social enterprises achieve social impact by donating or investing funds. Examples include:
  - **Hamilton Community Foundation** – provides loans and investment alongside grant-making through the Hamilton Community Investment Fund.
  - **MaRS Catalyst Fund** – invests in early stage businesses pursuing social and environmental outcomes.
  - **Business Development Bank of Canada (BDC)** – a certified B Corp that provides loans and business advice to social enterprises.

In addition, procurement specialists and consumers (purchasers) contribute to the growth of social enterprises, enabling them to scale their impact as they grow their business.

Other key stakeholders include academic institutions and researchers; policy makers in municipal, provincial and federal levels of government; advisors; and intermediaries, such as the Ontario Nonprofit Network (ONN), Ashoka, and the Centre for Social Innovation (CSI).



# The journey to a common approach

The challenge of inconsistent approaches to impact measurement is not unique to Ontario, and there have been a number of initiatives to devise a more standardized approach to measurement. For example, the European Union established an Expert Group on Social Entrepreneurship Sub-group on Impact Measurement (GECES Sub-group) to develop a systematic methodology to measure the socio-economic benefits created by social enterprises.<sup>6</sup> The G8 Social Impact Investment Task Force Working Group on Impact Measurement built upon the work of the GECES Sub-group and recommended an approach geared to impact investors.<sup>7</sup>

Overall it is early days, and one common approach to impact measurement for all stakeholders has yet to achieve widespread adoption or to be fully tested through implementation.

A feature initiative of Ontario's Social Enterprise Strategy 2016-2021 (the Strategy) was the creation of an Impact Measurement Task Force. The role of the Task Force was to inform development of an Action Plan that recommends a common approach to impact measurement that represents the needs of the social enterprise community in Ontario.

Following the release of the Strategy, the Mowat Centre hosted the *Unpacking Impact* conference in June of 2016, bringing together international leading impact measurement experts and local subject matter experts, and summarizing the key themes and recommendations in its report *Unpacking Impact: Exploring Impact Measurement for Social Enterprises in Ontario*. The conference and report were made possible by funding provided by the MEDG, and provided an important starting point for the work of the Task Force.

KPMG was engaged by MEDG to facilitate the Task Force discussions, resulting in recommendations and actions to create a common approach to impact measurement. The Task Force met monthly from October 2016 to March 2017.

The purpose of this report is to:

- Recommend a common approach to measuring the impact of social enterprise activity in Ontario.
- Identify early and actionable milestones in the journey towards consistency in impact measurement.
- Provide a strategy to drive implementation and adoption over time.

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<sup>6</sup> GECES. Proposed Approaches to Social Impact Measurement in European Commission Legislation and in Practice Relating to EUSEFs and the EaSI. European Commission, 2014.

<sup>7</sup> Social Impact Investment Taskforce. Measuring Impact: Subject Paper of the Impact Measurement Working Group. UK Cabinet Office, 2014.

The recommendations in this report are intended to inform the path forward for the entire social enterprise community. While they articulate an impact measurement approach to be adopted by social enterprises and the suppliers of capital, the vision for the future outlined in this report will have a significant influence on the work undertaken by other stakeholders. The future state will be realized through collaboration, the willingness to be pioneering, and openness to experimentation by all stakeholders.

Finally, we hope the approach recommended in this report provides a starting point for other jurisdictions with similar objectives.

# What we heard

In addition to facilitating the Impact Measurement Task Force, KPMG:

- Hosted consultations with over 70 stakeholders in Ontario’s social enterprise community. Stakeholders included: non-profit, for-profit and co-operative social enterprises representing the diversity of the sector across the province; social enterprise intermediaries; funders and investors; academics; and representatives from different levels of Government.
- Conducted additional interviews with Task Force members, and other relevant experts and stakeholders.
- Completed research to understand the current impact measurement landscape, in particular, other efforts undertaken internationally to define common approaches to impact measurement, as well as leading practices, tools and methodologies being used in Ontario.

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*The Ontario Impact Measurement Task Force report prepared by KPMG is a milestone in the development of the enabling ecosystem for social enterprise. This collaboratively developed future-facing policy proposal, supported by a diverse set of community partners, advocates a bold architecture for strengthening the sector, deepening its social impact and ensuring more inclusive growth.*

*– Tim Draimin  
Task Force Member*

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Support for developing a more cohesive, common approach to impact measurement was evident throughout the consultations and Task Force meetings.

The overall tone of the conversations was enthusiastic, and focused on informing a solution that would reduce the burden on social enterprises caused by the absence of a commonly accepted practice for impact measurement; create more alignment between the supply of and demand for capital; and increase the profile and transparency of the sector.

Several themes emerged from our consultations:

## **1. A common approach should be co-created over time, supported by experimentation and iterative learning.**

To be sustainable, adoption should be driven by the social enterprise community working together to co-create, test, and refine the approach. Stakeholders were enthusiastic about the need to work together to develop an approach that considered the needs and perspectives of the sector as a whole. There is little appetite to drive adoption through regulation or other formal mandate.

**2. The social enterprise community seeks balance between complexity and cost in impact measurement.**

Social enterprises cited concern regarding the complexity of impact measurement. To be effective, measurement must be easy to implement, and meet their needs with proportionate costs and effort. They are concerned that a complex reporting regime is raising the cost of doing business, and suppressing opportunities for growth and demand. Current approaches range from being responsive to information requests from funders, to custom-built frameworks that are proactive in demonstrating the impact of the intervention.

**3. The approach must reconcile the tension between the need for a common approach and the need to customize impact measurement tools and methodologies to different contexts.**

Social enterprises are concerned that a uniform approach may not capture the nuances of the outcomes they desire. Funders and investors also want to retain flexibility to measure and request more specific reporting from the social enterprises they fund. The inability to conduct sector-wide reporting on the collective impact of social enterprises has also been identified as a gap.

**4. Maximizing the impact of a social enterprise includes an assessment of a social enterprise's financial strength.**

According to findings from the *Unpacking Impact* report, social enterprises in Ontario prioritize efficiency and financial sustainability over impact measurement in their organizations.<sup>8</sup> Funders and investors indicated that insight into organizational effectiveness, track record, and financial stability are equal if not greater indicators of impact when considering an investment or funding decision.

**5. Stakeholders want to leverage leading practices.**

Several international initiatives are similarly seeking to develop a standardized approach to impact measurement. Stakeholders expressed the desire to leverage their efforts, as well as existing impact measurement tools and methodologies, rather than create a new tool for Ontario.

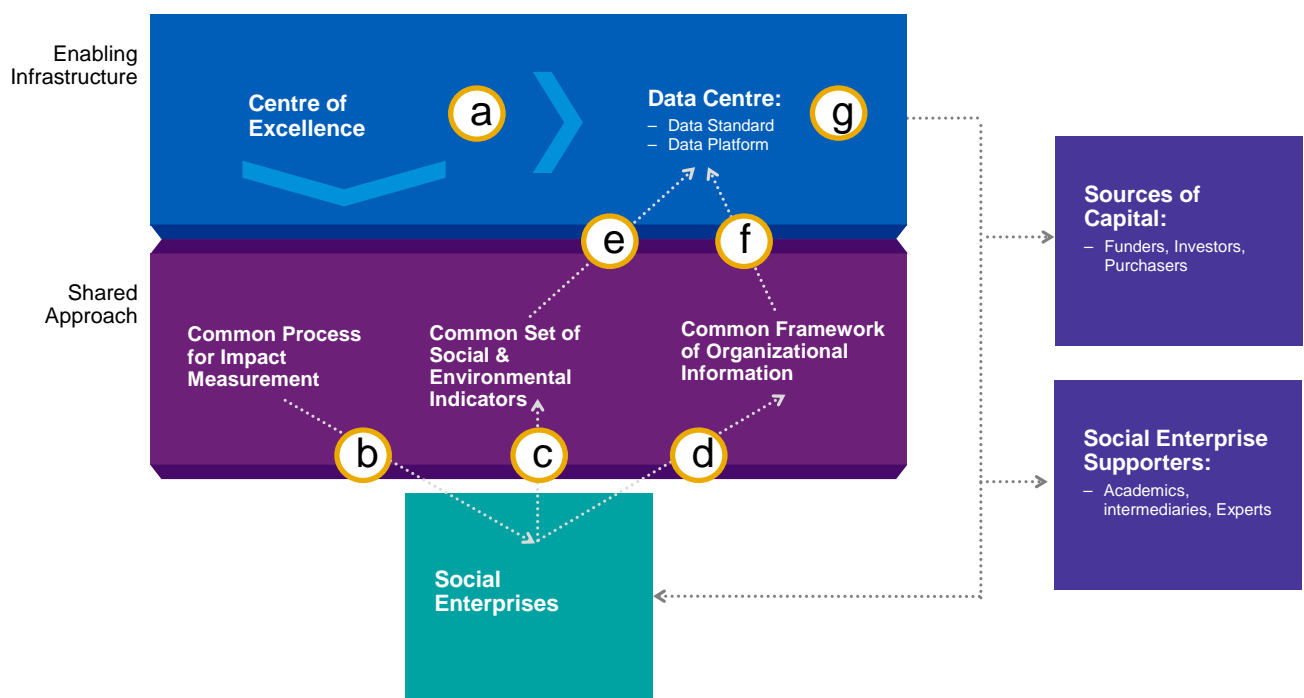
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<sup>8</sup> Lisa Lalande, Joanne Cave and Rajesh Sankat, *Unpacking Impact Exploring Impact measurement for Social Enterprises in Ontario*, Mowat NFP, 2016.

# The path forward

The Task Force recommends a common approach to impact measurement that is intended to provide a foundation for sector-wide measurement, and a reporting methodology that social enterprises can build upon and continue to evolve through insights and lessons learned.

## A Common Approach to Impact Measurement



- a. The Centre of Excellence will guide and oversee the Data Centre and shared approach, and will undertake coordinating activities such as budgeting, convening and delivery.
- b. The common process for impact measurement will provide both social enterprises and their funders/investors with a common methodology to develop a tailored approach to measuring impact.
- c. A common set of core social and environmental indicators leveraging the SDGs will provide a framework to enable reporting on the collective contribution of social enterprise activity in Ontario.
- d. A common framework to measure and report enterprise information, will help attract funding and enable social enterprises to track and improve performance over time.
- e. Impact data will be reported into the Data Centre based on a Data Standard.
- f. Organizational information will be reported into the Data Centre based on a Data Standard.
- g. Impact and organizational data will be stored and made accessible to funders, investors, public policy leaders, and other stakeholders for review, analysis, and aggregation.

Source: KPMG in Canada

Critical to achieving a common approach is establishing the infrastructure that will bring it to life and drive its on-going evolution. The infrastructure consists of two core components:

## Recommendation 1

**A data centre** provides the means to comprehensively store financial and impact data of social enterprises, and enables access and analysis by funders, investors, public policy leaders, and other stakeholders. It serves to increase the visibility of social enterprise impact. This increased transparency will help streamline the decision-making process for grant making and investment.

## Recommendation 2

**A centre of excellence** guides development of the data centre and the common approach by setting the path forward, convening and coordinating stakeholders, and establishing the conditions for co-creation and iteration.

The recommended approach is intended to create common ground and a common language for use by the social enterprise community. The common approach consists of three core components:

## Recommendation 3a

**A common process for impact measurement.** This will provide social enterprises with a process they can assess their current practices against, and guidance to develop a tailored approach to what and how they measure based on the circumstances of their enterprise. The Task Force was not supportive of prescribing a specific measurement approach or pre-existing set of indicators given the diversity of the social enterprise community. The process should leverage the approach developed by the European Venture Philanthropy Association (EVPA) as a starting point, which will be adapted based on the needs of Ontario's social enterprise community. This approach was also recommended by a recent report of the Expert Group on Social Entrepreneurship Sub-group on Impact Measurement (GECES Sub-Group), an initiative with a similar mandate to the Task Force.

## Recommendation 3b

**A common set of core social and environmental indicators.** These indicators will be established through a collaborative process to reflect priority social, environmental, and economic issues pursued by social enterprises in Ontario, and the common needs of funders, and purchasers. The development of these core indicators should leverage the framework provided by the United Nations' Sustainable Development Goals (SDGs). This report identifies a roadmap that enables social enterprises to map what they currently measure to the common indicators.

## Recommendation 3c

**A common set of organizational indicators to be reported in tandem with social and environmental indicators.** Social enterprises routinely track and report data that are indicators of the financial strength and track record of their operations. These measures also form part of the core evaluation typically conducted by funders and investors, with many viewing the potential for growth critical to an organization's ability to scale impact. Establishing a common core set of organizational measures formally recognizes its significance and relationship to the positive impact of an organization. Regular measurement and assessment of both factors will drive a social enterprise to stay focused on key objectives and make required adjustments towards the achievement of the stated goals.<sup>9</sup> The work completed by the Centre for Social Innovation to establish data fields in its Impact Dashboard and the efforts of similar initiatives should be leveraged.

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*This initiative and the work of the Task Force is about the sector moving together towards a shared approach to measuring impact based on a common core of outcomes and standardized measurement tools that provide room for flexibility in terms of meaningful metrics. A shared measurement approach represents a unique opportunity for funders like the Ontario Trillium Foundation to find common ground with social enterprises, sector enablers and other funders, to demonstrate the overall impact social enterprises are making to community wellbeing across the province.*

*– Blair Dimock, Task Force Member*

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<sup>9</sup> Kerri Golden, Allyson Hewitt and Michelle McBane. *Social Entrepreneurship: Social Impact Metrics*. MaRS Discovery District, 2010.

# The task force recommendations

## 1. Establish a data centre

A data centre should be established to facilitate the consistent and independent storage, analysis, sharing, and reporting of impact data.

### *Rationale*

The data centre will provide a shared infrastructure that allows for the secure storage and access to impact data among stakeholders in the social enterprise community. A shared, secured, open and accessible repository of impact and organizational data will enhance the sector by enabling:

- Information sharing among social enterprises and their stakeholders to foster opportunities for collaboration and continuous improvement.
- Benchmarking, transparency, and enhanced visibility for individual organizations through the ability to demonstrate their growth and progression.
- The movement of more capital into the social enterprise sector by providing easier access to information relevant to decision making.
- Aggregation and analysis of impact data to inform policy decisions, and showcase the collective contribution of the sector to the economy and overall well-being in Ontario.

Today, access to impact data is very limited and is provided in a variety of formats. The data centre will improve access, shifting away from the current state, which primarily consists of the ‘one-to-one’ sharing of data, to a ‘one-to-many’ state. The ability for all stakeholders to access and analyze data will result in new insights regarding the size, breadth, strengths, and needs of the sector to inform decisions made by funders and investors. It will also be instructive for corporate sector executives who aspire to incorporate social impact into their business strategies.

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*One of the many important recommendations made in this report is the need for an open data platform and data standard for the social enterprise sector. Measuring the effectiveness of the sector, and developing policy for the sector relies upon evidence in the form of data. Without standards for the consistent representation of data, the validity of analyses performed is suspect. Without open data platforms, the veracity of the sector is suspect.*

*– Mark Fox  
Task Force Member*

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The creation of a data centre aligns with the developments in the broader Canadian context of proposals and movements to address the existing “data deficit,” and an increasing focus on building the evidence base to improve policy and decision-making. It is no longer only academics and statisticians calling for more data, but organizations from all sectors that also need it to understand the markets in which they operate.<sup>10</sup>

The establishment of data infrastructure has been acknowledged as critical to success of the sector, including by the Impact Measurement Working Group (IMWG) of the Taskforce on Social Impact Investment established by the G8.

### *Components of the data centre*

The data centre includes two main components. The **data platform** provides technical infrastructure. The **data standard** provides stakeholders with a vocabulary of precise definitions and clear constraints on the interpretation of each term.<sup>11</sup> It will provide guidelines around how social enterprises publish their data on the infrastructure platform, and a common language on inputs, outputs, outcomes, and social and financial indicators.

The standard will improve the comparability of the data in the data center. A first version of the standard must be developed before the technical component can be developed, although both the data standard and data platform will evolve over time. The platform will openly publish data on the internet using the data standard.

### *Potential data centre models*

In the Task Force consultations, two models for the data centre were identified as potentially feasible. The first was an open model with several software providers participating, and the other was a sole provider model. In both options, providers and social enterprises will be expected to follow the data standard. The Task Force also acknowledged that in order to achieve social enterprise adoption and adherence, reporting should be simple and easy to do.

Ultimately, the data centre will be overseen by a centre of excellence, and be further developed based on additional consultation and investigation.

## **2. Establish a centre of excellence**

An independent impact measurement centre of excellence should be established to guide the coordination of the social enterprise community around the understanding, refinement, adoption, and adherence of the shared impact measurement approach in Ontario. The centre of excellence will provide leadership, coordination and communication of best practices, and educational support to assist social enterprises along their journey of measurement.

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<sup>10</sup> Alan Broadbent, *What We Don't Know A modest proposal for fixing Canada's data deficit*, Literary Review of Canada, March 2017.

<sup>11</sup> Mark S. Fox, *City Big Data, Open and Linked*, Department of Mechanical and Industrial Engineering University of Toronto, 2013

## Rationale

The feedback received from the social enterprise community indicated the need for the guidance and support of a facilitating organization in order to progress and achieve long-term success.

According to a recent Organization for Economic Co-operation and Development (OECD) study, when set up correctly, centres of excellence have been an effective instrument for capacity building in other sectors.<sup>12</sup>

The case for adopting a common approach for impact measurement has been established. The effort required to action these recommendations is significant, and requires the full attention of a dedicated team for as long as the common approach is a living and useful tool for social enterprises.

Establishing a centre of excellence would address the need indicated by social enterprises for ongoing support to keep abreast of leading and emerging practices in impact measurement, and to gain insight into the practices and lessons learned of similar social enterprises.

This recommendation is consistent with the Mowat Centre's recommendation to create a backbone organization, and with leading practices in other jurisdictions to build capacity regarding impact measurement.

## Role

In the near term, the centre of excellence will play a critical role in socializing and supporting the implementation of the recommended approach. By doing so it will help lay the foundation for the common ground upon which social enterprises and funders/investors can work together to achieve the greatest possible social and economic impact for their communities and beneficiaries.

For the life of the common approach, the centre of excellence would ultimately serve as the ongoing convener of the social enterprise community and perform the following functions:

- **Create a repository of sector intelligence:** The centre of excellence will be a knowledge hub that is a continually updated source of advice and a central repository for sector-related reports. It will gather and share evidence to inform efforts in the community.
- **Train and support:** Social enterprises and funders need assistance in adopting/adapting and using the proposed resources. This will include support to raise awareness and the mapping of the SDGs to outcomes pursued by social enterprises in Ontario.

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*It is important to understand a "standard" as an on-going collaborative process, not just a set of rules published on a page. Rules tend to be either too advanced for many organizations to sign onto or too rudimentary and quickly outdated. The key to building a lasting standard is building the organizations and governance mechanisms that will keep the standard relevant and meaningful.*

– Kate Ruff  
Task Force Member

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<sup>12</sup> Tomas Hellstrom, *Centres of Excellence as a Tool for Capacity Building*, OECD, Lund University, Sweden, 2012.

- **Facilitate peer collaboration, sharing and mentorship:** The centre of excellence will allow funders and investors to communicate directly with social enterprises, and social enterprises to share best practices and important lessons learned from practical experience. This will also help generate consensus on myriad issues.
- **Iterative testing and refinement:** The centre of excellence will develop and execute a detailed project plan that includes testing and refinement of the common approach through experimentation and feedback loops.
- **Promotion and education:** The centre of excellence will provide an opportunity for the sector to learn more about the proposed approach, and ask social enterprises to agree to adoption.
- **Socialization:** The centre of excellence will give individual stakeholders an opportunity to understand the benefits and implications of the common approach, and encourage acceptance across a broad range of stakeholders.
- **Contribution to the Global Community of Practice:** It will participate in the international network of leading social enterprise policy, capacity building and movement entities to ensure that Ontario can both benefit from, and contribute to, the growing shared body of knowledge accelerating the development of the sector worldwide in efficient and cost effective ways.

The centre of excellence should represent the broad interests of the diverse social enterprise community in Ontario in order to effectively promote and facilitate the adoption of the common impact measurement approach. It must be seen as an ‘honest broker’ without bias or vested interest.

As discussed with the Task Force, the centre of excellence could be a virtual entity in order to serve the geographic reach of social enterprises in Ontario. The responsibilities could be taken on by an existing organization, with operations initially covered by seed funding from government, funders and investors. Over time, once proof of concept is achieved, a membership fee could be introduced to help fund operations in exchange for the capacity resources provided.

### 3a. Establish a common process for measuring impact

The centre of excellence and data centre provide the infrastructure that will move the social enterprise community towards a common method of impact measurement. As stated above, the approach consists of three elements. The first is a common process for measuring impact.

Impact measurement should be based on a consistent process that gives organizations flexibility to tailor their approach to measurement. To achieve a more common approach in Ontario, the recommendations made by the Expert Group on Social Entrepreneurship Sub-group on Impact Measurement (GECES Sub-Group) should be leveraged.

#### *Rationale*

There are many impact measurement tools and methodologies used by the social enterprise community in Ontario (See Appendix A). Social enterprises often choose a particular option based on their outcome area of focus and/or stage of development. As each method or tool serves a different purpose and has different applications, none has emerged as the leading standard for the entire community.

The Task Force felt strongly that imposing a particular method or pre-determined set of indicators for the sake of perceived simplicity or to achieve the ability to aggregate data, would be counterproductive and would not reflect the unique character of the mission and results achieved by social enterprises. This sentiment was echoed during the consultations.

The approach of establishing a common process seeks to engage the social enterprise community in creating a sustainable standard for impact measurement in Ontario based on principles of good governance. Other initiatives to establish common approaches to impact measurement have also aligned with establishing a common process, most notably the GECES Sub-group.

The mandate and findings of the GECES Sub-group also resonated with the context and the objectives these recommendations are seeking to address. Similar views shared during the consultations with representatives of the Ontario social enterprise community include:

- Aligning the sector around leading practices, limiting the need for stand-alone research efforts by individual organizations or reinventing the wheel for an Ontario-based approach.
- Basing the objectives of measurement on the social enterprise's theory of change in a manner that enables the social enterprise to effectively deliver on its mission while also reflecting the needs of its stakeholders more broadly.
- Customizing measurement to the needs of the social enterprise.
- Embedding good governance principles to produce relevant and quality data.
- Promoting consistent understanding and communication of impact to promote transparency, trust-based transactions and partnerships.

In 2012, the European Union's Single Market Act II recommended the creation the Expert Group on Social Entrepreneurship (GECES), and appointed a Sub-group on Impact Measurement (GECES Sub-group). With a five-year mandate, the GECES Sub-group's key objectives were to:

- Develop a systematic methodology to measure the socio-economic benefits created by social enterprises.
- Provide evidence of how money invested in social enterprises produces high savings and income.
- Agree upon a methodology that can be applied across the European social economy.<sup>13</sup>

The GECES Sub-group and Ontario Task Force share many of the same objectives and principles including:

- Acknowledgement of the significant contribution of social enterprise to the economy.
- Applicability across a diverse social enterprise community.
- Appropriate balance in cost vs. benefit of impact measurement.

<sup>13</sup> GECES. *Proposed Approaches to Social Impact Measurement in European Commission Legislation and in Practice Relating to EUSEFs and the EaSI*. European Commission, 2014

Further, the GECES Sub-group noted that to maximize relevance and ensure the measurement approach is proportionate to the size and scope of the social enterprise, the choice of methods and indicators used should be left to the social enterprise based on the needs of their stakeholders, the intervention and outcomes.<sup>14</sup>

One of the GECES Sub-Group's primary recommendations was that all social enterprises adopt a common five-stage process for social impact measurement, based on the *Practical Guide to Impact Measurement* developed by the European Venture Philanthropy Association (EVPA), a community of organizations that practice venture philanthropy and social investment across Europe.

The process is a methodology intended to be used by social enterprises, funders and investors.<sup>15</sup> It is a series of common-sense steps to implement impact measurement. They appear in the EVPA guide as: setting objectives; stakeholder analysis; measuring results; verifying and valuing impact; and monitoring and reporting.

Based on the work of the GECES and EVPA, the Task Force supported adoption of the following five-stage process for Ontario's social enterprise community, adapted from the EVPA guide.<sup>16</sup>

<b>Engage Stakeholders</b>	This stage involves identifying key stakeholders and continuous engagement with them. It helps establish stakeholder expectations, and determine their level of engagement, and control over, and contribution to, achieving the desired objectives.
<b>Set Objectives</b>	Both the social enterprise and funders/investors seek to understand the goals of their stakeholders with respect to measurement and the service being measured. They are looking to answer what the social enterprise intends to achieve and how, by outlining stakeholders, desired outcomes, activities and a theory of change.
<b>Measure Results</b>	To transform objectives into measureable results, social enterprises must define their outputs, outcomes, impact and indicators. Here, they establish measures most appropriate to explaining their theory of change. Funders/investors undertake the same activity at a portfolio level. Social enterprises and funders should communicate to achieve overlap.

<sup>14</sup> Ibid

<sup>15</sup> Hehenberger, L., Harling, A.-M. & Scholten, P. *A Practical Guide to Measuring and Managing Impact*. EVPA Knowledge Centre report, 2013

<sup>16</sup> Ibid

<b>Assess and Value Impact</b>	<p>Both social enterprises and funders/investors assess if their targeted outcomes are being achieved, and whether stakeholders are benefiting from the intervention as intended.</p> <p>In order to refine objectives and indicators, and to confirm that outcomes were achieved, both funders/investors and social enterprises should ask two questions:</p> <p>1) Did the impact happen in the way it was expected?</p> <p>2) Was the impact valuable to stakeholders?</p>
<b>Report</b>	<p>Data is presented in ways that are meaningful to stakeholders through the proposed data centre.</p> <p>This stage and the one that precedes it allow both funders/investors and social enterprises to learn and improve as services are delivered and the measurements of the intervention's effectiveness emerge.</p>

Several key activities should be undertaken by the centre of excellence to facilitate adoption of this recommendation in Ontario.

1. Tailored guidance should be developed to help Ontario social enterprises to implement this approach, including to determine the relative significance of each of the five stages described above. This should include a series of case studies and reference models to help organizations put principles into practice.
2. Organizations that have already established impact measurement approaches can use this approach as a baseline to assess their current practices and establish a plan to address any gaps. Measurement procedures should be reviewed periodically to ensure they remain up to date with changes due to growth or other opportunities.

### 3b. Establish a common set of core social indicators to enable reporting on the collective difference the sector is making

The five-stage process recommended above provides a common path for social enterprises to develop a tailored impact measurement approach, including a bespoke set of indicators to measure and report the organization's impact.

The Sustainable Development Goals (SDGs) should be adopted as the common framework to enable reporting of the collective contribution of social enterprise activity in Ontario.

#### *Rationale*

The recommended approach is to establish a common set of core indicators aligned to the SDGs, which social enterprises will map to enable comparability and the aggregation of data. What is measured on a day-to-day basis is at their discretion based on the circumstances of their organization.

The SDGs provide a global roadmap to ending injustice and inequality, and to promoting a more sustainable and resilient planet by 2030. The SDGs were designed to be universal – applicable to all

nations, all sectors, and all people – and cover a range of issues relevant to the success of society over the long term, as expressed in 17 goals, 169 targets, and 230 indicators.

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*In the social enterprise sector, the UN's Sustainable Development Goals will not only be used to identify our impact objectives but also to categorize and measure our outcomes. Aligning the impact measurement of Ontario's social enterprises to the SDGs will allow us to dramatically improve our efficiency and increase our visibility. Because it also adds an element of comparability with, for instance, the European scheme, we are slowly moving towards a global standard of impact measurement. One day, just like we measure a traditional business's success by its profitability, we will have the capacity to document that social enterprises have both that profitability and a palpable social or environmental impact.*

*– Julien Geremie  
Task Force Member*

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The SDGs provide a globally consistent framework for social enterprises to report their collective impact. As they represent a breadth of outcome areas pursued by social enterprises, they provide a broad canvas for social enterprises to align their current impact indicators, rather than requiring them to change their indicators for the sake of achieving consolidated reporting on the activities of the sector. A number of impact measurement tools used by the Ontario social enterprise community have already initiated the effort to map their indicators to the SDGs. This includes the B Impact Assessment used by B Corp, the Canadian Index of Well Being (CIW) which forms the basis for impact measurement by the Ontario Trillium Foundation, and IRIS, an indicator framework used by impact investors.

As Canada was one of the 193 UN member states that adopted the SDGs in 2015, the federal government is currently developing its plan for reporting Canada's contribution to the SDGs and how data will be collected from the public and private sectors.

There has been a high level of support for cross-sector adoption of the SDGs, including by the International Co-operative Alliance, and the Global Impact Investing Network (GIIN). A number of wealth managers, including UBS, have issued guidance to their clients on how they can invest to support the SDGs; the awareness the SDG framework provides will open up new sources of capital for social enterprises in Ontario over time. Philanthropic Foundations of Canada included a workshop to assist foundations to adapt the SDGs to their work at its 6<sup>th</sup> biennial conference in 2016.

Several key activities should be undertaken by the centre of excellence to facilitate adoption of this recommendation in Ontario.

1. The full scope of the SDGs and how they align to priorities in Ontario needs to be assessed. Awareness of the SDGs is emerging, and it is important that members of the social enterprise community in Ontario have an appropriate and considered understanding of them.

The SDGs were finalized as the result of an extensive global, cross-sector collaboration with the express objective of being inclusive and 'leaving no-one behind,' and to provide a focused frame to direct actions. In the attempt to limit the number of goals, they are broad in nature and it may not be

explicit how certain priority issues in Ontario are addressed. Tools, such as the SDG Indicator Wizard, have been developed and continue to evolve. These tools can help Ontario's social enterprises to determine which SDGs and targets relate to their work, and translate their strategic priorities into an SDG-compatible framework.

2. An SDG roadmap should be developed to expand the current definition of goals, targets, and indicators, and to create a set of sub-indicators to explicitly state how priority issues in Ontario align and will be measured.

The efforts of the CIW, B Lab, and IRIS to align to the SDGs provide a starting point for understanding different approaches to how Ontario social enterprises can map their desired outcomes. For example, IRIS indicators have been mapped at the target level, and the B Impact Assessment has been mapped at the goal level. Toniic, a global network that supports impact investors, recently launched the Toniic SDG Impact Theme Framework to enable impact investors to align their investments with the SDGs, which provides another potential initiative to leverage.

In the absence of mandating the adoption of a specific impact measurement tool for use by the entire social enterprise community, this mapping exercise would need to be undertaken in support of any effort to report the collective impact of the sector, irrespective of the framework used.

### 3c. Establish a common framework for measuring and reporting organizational information

A standard set of key organizational indicators, such as financial indicators, sector classifications and KPI tracking, should be incorporated into the common measurement approach, leveraging the indicators established as part of the CSI Impact Dashboard, the Ontario Network of Entrepreneurs (ONE), the B Impact Assessment (BIA), as well as work done by the ONN, CCEDNet, and other similar initiatives.

#### *Rationale*

The recommended five-stage measurement approach provides social enterprises with a common process for defining a tailored approach to measuring and reporting impact based on the view that imposing a standard set of impact indicators on such a diverse sector would be counterproductive.

In consultation with funders and investors, it became clear that insight into organizational effectiveness, and metrics around leadership, sales, investments or grants received, and financial stability are of equal or greater importance to demonstrating impact when considering an investment or funding decision.

This is consistent with findings in the Mowat Centre's *Unpacking Impact* report, as it noted "social enterprises in Ontario prioritize efficiency and financial sustainability before introducing impact measurement more broadly in their organizations."

Incorporating a standard set of organizational indicators into a common impact measurement approach reflects the significance of financial information to help attract funding, to enable social enterprises to



track and improve performance over time, and to provide greater alignment between social and financial impact. This recommendation will formalize the standardization of information already routinely reported by social enterprises, rather than imposing a new requirement.

The consultations indicated the strong desire to leverage existing tools. For example, CSI, an intermediary that works with hundreds of social enterprises across Ontario, is currently developing an Impact Dashboard tool intended to help organizations that are members of its network to track their social and environmental impact, and enterprise level data, as well as articulate their theory of change. The question repository that feeds the Impact Dashboard uses data fields that are in line with information gathered by existing international initiatives such as IRIS and the B Impact Assessment. It also aligns with the information gathered by the Canada Revenue Agency (CRA) as well as classifications such as the International Classification of Nonprofit Organizations (ICNPO). Data fields include financial information such as annual revenue broken out by grants and earned income, annual expenses, forecasted revenue, and the number of staff.

Leveraging the indicators included on CSI's Impact Dashboard and other similar data sets provides a strong starting point, and will require further refinement to determine a set of core indicators based on the input and participation of representatives of the social enterprise community. As these metrics are already fairly common and to an extent standardized, they provide a starting point for building the data platform.

# The action plan

The Action Plan begins with the roll-out of the Development Phase, a three-year plan to refine, test, iterate, operationalize, and evolve the infrastructure and common approach recommended in this report. These recommendations reflect the combined impact measurement needs of the social enterprise community in Ontario, and provide a starting point for stakeholders to co-create the future state of impact measurement in Ontario. Funding will need to be secured to support the implementation of these recommendations.

The activities undertaken in Year One are critical to gathering further intelligence, to understanding the nuances of implementing each recommendation individually, and to testing them as a system of recommendations. At a high level, the activities will seek to determine:

- If the framework and recommendations work as intended.
- If adjustments are needed to refine the recommendations.
- The extent of buy-in and uptake across the sector and its stakeholders.
- What, if any, modifications are needed to improve adoption.

The Year One plan should be coordinated by an experienced project manager, possibly hosted by an existing intermediary active in the social enterprise community acting in a neutral capacity. A Core Development Team should be established to conduct the activities outlined for each of the recommendations below. Teams should consist of a limited group of funders and social enterprises that range in mission, stage of development, and geographic location in order to reflect the diversity of the social enterprise community. As representatives of the sector, the Core Development Team will be actively involved in the execution of one or more of the work streams described below, and will seek to apply the recommendations to their own organization as a test case.

At the end of year three, it is envisioned that the centre of excellence and data centre will be functional and a significant proportion of the social enterprise community will be using the common approach to measure and report their impact. The recommendations will continue to evolve with the sector after this period, but many of the questions critical to understanding the long-term sustainability of the approach and ensuring widespread adoption across the community will be addressed by the end of the Development Phase.

Described below are the Year One activities aligned to each element of the recommended common approach and infrastructure.

## 1. Establish a Data Centre



<b>Objectives</b>	<ul style="list-style-type: none"><li>– Refine the design criteria for the data centre and assess the various options regarding different models against this criteria.</li></ul>
<b>Key Activities</b>	<ul style="list-style-type: none"><li>– Confirm the scope of data to be captured in the data platform, and the technical requirements of the data platform.</li><li>– Define the core elements of the data standard based on the experience of the social enterprises during Year One activities to refine and test elements of the common approach.</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>– Data standard: Identify the core social and organizational metrics to be included in the development of the data standard, and supplemental metrics that may be used in later phases.</li><li>– Data platform: Develop a minimum viable product (MVP) to test the storage, analysis, and aggregation of indicators based on the defined design criteria. As the development of the organizational indicators are more advanced, they should be incorporated as part of Year One activities first while the SDG mapping is underway.</li></ul>

## 2. Establish a Centre of Excellence



<b>Objectives</b>	<ul style="list-style-type: none"><li>– Validate and set the mandate of the centre of excellence.</li></ul>
<b>Key Activities</b>	<ul style="list-style-type: none"><li>– Validate the design criteria and scope of the centre of excellence based on the needs of the sector to support implementation of the common approach noted during Year One activities, considering how it could leverage and align the work of existing intermediaries.</li><li>– Establish a preliminary budget, and short and longer-term funding model.</li><li>– Engage potential funders to gauge interest and design different models of support.</li><li>– Establish the initial governance structure.</li></ul>
<b>Deliverables</b>	<ul style="list-style-type: none"><li>– Mission, vision, values, mandate, initial operating budget and a five-year plan for an incubation period.</li></ul>

### 3a. Establish a common process for measuring impact



<b>Objectives</b>	<ul style="list-style-type: none"> <li>– Demonstrate how the five-stage process for impact measurement will be implemented in practice for social enterprises</li> <li>– Demonstrate how social enterprises will use the data centre for reporting.</li> <li>– Identify refinements to this model to guide the development of or enhance the impact measurement practices, and identify refinements and supports needed to help Ontario social enterprises with implementation.</li> </ul>
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>– Social enterprises in the Core Development Team perform a gap analysis to assess their current practices against this model.</li> <li>– Leveraging existing resources, develop supplementary materials to support implementation, including guidance documents, case studies, and a reference model.</li> </ul>
<b>Deliverables</b>	<ul style="list-style-type: none"> <li>– “Process into Practice” implementation package for social enterprises, including training materials and online webinars.</li> </ul>

### 3b. Establish a common set of core social and environmental indicators to enable reporting on the collective difference the sector is making



<b>Objectives</b>	<ul style="list-style-type: none"> <li>– Develop the social and environmental indicators that align the social enterprise sector priority outcomes to the SDGs.</li> </ul>
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>– All participants from the Core Development Team complete SDG training.</li> <li>– Engage with B Lab, the University of Waterloo (regarding the Canadian Index of Wellbeing), and other organizations and foundations that have mapped the SDGs to their strategies and indicators to capture insights and lessons learned based on their experience.</li> <li>– Map two SDGs to align their relevance in Ontario, and identify further guidance needed. Identify the two Goal Areas for the development phase based on the selection of priority issues in Ontario. Using guidance documents currently available, understand the scope of the Goal and related targets and indicators.</li> <li>– Develop an inventory of priority outcomes pursued by Ontario social enterprises in this area. Compare to the SDGs, determine any areas not explicitly mentioned, and recommend alignment with the SDG framework. For example, arts and culture are not explicit in the SDGs but certain outcomes, such as inclusiveness, do align to existing SDGs.</li> <li>– Determine the most appropriate level to map to – goals, indicators, or targets.</li> <li>– Determine what supplementary guidance and descriptions are necessary, including establishing sub-indicators to guide reporting in Ontario.</li> <li>– Work with representatives from the federal government to understand points of alignment with Canada’s reporting to the UN on progress to achieve the SDGs.</li> </ul>

### 3b. Establish a common set of core social and environmental indicators to enable reporting on the collective difference the sector is making



<b>Deliverables</b>	<ul style="list-style-type: none"> <li>– Roadmap for social enterprises to bridge their measurement and reporting practices to two SDGs.</li> </ul>
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### 3c. Establish a common framework for measuring and reporting organizational information



<b>Objectives</b>	<ul style="list-style-type: none"> <li>– To determine the common organizational indicators that social enterprises will report against and that funders and investors will use to inform decision making.</li> </ul>
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<b>Key Activities</b>	<ul style="list-style-type: none"> <li>– Engage with the team developing the CSI Impact Dashboard to undertake a full review of the organizational data points developed, including the rationale and experience regarding collection. Leverage the CSI's experience beta-testing the Impact Dashboard in order to incorporate valuable lessons learned.</li> <li>– Consider other enterprise and financial data sets captured by the CRA, BIA, ONE, and other similar initiatives.</li> <li>– Review with a core group of funders to understand the information that is of the most value.</li> </ul>
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<b>Deliverables</b>	<ul style="list-style-type: none"> <li>– A list of core organizational indicators.</li> </ul>
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The estimated timeline for the Year One activities are outlined below. The actual amount of time required will depend on the size, composition, and availability of the Core Development Team. As noted, many of the work streams can happen concurrently, with some of the early wins including finalizing the organizational indicators and beginning to test the storage and sharing of this information through the data centre.

# Year One Activities

## 1. Data Centre

Define technical specifications and scope of data to be captured on the data platform. Define core set of metrics for the initial Data Standard.

## 2. Centre of Excellence

Define mission, vision, values, mandate, initial operating budget and a three-year plan

## 3a. Common Process

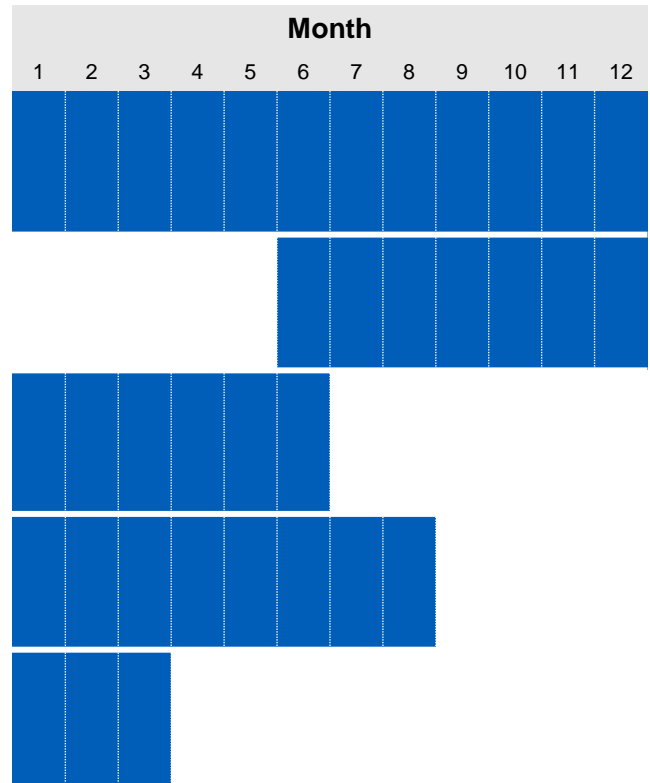
Undertake gap analysis of current practices and proposed process. Develop “process to practice” guide and additional guidance resources.

## 3b. Common Social and Environmental Indicators

Develop roadmap for social enterprises to bridge their measurement and reporting practices to two SDGs.

## 3c. Common Organizational Indicators

Finalize list of organizational indicators. Develop initial Data Standard around these indicators.



Following the completion of the Year One work streams, broader adoption of the common approach across the sector and infrastructure development can begin. As the initial set of deliverables for each recommendation is complete, the Core Development Team will carry on further implementation activities into years two and three of the Development Phase.

For example, once the core set of common organizational indicators is selected, it will become an input for the data standard and data platform. Social enterprises will begin field-testing the use of the standard and the technical functionalities of an MVP data platform. Later, the data standard can be expanded to include the common social and environmental indicators, once the SDG roadmap is complete, and supplementary functionalities can be added to the data platform as needed.

# Driving adoption and success in the future

The recommended path forward represents the first step on the journey towards the longer-term vision for a common approach to social impact measurement in Ontario. A defining indicator of its success will be its widespread adoption and the realization of the value that it offers. Other elements of success include:

- The common approach will help enable the social enterprises, funders, investors, researchers, government and other stakeholders to better understand the sector as whole.
- Impact measurement will be more transparent, and help foster an ethos of trust between social enterprises and the sources of capital they rely on. With a common approach to measurement and common social and organizational indicators the sector has collectively agreed upon, the path to both seek and to evaluate proposals for funding will be streamlined.
- The increased availability of and access to common data will not only allow for clearer insight into the performance of individual organizations, but critically, the comparison of value produced across the sector. It will inform broader trends of development, and encourage alignment between the individual needs of stakeholders and the common goals of the sector as a whole.
- The aggregate value contributed by the social enterprise community to Ontario will be communicated at regular intervals in a way that is accessible to multiple audiences, and impact measurement will be reliable enough to properly inform internal decisions, performance management, and continuous improvement.

The recommendations will help to transition from the current state to the future state:

Current State	Future State
Impact measurement and reporting is primarily one-to-one between social enterprises and funders and investors, with limited sharing of information more broadly.	The collective value contributed by the social enterprise community to Ontario is communicated more broadly at regular intervals to multiple audiences, including government, and considers the needs of all stakeholders.
Establishing a more consistent approach to impact measurement has been challenging due to a focus on the diverse outcomes pursued by social enterprises, different interests of funders and investors, and the different sizes and stages of development of organizations.	Impact measurement is a common approach that strikes a balance between the needs of individual organizations and achieving the common goals of the sector.
Measurement is focused on satisfying the information needs of funders.	Impact measurement is used to inform internal decisions and performance management, the decisions of funders and investors, and continuous improvement.

Key aspects involved in driving adoption include:

1. **Realized Value:** Social enterprises will adopt the approach if it puts them in a better position than they are in currently. The most compelling case will be presented if social enterprises see the inherent value of use, and the majority of the sector gravitates towards adoption.
2. **Adherence:** Over time, more social enterprises will adopt the approach if they see that other social enterprises believe it is effective.

During the consultations, sector representatives commented that the following additional incentives could encourage the shift towards adoption of the common approach:

- Capacity tools, educational supports, professional development and access to experts – taking the burden off social enterprises to source these independently.
- Peer collaboration and mentorship.
- Profiling how the common approach has contributed to the success of social enterprises, providing examples for others to model.
- Access to funding, investment, and procurement opportunities as a result of adopting the uniform approach.

These are important supports that should form part of the formal mandate of the centre of excellence. During the Development Phase, other incentives should be considered.



# Next steps

Although the introduction and implementation of a common impact measurement approach addresses a shared challenge felt by social enterprise, it represents a significant change to the status quo. Achieving collective ownership by the sector of the common impact measurement approach is a long-term endeavor that requires continuous nurturing.

To build awareness and engage stakeholders in discussions in the months following the release of this report, MEDG is funding four Task Force-led consultations to be held across Ontario to discuss and promote the recommendations described in this report. Integrated into these consultations will be research activities that will help to advance the work of the Task Force and create the conditions for a successful Development Phase.

The research activities include two elements:

- A survey that will create opportunities for engagement for social enterprises prior to the consultations and for those that cannot attend.
- Focus group activities to be conducted during the consultations that will help to solicit high-quality feedback.

Upon completion of the consultations, a report will be released containing a summary of the discussions and results of the research. It will also inform priorities for the Development Phase.

Overall, Year One of the Development Phase will help enable the social enterprise community to participate and observe the recommendations in action, providing a tangible sense of the benefits, the trade-offs, and the collective effort needed to achieve adoption across all organizations. As a sector-wide impact measurement approach has not been previously implemented and tested for a specific geographic area, the willingness to experiment is critical. Achieving the future state will be the result of a long-term change process, which should include the expectation that success will come through iteration, incorporating insights from unintended results, and building momentum for the future state.

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*This report highlights the need for greater accountability and transparency in the sector, and offers a pathway to get us to a shared understanding, framework and approach to impact measurement. What it does not do is suggest that getting us to that point will be easy. In fact, it will clearly require the marshalling of significant resources, wading through a web of intricacies, and overcoming many differences. It will be up to us – the sector and its allies – to pursue these recommendations, and we should do so knowing that therein lies not only the opportunity to strengthen our sector, but to demonstrate to the world how intractable social and environmental challenges can be solved, and to direct investment accordingly. It's perhaps our best shot at going from attempting to disrupt capitalism's most egregious offences to reforming it entirely. Can we make the case for a triple bottom line irrefutable?*

*– Barnabe Geis, Task Force Member*

# Appendix A

The table below, which originally appeared in the Mowat Centre’s *Unpacking Impact* report, outlines tools and methodologies commonly used by social enterprises both in Ontario and globally. Each is applied differently by social enterprises, investors/funders and other stakeholders. This table does not represent an exhaustive list.

To understand the distinction between tools and methodologies, their definitions are as follows.

**Methodology:** A documented process used to assess a project or organization’s impact. Some examples of methodologies include SROI and Sustainable Livelihoods.<sup>17</sup>

**Tool:** In social enterprise impact measurement, a tool is a concrete, well-developed instrument that assesses performance based on fixed indicators. Some examples include B Corp, IRIS and GIIRS.<sup>18</sup>

Methodology/ Tool	Summary	Applications
B Corp	<ul style="list-style-type: none"> <li>– B Impact Assessment incorporates components of GIIRS, IRIS and SROI</li> <li>– B Corps are required to score a minimum of 80/200 on the B Impact Assessment (and submit supporting documentation)</li> <li>– The assessment focuses on indicators related to environment, community, employees, governance and accountability</li> </ul>	<ul style="list-style-type: none"> <li>– B Corp certification is only available for for-profit entities, but the B Impact Assessment is publicly available and can be applied/adapted regardless of corporate form</li> </ul>
Cost-Benefit Analysis	<ul style="list-style-type: none"> <li>– The costs and benefits of a program or intervention are accounted for in monetary dollar terms and calculated using Net Present Value (NPV) or the benefit-cost ratio</li> </ul>	<ul style="list-style-type: none"> <li>– Most often used by government when developing payment by-results contracts</li> </ul>

<sup>17</sup> Lisa Lalonde, Joanne Cave and Rajesh Sankat, *Unpacking Impact Exploring Impact measurement for Social Enterprises in Ontario*, Mowat NFP, 2016

<sup>18</sup> Ibid

Methodology/ Tool	Summary	Applications
GIIRS	<ul style="list-style-type: none"> <li>- A third-party assessment of the social and environmental impact of companies and investment funds</li> <li>- Focuses on four performance areas               <ul style="list-style-type: none"> <li>- governance, environment, workers and community</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Generally not appropriate for not-for-profit social enterprises</li> <li>- Primarily intended to be a tool to benchmark potential investment opportunities and increase transparency</li> </ul>
IRIS	<ul style="list-style-type: none"> <li>- Intended to nest within GIIRS, a “standard taxonomy” or library of indicators for social, financial and environmental performance</li> <li>- Does not provide tools or frameworks to measure performance – just the standardization of indicators</li> <li>- Standardized definitions are valuable for creating consensus about intended outcomes across the sector</li> </ul>	<ul style="list-style-type: none"> <li>- Primarily used by investment funds, most appropriate for impact-related investments in the Global South</li> </ul>
SROI	<ul style="list-style-type: none"> <li>- SROI is a framework and calculation that can be used to understand an intervention’s “value” (social, environmental and economic costs/benefits). It emerged from social accounting, and cost-benefit analysis SROI can be applied as an evaluation or a forecasting tool and measures both intended and unintended outcomes</li> <li>- Financial proxies are applied to inputs, outputs and outcomes to develop a single SROI value.</li> </ul>	<ul style="list-style-type: none"> <li>- Applied widely across the sector, not specific to a particular issue area</li> <li>- Not intended as a standalone methodology for impact measurement – ideally combined with a broader impact narrative</li> </ul>

Methodology/ Tool	Summary	Applications
Sustainable Livelihoods	<ul style="list-style-type: none"> <li>- Adapted from the UK Department of International Development’s model for evaluating poverty reduction interventions</li> <li>- Sustainable livelihoods has three framework components: sustainable livelihood assets, vulnerability context, and techniques and interventions</li> <li>- Five broad ranges of assets (financial, human, physical, personal and social)</li> <li>- Does not prescribe indicators or tools for impact measurement – focuses on the conceptual framework</li> </ul>	<ul style="list-style-type: none"> <li>- Generally applied in the context of poverty reduction initiatives</li> <li>- Has also been applied by the Canadian Women’s Foundation for women’s economic development initiatives</li> </ul>
Theory of Change/Logic Modeling	<ul style="list-style-type: none"> <li>- A process map used to conceptualize how an intervention will create the desired social change</li> <li>- Primarily focuses on activities and outputs</li> </ul>	<ul style="list-style-type: none"> <li>- Often used by foundations and funders to determine tools and metrics</li> <li>- Generally used to track the progress of an investment, understand the impact logic or apply due diligence/provide targets for incentives</li> </ul>
Canadian Index of Well Being	<ul style="list-style-type: none"> <li>- A composite index, composed of eight interconnected domains with 64 indicators that measure stability and change in the wellbeing of Canadians over time.<sup>19</sup></li> <li>- Guided by a framework that shifts the focus solely from the economy to include other critical areas of people’s lives that lead to enhanced wellbeing.</li> </ul>	<ul style="list-style-type: none"> <li>- Provides a platform for policy considerations that can be used by various levels of government or within other organizations like funders, to facilitate and promote wellbeing.</li> </ul>

<sup>19</sup> Smale, B., & Hilbrecht, M., Mapping the Canadian Index of Wellbeing to the United Nations Sustainable Development Goals. Waterloo, ON: Canadian Index of Wellbeing and University of Waterloo, 2016

## Note to Reader

This report has been prepared by KPMG for the use of its client, the Ontario Ministry of Economic Development and Growth (MEDG). It is not intended to be used or relied upon by other (third) parties. The results of this report are intended to assist MEDG in making decisions with respect to a common approach for measuring the impact of the social enterprise community. This version of the report has been prepared for public circulation and may not represent all of the information developed by KPMG or MEDG. Readers are cautioned that there is no assurance or warranty, expressed or implied, regarding the accuracy and reliability of any information contained within this report. The underlying assumptions and inputs may change subsequent to this report date and changes may have an impact on the results. Since these assumptions reflect anticipated future events, actual results may vary from the information presented and these variations may be material.



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As one of Canada's leading professional services firms, we have an incredible opportunity to help our communities thrive by engaging our skills, knowledge, passions and financial resources to make a real difference.

As a firm with locations in more than 35 cities across Canada, we are actively connected to the communities where we operate – as a business, as an employer – in every sense.

The issues that impact our communities are the same issues that impact our people and their families, our clients and our operations. So making a commitment to having a positive impact is how we recognize the significance of our relationship with the communities where we operate and live.

At KPMG, being engaged in the community is part of the job. We are passionate about strengthening our relationships with our communities and we recognize that our opportunity to have a positive impact extends beyond our client work.

Community Leadership provides the mandate, the opportunities and the support for how we will contribute to the success of our communities as an organization and as individuals.

By leveraging our personal expertise we can affect social change. This is core to our business strategy and drives what we do every day.



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