




## tools for you:

approaches to proving and improving for charities, voluntary organisations and social enterprise



You can take a closer look at each tool through the summaries in this book.

**This guide gives you essential information about more than 20 tools and methods that can help you to prove and improve your organisation's quality and impact.**

Weigh up the benefits of each approach and make comparisons between them to find a tool to meet your organisation's particular needs.

You'll find practical ways that can help you to:  
measure your organisation's impact;  
report to stakeholders;  
plan your strategy; and  
improve.

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# Introduction

This booklet summarises the tools and systems that can help you to prove and improve your organisation's quality and impact. It is intended to be used alongside the accompanying **comparing proving and improving approaches** and **tool decider** charts.

While it is not an exhaustive catalogue of all the possible tools and resources available, the booklet introduces some of the more popular methods available which may be used within the third sector. It won't provide you with everything you need, but it will give you a basic understanding of the methods available, their benefits, what is involved, and how you can learn more about them.

In it you will find:

- Social and environmental impact measurement tools.
- Quality systems and tools.
- Methods to help you to plan your business and social outcomes more effectively.

Whilst these summaries provide a guide to some helpful tools, there are a number of things to be aware of when using this guide. In particular:

- The summaries included provide a general indication – not hard-and-fast rules – about the relative merits of each tool, what it does and does not intend to do, and the resources required to use the method. These factors are greatly influenced by how the tool is used. For example, while we speak about using the method in its entirety, many methods can be used in stages or in parts. As such, it is most useful to take this booklet as a starting point and then do some investigating of your own, asking other organisations like yours that have used a particular tool about their experiences. This will further inform your decision as to whether to pursue that particular approach.
- The context – or how you use a tool – is crucial. Often, your organisation will need to adapt or modify a tool or approach to fit into its existing practices and structures. Proving and improving in any form needs to be embedded into an organisation in order for it to have the most benefit.
- It is essential that your organisation knows what it is seeking to do, in order to choose a method, approach, or tool that is most relevant to its needs. There are other resources, such as those on the Proving and Improving website ([www.proveandimprove.org](http://www.proveandimprove.org)) that can help you with these early stages.
- Working with other organisations can yield dividends: experience shows that working together in clusters can enable organisations to support one another through the process and learn from each other's stumbling blocks and successes.

## What's inside?

Each summary addresses the following areas:

- **Primary purpose** highlights the key features of the tool – what it does and how an organisation engages with it.
- **Summary** provides further details of how the tool is designed, and guidance on the practical process of using the tool.
- **Potential benefits** give an indication of the advantages of using the tool and what it can do for an organisation.
- **Potential limitations** provide an indication of some of the areas for which the tool is less well suited or what it doesn't cover.

- **Who can use the tool** serves as a guide to what sort of organisation or individual the tool is most suited to.
- **What resources are needed** is broken up into **Leadership, Proficiencies and skills, Staff time** and **Courses, support and information**.
- **Development, ownership and support** tells you who has created the tool or method, if it is owned by someone and who provides support or assistance with its use.
- Where they exist, **third sector examples** are given. Where possible, you'll hear from organisations that have used the tool or contributed to its piloting and development. Where social enterprises are not plentiful, examples of other organisations are given. These are often just an indicative sample of organisations.
- **Further sources of information** signposts you to where you can find out more. This normally features the organisation that promotes the tool but may also contain some other outside sources.



# Tools

# AA1000 Assurance Standard

## Primary purpose

The *AA1000 Assurance Standard (AA1000 AS)* is a standard for assessing and strengthening the credibility and quality of an organisation's social, economic and environmental reporting. It is primarily intended for use by external auditing bodies that assure an organisation's reports or social accounts (Assurance Providers) but can also be used to guide any organisation when building its accountability processes, systems and abilities.<sup>1</sup>

Stakeholder engagement is central to AA1000 AS.<sup>2</sup> Within organisations it is used as a means of driving overall performance through innovation and learning. 'Quality' in terms of the AA1000 AS is the degree to which a reporting organisation is open, engaging and responsive to stakeholder perceptions and expectations.

AA1000 AS is built on two beliefs. First, that accountability processes need to be tailored to identify, understand and respond to issues that are specific to diverse organisations, sectors, stakeholders and strategies.<sup>3</sup> Secondly, that robust, good quality stakeholder engagement processes can powerfully inform internal decision-making and enable learning and innovation and thus improve performance.

AA1000 AS was created by the not-for-profit professional institute, AccountAbility (also known as the Institute of Social and Ethical AccountAbility), which offers assurance-related services to its members through working in partnership. The AA1000 series consists of the AA1000 Framework plus an evolving programme of specialised modules, including the AA1000 AS.

## Summary

AA1000 AS is a non-prescriptive, free, open-source standard that originated as part of the 'social accounting and auditing' movement (see *Social Accounting and Audit*, page 57). Key features of AA1000 AS are:

- An overarching principle of 'inclusivity', known as 'the accountability commitment', which underpins three principles – materiality, completeness and responsiveness.<sup>4</sup>
- Public assurance statements.
- Requirement of disclosure by assurance practitioner about their independence (impartiality) and competencies.

Since its inception in 1995, AccountAbility has taken an approach to quality focused on the interests of the stakeholder, or those impacted by the organisation. For business, this would include employees and owners, as well as those stakeholders who historically have had little influence over decision-making and yet are impacted, often profoundly, by business activities. The AA1000 series defined this in terms of the principle of 'inclusivity' understood as the right of stakeholders' interests to be heard, and that organisations account for themselves in relation to these interests. AA1000 AS distilled this into an 'accountability commitment' and three, related, core over-arching principles: materiality, completeness and responsiveness. Of these, the most significant is 'materiality', defined in terms of stakeholder interests.

The **Materiality Principle** requires the organisation to include in its report information about its social, environmental and economic performance required by its stakeholders for them to be able to make informed judgements, decisions and actions. It focuses on what is important to stakeholders, as well as what is important to the organisation. Information is 'material' if its omission or misrepresentation in the

report could influence the judgments, decisions and actions of an organisation's stakeholders.

In addition, the **Completeness Principle** requires an organisation to be able thoroughly to identify and understand the material aspects of its sustainability performance. Its main message can be summarised as measuring the right things in the right way.

The **Responsiveness Principle** requires an organisation to provide evidence that it has coherently responded to stakeholder concerns, policies and relevant standards – this includes public response but also management of identified material issues i.e., improving performance.

All AA1000 principles must be applied by any organisation wishing to use the Standard. The manner in which they are applied depends on the level of assurance pursued and the context and resources of the organisation using them. Assurance levels may depend on the extent and quality of a number of issues:<sup>5</sup>

- Available information
- Quality of evidence
- Maturity of the accountability systems and processes
- Internal assurance systems
- Existing assurance for specific aspects of performance reporting
- Resources allocated for assurance by the reporting organisation
- Legal or commercial constraints
- Competencies of the assurance practitioner

The level of assurance is expected, although not required, to increase over time as information and underlying systems and processes for accounting for performance mature.

### **Potential benefits**

- AA1000 AS provides a holistic standard for assessing that an organisation's social accounts/reports systematically address the appropriate range of performance and social, environmental and economic impacts.
- AA1000 AS seeks to echo stakeholders' concerns and highlight whether these have addressed by an organisation or not.
- It seeks to instil a culture of continuous development through stakeholder responsiveness.
- It is flexible and can be used by different types and sizes of organisations from diverse backgrounds and over a range of timeframes.
- It supports and integrates other tools such as the Global Reporting Initiative Guidelines, SA8000, SIGMA (page 32) and the ISO series (page 39).
- It seeks to facilitate learning rather than designating 'failure' against a prescriptive set of standards.

### **Potential limitations**

- AA1000's strength as a process assurance standard can also be a limitation if an organisation runs through the planning, accounting, auditing and reporting work without fundamentally improving its performance and impacts. Organisations need to be committed to acting on stakeholder concerns and suggestions by the Assurance Provider.



- It provides assurance as to the quality of an organisation's accountability processes but does not provide accreditation or a 'pass mark'.
- It has the potential to be quite labour-intensive for some third sector organisations and may involve unfamiliar language.
- External Assurance Providers have the potential to be expensive for some organisations although they focus on what really matters i.e. what is material before applying high-level assurance to keep costs lower.

## **Who can use AA1000 AS?**

Whilst the Standard is designed primarily for Assurance Providers in guiding the manner in which they provide assurance, any organisation can use the tool, regardless of size, sector or location.

## **What resources are needed?**

### ***Leadership***

For an organisation using the Standard to guide its work and reporting, an individual or team can lead on the work, but the inclusion and commitment of the organisation's management levels are needed. Stakeholder engagement guided by the Standard will benefit from having all staff involved.

### ***Proficiencies or skills***

It is helpful if someone has had experience in social/economic research methods, particularly concerning stakeholder engagement.

### ***Staff time***

Significant time will be required to compile, analyse and write up information and implement action, although some flexibility exists depending on how much assurance an organisation wishes to give and how it is interpreted.

### ***Courses, support and information***

A range of materials and forums supports the AA1000 series:

- Guidance notes provide more detailed guidance to support all users of the AA1000 series.
- A number of publications and research reports directly related to AA1000 series are available for all users.
- AccountAbility, in partnership with the International Register for Certificates Auditors (IRCA), launched the first international Certified Sustainability Assurance Practitioner (CSAP) programme, which provides the first multistakeholder-defined professional competency framework in this area (built on an AA1000 platform) and supports harmonisation by providing practitioners with a basis for benchmarking and individual certification.
- AccountAbility provides tailored or general training.

The website [www.accountability21.net](http://www.accountability21.net) contains an extensive range of free reports, briefings, case studies and other information on AA1000 AS, including the AS1000 principles (APS), Stakeholder Engagement Standards (SES) and further accountability research. The AS1000 AS is designed to complement the Global Reporting Initiative Guidelines (see page 32).

The AA1000 Framework also supports and complements AA1000 AS and was developed to improve organisational accountability and sustainability performance by learning through stakeholder engagement. It outlines how to design and manage an organisation's social and ethical accounting, auditing and reporting processes (see

*Social Accounting and Audit* page 57). It can be downloaded free of charge from the website: [www.accountability21.net](http://www.accountability21.net)

## **Development, ownership and support**

AA1000 AS is available on a non-proprietary basis for members and non-members. AccountAbility requests only that the knowledge gained through its use be freely shared to maintain an ongoing, open-source process of learning from experience, revisions and upgrades to AA1000 AS.

The AA1000 series is part of a larger system, resting on a multistakeholder governance structure, including AccountAbility members, a technical committee, and council and operating board. Developing the AA1000 series is an ongoing task, continuously subject to refinement and additions reflecting latest developments and feedback from stakeholders.

## **Examples**

### ***Third sector examples***

- The Co-operative Bank
- Traidcraft
- FRC Group
- Landcare Research (Manaaki Whenua)

### ***Examples from other sectors***

- BP
- Camelot Group PLC
- Guardian Newspaper Unlimited
- Halifax Bank of Scotland
- Imperial Tobacco
- Nike
- Novo Nordisk
- The Work Foundation
- UK Department of Trade and Industry
- Vancity

## **Further sources of information**

[www.accountability21.net](http://www.accountability21.net)

*Social Accounting and Audit* summary (page 57).

# The Big Picture

## Primary purpose

The *Big Picture* is an organisational development framework for identifying the strengths and areas for improvement of an organisation across all its activities. It is similar to the *EFQM Excellence Model* (see page 21) in that it is non-prescriptive and does not involve strictly following a set of rules or standards, but provides a broad and coherent set of assumptions about what is required for a good organisation and its management.<sup>6</sup> It is designed around the planning cycle and essentially operates by:

- Identifying the needs to be met.
- Devising a plan to meet the needs.
- Doing something practical to meet the needs.
- Reviewing the extent of success in meeting these needs.
- Identifying further needs to be met.

Each organisation can use it in its own way to manage improvement, under the control of those who use the methods rather than an external evaluator. *The Big Picture* has been designed for and by the voluntary sector.

## Summary

**Figure 1: The Big Picture framework**



Source: [http://www.thebigpic.org.uk/html/menu3\\_1.asp](http://www.thebigpic.org.uk/html/menu3_1.asp)

*The Big Picture* seeks to provide organisations with an approach that treats quality and impact issues in a holistic way. Its starting point suggests that an organisation can be defined by the 'results' it brings about and the 'enablers' that help to make them happen. There are four sections to the model. 'Results' in the model are

interpreted as things that have a positive impact and ensure stakeholder satisfaction. 'Enablers' suggest that an organisation needs the right direction and appropriate processes in order to achieve the results. Each quadrant is further broken down into six further strands.

The approach suggests bringing as many people as possible together in a room. According to the Scottish Council for Voluntary Organisations (SCVO), who developed the tool, a typical session might include:

- An explanation of *The Big Picture* so people understand roughly how it works.
- A general assessment of the organisation or project.
- Prioritising a strand to work on.
- Discussion of the chosen strand or quadrant.
- Action planning so that something happens as a result of the session.
- Review of actions taken at subsequent meetings.

*The Big Picture* comes in the form of a workbook. Each strand in the quadrants, such as Governance under Direction, is explained in two pages of the workbook. These identify the key issues and list a series of tough questions to think about. There are also non-prescriptive practical ideas for action, case studies of other organisations that have used the particular strand to help improve their organisation, and an ability to score the organisation's performance in each area. It is possible to use the tool in bite-sized chunks. Essentially, the framework asks questions of an organisation, assesses the need for change and then offers some practical ideas to plan, implement and review that change. The actions taken following that process are left with the organisation itself.

### **Potential benefits**

- The tool is simple and easy to understand and may be used off the shelf.
- It provides a diagnosis of an organisation's activities and is useful for planning as it makes links between what an organisation does, the results it achieves and how the results are reached.
- It seeks to instil a culture of continuous improvement.
- It is flexible enough to be used in bite-sized chunks or for specific issues – such as Governance – as well as providing a framework for a more comprehensive review of an organisation's activities.
- There is no requirement for external validation and the model can be used as an internally driven self-assessment tool allowing an organisation to be as honest and open as possible in gauging its performance.
- It has a high relevance and applicability to voluntary organisations of all sizes.

### **Potential limitations**

- Although there is an option for the organisation to assess itself using a 'score', the model does not involve any external validation or assessment.
- There is no formal mark or accreditation for the model and so it will not be overtly visible or recognisable to customers, service users, funders and other stakeholders.
- As it was developed for the voluntary sector, some social enterprises may find it is weaker for the more conventional business side of their work.

"I feel that its main value to us is as a facilitating tool supporting the development of consensus, involvement and focused intervention in concerns expressed by residents and staff."

**North Ayrshire  
Women's Aid, in  
'Sneak Preview, An  
Introduction to  
The Big Picture'  
[www.thebigpic.org.uk](http://www.thebigpic.org.uk)**

## Who can use *The Big Picture*?

The model has wide applicability to organisations of any size, in all stages of development in the voluntary sector both in the UK and internationally.

## What resources are needed?

### **Leadership**

As with other frameworks, *The Big Picture* will be most effective if all staff are motivated and behind it. For a thorough diagnosis of the whole organisation's activities, senior members will need to be involved in some capacity, but it has also been used by some organisations for a personal review of an individual's work, for a training needs analysis, business plan analysis and as a stakeholder consultation tool, each of which has different leadership needs.

### **Proficiencies or skills**

In general, no specialist skills are required. The framework seeks to 'get people talking' and so an ability to facilitate discussion (in a variety of forms) will be useful.

### **Staff time**

This will vary depending on what the organisation uses the tool for. It may be used by an individual during a day or an hour to focus on one or two issues, or it is possible to use it to systematically address all of the organisation's activities over several months. Organisations can involve paid and voluntary staff, service users, customers and other stakeholders in the process.

### **Courses, support and information**

*The Big Picture* website contains basic resources, contacts and information on the tool and online group facilitation for organisations who want to hold group sessions but have difficulty with travel or access. The companion guide – *Getting Started with The Big Picture* – is recommended for people who want to 'do it themselves'. In Scotland 'peer supporters' can show you how to use *The Big Picture* and can facilitate sessions. The Peer Support Network is free for anyone who has a role to play in developing organisations, whichever framework or system they use. To join this virtual network, go to [www.scvo.org.uk/peersupport](http://www.scvo.org.uk/peersupport)

## Development, ownership and support

*The Big Picture* is produced by the Scottish Council for Voluntary Organisations (SCVO). As of the start of 2009 the SCVO is reviewing its support packages for *The Big Picture*.

*The Big Picture* itself costs between approximately £50 and £80 depending on whether your organisation is a member of SCVO and whether you are able to pay in advance.

## Examples

### **Third sector examples**

- Inverclyde Community Development Trust
- Dunoon Care
- North Ayrshire Women's Aid
- Guide Dogs for the Blind

“People have found it user friendly, easy to pick up and not too jargonny.”

**Befriending Network Scotland**  
[www.thebigpic.org.uk](http://www.thebigpic.org.uk)

## **Further sources of information**

[www.thebigpic.org.uk](http://www.thebigpic.org.uk)

The Learning Team,

SCVO (Scottish Council for Voluntary Organisations),

Mansfield Place,

Edinburgh,

E6BB.

Tel: 0131 556 3882 Fax: 0131 556 0279

In Scotland, SCVO can be contacted for Peer Supporters. Organisations in England can contact their local Council for Voluntary Service [www.nacvs.org.uk](http://www.nacvs.org.uk)

# Co-operatives<sup>UK</sup>: Co-operative Environmental and Social Performance Indicators (CESPIs)

## Primary purpose

In January 2001, the Co-operative Commission identified co-operative and social performance as being key contributors to the future success of the Co-operative sector. Its virtuous circle model reminded the movement that co-operative enterprises are in business to fulfil their co-operative purpose; by achieving commercial success they are able to invest in their co-operative and social goals, creating a co-operative advantage. *Co-operative Environmental and Social Performance Indicators (CESPIs)* were developed by Co-operatives<sup>UK</sup> (and updated in 2005) to help co-operatives determine how they are living their co-operative principles and delivering on their social purpose.

## Summary

A basket of mostly quantitative indicators intended to capture the co-operative, environmental and social performance of a co-operative, based on the core values and principles of co-operation.

Organisations can use the ten indicators one at a time in any order.

1. Member economic involvement.
2. Member democratic participation.
3. Participation of employees and members in training and education.
4. Staff injury and absentee rates.
5. Staff profile – gender and ethnicity.
6. Customer satisfaction.
7. Consideration of ethical issues in procurement and investment decisions.
8. Investment in community and co-operative initiatives.
8. Net carbon dioxide emissions arising from operations.
10. Proportion of waste recycled/reused.

The indicators are provided to co-operatives for self-assessment and they are asked to report their findings to Co-operatives<sup>UK</sup> as well as to their members. There is no brand or mark associated with the indicators.

## Potential benefits

- The indicators are a first step to ensuring that a co-operative is living up to its co-operative values and principles; and is able to demonstrate this to a range of stakeholders.
- They are relatively straightforward and standardised for ease of use and can be compared across different organisations. They can be used as part of the social accounting process or as a stand-alone tool.
- They have the potential to demonstrate to customers the benefits of co-operatives; one indicator specifically focuses on customer satisfaction.

- Ethically motivated funders may find them useful in making positive funding decisions. The indicators may be a first step in demonstrating social added value of co-operatives or other third sector organisations in procurement decisions.

### **Potential limitations**

- While the use of standardised, easily represented information is a benefit, it can also be a potential limitation. The indicators mostly focus on measuring quantitative, numeric information that needs to be interpreted in order to be used for improvement or for proving the value of the organisation to others.
- The indicators do not give a full picture of all that the co-operative does, and may not be able to help answer the most pressing questions or identify priority areas for the organisation.

### **Who can use CESPIs?**

The indicators are aimed primarily at co-operatives, but any organisation that aspires to co-operative values and principles may find them useful. They are intended for use by all sizes of organisations, although they may require further development and refinement to achieve this degree of universality.

### **What resources are needed?**

#### **Leadership**

CESPIs can be used by anyone within the organisation who has access to the records and information needed for the particular indicator. It is recommended that the organisation make a commitment to using the indicators to inform ongoing management decisions and improvement, in order to make the process of measuring them most useful.

#### **Proficiencies or skills**

No specific skills or proficiencies are required. The indicators come with guidance on how each is measured.

#### **Staff time**

Staff time to implement the use of the indicators should be at the lower end of all of the tools. This has been confirmed by the experience of implementation.

#### **Courses, support and information**

The CESPI guidance document is free to download from the Co-operatives<sup>UK</sup> website (<http://www.cooperatives-uk.coop/home/miniwebs/miniwebsa-z/cespis>). While outside consultants are not considered necessary, some co-operatives may choose to use them. Co-operatives are using the indicators to report to Co-operatives<sup>UK</sup> and their members annually.

### **Development, ownership and support**

The indicators were developed by Co-operatives<sup>UK</sup> with the help of the National Centre for Business & Sustainability. Co-operatives<sup>UK</sup> is happy for them to be used freely as long as the source is acknowledged.<sup>7</sup>

“Our members will be able to hold us to account for our stewardship of their business and the fulfilment of its social and co-operative purpose. They will have the satisfaction of associating with an organisation with demonstrable values and principles.”  
Lincolnshire Co-operative



## **Examples**

### ***Third sector examples***

Lincolnshire Co-operative

The Phone Co-op

Delta-T Devices

The Social Enterprise People (Cambridge CDA)

### **Further sources of information**

[www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

[www.cooperatives-uk.coop/home/miniwebs/miniwebsa-z/cespis](http://www.cooperatives-uk.coop/home/miniwebs/miniwebsa-z/cespis)

# Development Trusts Association ‘Fit for Purpose’

## Primary purpose

*Fit for Purpose* is a diagnostic tool to help a new or developing community enterprise in assessing its strengths and areas for improvement against key criteria. Based on the original Development Trusts Association (DTA) Healthcheck (which remains available and is a part of the application process for DTA membership) it has been designed for community groups, businesses and organisations wanting to become community enterprises (rather than Development Trusts) to help them in their planning to become effective and resilient.

The tool checks whether the organisational building blocks are in place by:

- examining the organisational foundations necessary for a successful community enterprise,
- highlighting areas of achievement and those with room for improvement,
- providing a report on the health of the organisation,
- identifying the organisation’s support needs,
- providing an action plan to clarify how to move forward.

## Summary

*Fit for Purpose* is a booklet designed for unsupported use by any community organisation. It represents a user-friendly, non-prescriptive diagnostic tool to help a new or developing community enterprise in assessing its strengths and areas for improvement against key criteria. It aims to create or build on monitoring systems, forward planning and regular evaluation. *Fit for Purpose* can also form the basis of ongoing planning and support delivered by either DTA staff or others familiar with the process.

The tool consists of six sections, comprising a suggested list of supporting documentation followed by five areas relating to performance management. Each section addresses the key issues in setting up a successful community enterprise.

1. Governance
2. Enterprise and business planning
3. Financial management
4. Partnership working
5. Policies and procedures

Within each section there is a range of up to seven Indicators, along with guidance for each on the questions to ask to inform each indicator and a three-point rating scale in order to assess progress: Met/Partly met/Unmet (with definitions for each). A ‘Comments’ box allows detailed responses to be made on each issue. The responses provide the basis for a report on the organisation when all the sections have been completed.

## Potential benefits

- *Fit for Purpose* can help to ensure that community enterprises hold certain common competencies and characteristics.

“It provided us with a rigorous process to evaluate our Trust and the progress we had made. It also provided an opportunity for us to inform new staff on our activities and helped us to plan our future.”  
**The Seedley and Langworthy Trust**

- It is straightforward and can be used off the shelf.
- It can assist community enterprises in identifying steps to increase revenue gained from enterprise activities, and thereby assist organisations with moving toward increased financial sustainability.
- *Fit for Purpose* may be useful in identifying continuous professional development areas for employees, and encouraging board level input throughout.

### **Potential limitations**

- The tool is not intended to measure the outcomes or impact of community enterprises.
- *Fit for Purpose* is an internally facing tool, and is therefore not intended to increase accountability to external stakeholders.

### **Who can use *Fit for Purpose*?**

Emerging community organisations can use *Fit for Purpose* as part of their forward planning and visioning process; more established groups will also find it useful especially when revisiting organisational aims and objectives.

### **What resources are needed?**

#### ***Leadership***

It is vital for the Chair of the Board of the organisation and the Chief Executive to take part in this process. A senior member of staff should complete *Fit for Purpose*, working with colleagues and, if appropriate, external support.

#### ***Proficiencies or skills***

No prior expertise or experience is necessary but some experience in planning or organisational strategy would facilitate the process.

#### ***Staff time***

There are advantages in involving the majority of the Board and key staff in the review meeting to complete the process. Up to two full days for employees plus one day equivalent at Board level will be needed. *Fit for Purpose* will require no more time than is usually needed for the creation of a regular action plan or forward planning process. In completing the original document, the organisation will indicate a timeframe for moving forward with action plans identified through the process. Follow-up time necessarily depends upon the action plan created during the process. *Fit for Purpose* should be revisited regularly when planning processes or reviews are taking place within the organisation.

#### ***Courses, support and information***

Regional DTA staff can signpost individual trusts/organisations to support with the process, and on occasion overview/introductory workshops are also available (e.g., at the DTA's annual conference). Further assistance could also be delivered by DTA employees or by appropriate consultants drawn from The Pool (the DTA consultancy service).

### **Development, ownership and support**

*Fit for Purpose* was created by the DTA and is within the public domain. Support throughout the process can, if required, be provided by the DTA's regional and national teams. Details of these can be accessed via [www.dta.org.uk](http://www.dta.org.uk)

## **Examples**

### ***Third sector examples***

- Riverside Family Learning Centre
- Amble Trust
- Seedley & Langworthy Trust

### **Further sources of information**

[www.dta.org.uk](http://www.dta.org.uk)

# Eco-mapping

## Primary purpose

The purpose of *Eco-mapping* is to provide small companies and organisations with a free, visual, simple and practical tool to analyse and manage their environmental behaviour. It involves making a map of an organisation's site, for example, a shop floor, a workshop, an office, a community centre to create an understanding of an organisation's current environmental situation.

*Eco-mapping* is not a goal in itself, but a process framework that helps to define and prioritise environmental problems and issues to act upon. Once completed, *Eco-mapping* can serve as the basis for a wider environmental management system.

## Summary

The first step involves drawing a map of an organisation's site, as seen from above. This includes access areas, roads and the immediate surrounding environment. This is called an 'urban situation' map and is used twice. A simple, recognisable map of the internal site is then drawn to-scale to show the interior spaces. This is used six times.

An organisation's environmental situation and problems are then drawn onto these copies to create eight 'eco-maps'. These map copies reflect:

- **Urban situation:** situates the organisation's site in its wider spatial context.
- **Nuisances:** looks at external environmental 'nuisances' that affect people: noise, odours and waste storage.
- **Water:** looks at the organisation's consumption of water and discharge of wastewater.
- **Soil:** looks at the storage of flammable, dangerous or hazardous products in relation to groundwater.
- **Air:** odours, noise, and dust: looks at all the points of emissions and the functioning of equipment inside an organisation.
- **Energy:** looks at consumption of energy and its impacts.
- **Waste:** looks at management and prevention of waste.
- **Risks:** identifies risks of accidents and pollution.

For each eco-map framework, two symbols are used to map the environmental issues:

- Hatched lines for 'a small problem to be monitored'
- A circle for a large problem for corrective action (the more serious a problem, the thicker the circle).

If an organisation wishes, it may develop its own symbols to draw onto the maps.

For each of the eight maps, the *Eco-map Brochure* explains the review process. It suggests possible environmental issues and problems that the organisation compiling the maps should draw using the symbols, as well as documents, estimates and data that can be used to help with thinking about which issues to map. Also included is a list of questions to ask when conducting the review and useful information such as how to calculate the pollution generated by an organisation's vehicles.

The first two maps (**Urban situation, Nuisances**) give an indication of an organisation's environmental situation in a wider spatial context. For example, for the

**Nuisances** map, it suggests drawing points of discharge into the air, sources of noise and odours, and areas of storage of waste and hazardous products. This means an organisation has to think about its ventilation, bins, noise and overall energy use.

The next six maps deal with the internal space of the organisation's site. For example, the **Energy** eco-map requires the organisation to draw the location of machinery or computers, useless lighting and where there are areas of heat loss. It seeks to help an organisation consider its energy consumption and what it can do to be more efficient.

Once all of these maps have been drawn, they can be copied onto overhead transparencies and placed on top of each other. This helps to clearly identify the areas on an organisation's premises or site with environmental priorities. Action is then taken on problems surrounded by thick circles, with priority given to issues that affect worker health and safety. The areas of potential problems to be monitored – denoted by the hatch symbols – can be followed up after the immediate concerns and solutions have been dealt with. These actions are at the discretion of the organisation itself although the *Eco-mapping Brochure* provides some guidance on each issue.

### **Potential benefits**

- *Eco-mapping* allows an organisation to easily visualise the origins of environmental impacts at its premises.
- The tool is free and can be used inexpensively.
- It can be used to encourage all employees to become involved in embedding environmental changes and thinking across the organisation's personnel and on-site activities.
- Anyone in the organisation can use the tool to support their work and training.
- Raises awareness, by providing an easy-to-understand visual representation of the seriousness and geographical impact of environmental behaviour and management.
- Provides a systematic review for wide ranging environmental issues.
- Can be used regularly to instil continuous improvement.
- Can provide a method for communicating environmental assurance to stakeholders.
- *Eco-mapping* can provide a base upon which to seek other environmental standards such as ISO 14000 and the *Eco-management Audit Scheme (EMAS)* regulation or other environmental management systems.

### **Potential limitations**

- Can be perceived as not being serious or formal enough for larger organisations.
- It is less able to assist with determining risks and future challenges and trends.
- It is more difficult to use for a site that covers a large area.
- It focuses on site premises and so may be difficult for organisations that work at multiple sites or in a more diverse set of places.
- It deals with environmental impact only, and does not focus on social or economic impacts, except when they are concerned directly with the environment.

## **Who can use *Eco-mapping*?**

*Eco-mapping* was originally developed for small to medium-sized businesses, but any organisation in any field can use the tool effectively. Larger organisations might use this as a starting point before moving on to a more intensive approach, such as EMAS.

## **What resources are needed?**

### ***Leadership***

Anyone can lead the *Eco-mapping* exercise though it is best if the tool has the support of the entire organisation, including management, so that changes can be implemented and risks addressed.

### ***Proficiencies or skills***

The tool is very simple to use, although an ability to draw a relatively simple map from which to work will be beneficial. An existing site map or blueprint could also be used. General knowledge of the site under review will help to facilitate the process.

### ***Staff time***

The organisation that developed *Eco-mapping* suggests that less than one hour of work for each map will be required. Approximately two days per year will be sufficient time to complete *Eco-mapping* on the recommended annual basis.

### ***Courses, support and information***

*Eco-mapping* is a simple, do-it-yourself tool but the website, [www.ecomapping.org](http://www.ecomapping.org), contains further information and the downloadable workbook features brief case studies of organisations that have used *Eco-mapping*.

## **Development, ownership and support**

*Eco-mapping* is a copyrighted tool developed by Heinz-Werner Engel as part of the International Network for Environmental Management (INEM) initiative, EMAS (*Eco-Management and Audit*) Toolkit for SMEs. The *Eco-mapping* tool should not be repackaged for profit-making purposes without the express written consent of Mr Engel. It is a shareware process and organisations are encouraged to report their experience to feed histories into the tool's continuous improvement loop.

*Eco-mapping* is available free of charge to interested individuals, companies, organisations and local authorities for personal use. It can be downloaded from [www.ecomapping.org](http://www.ecomapping.org)

## **Examples**

### ***Third sector examples***

Many small and medium-sized businesses across Europe have used *Eco-mapping*, along with trade unions and public sector organisations. Since 1998, over 20,000 copies have been downloaded from the *Eco-mapping* website from countries across Europe, in numerous languages.

## **Further sources of information**

[www.ecomapping.org](http://www.ecomapping.org)

INEM also provides some information on *Eco-mapping* and its use as part of further environmental quality and impact work.

[www.inem.org](http://www.inem.org)

# European Foundation for Quality Management (EFQM) Excellence Model

## Primary purpose

The *European Foundation for Quality Management (EFQM) Excellence Model* (the *Excellence Model*) is a self-assessment framework for measuring the strengths and areas for improvement of an organisation across all of its activities. The term 'excellence' is used because the *Excellence Model* focuses on what an organisation does, or could do, to provide an excellent service or product to its customers, service users or stakeholders.

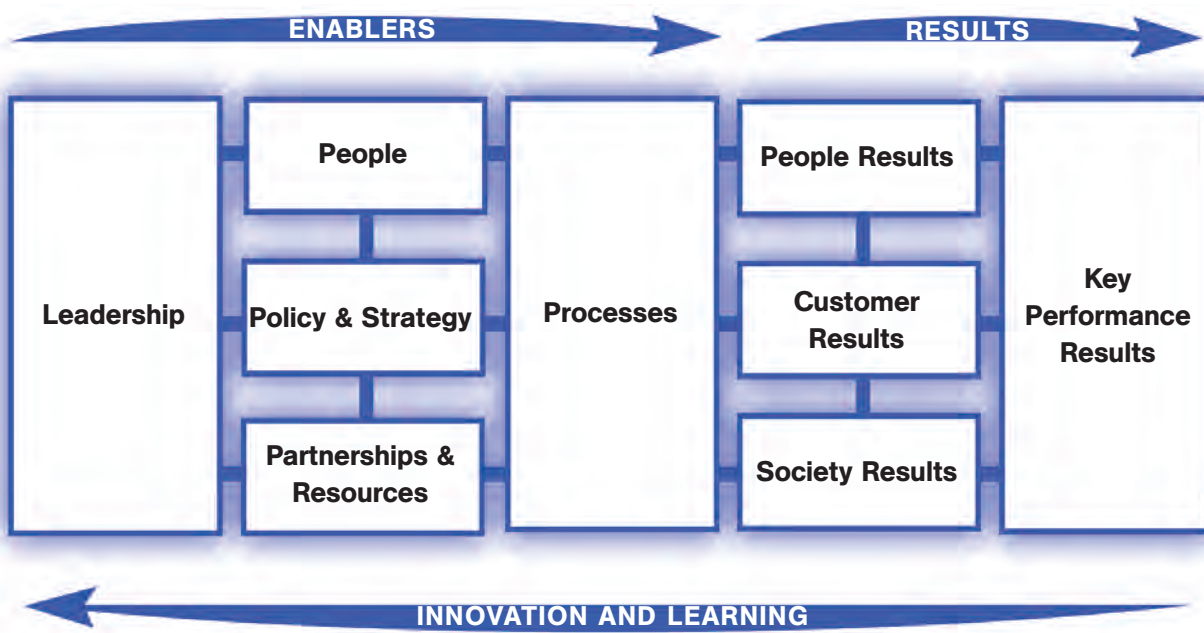
While its origins lie in the private sector, public and voluntary sector organisations can also benefit from using the *Excellence Model*. It is non-prescriptive and does not involve strictly following a set of rules or standards, but provides a broad and coherent set of assumptions about what is required for a good organisation and its management. Each organisation can use it in its own way to manage and develop improvement, under the control of those who use the methods rather than an external evaluator.

## Summary

The *Excellence Model* starts with the premise that an organisation can be defined by the 'results' it brings about and the 'enablers' that make them happen. This is summarised as follows:

- Customer<sup>8</sup> results, people results and society results are achieved through leadership driving policy and strategy, people, partnerships and resources leading ultimately to excellence in key performance results.

**Figure 2: The EFQM Excellence Model framework**



Source: [http://www.bqf.org.uk/ex\\_framework.htm](http://www.bqf.org.uk/ex_framework.htm)



There are nine 'big ideas' or criteria in the *Excellence Model* that underpin this premise and attempt to cover all an organisation's activities. Figure 2 illustrates how these nine ideas are separated into 'enablers' and 'results'. The enabler criteria are concerned with how the organisation conducts itself, how it manages its staff and resources, how it plans its strategy and how it reviews and monitors key processes. They are:

- Leadership
- People
- Policy and strategy
- Partnerships and resources
- Processes

The organisation's results are what it achieves. These encompass the level of satisfaction among the organisation's employees and customers, its impact on the wider community and key performance indicators. They are:

- People results
- Customer results
- Society results
- Key performance result<sup>9</sup>

Each of the nine criteria is subdivided to describe the concept of 'Excellence' in that area in more detail and to examine how well an organisation is doing through a list of practical questions. The starting point for most organisations is to gather evidence relevant to the *Excellence Model's* nine criteria. This involves asking, for each of the criteria, 'How good are we and how could we improve?' Evidence may take a variety of forms depending on the organisation.

The National Council for Voluntary Organisations (NCVO) suggests that each organisation will need to find a method for using the framework that suits them best. They give examples of:

- Questionnaires based upon the *Excellence Model*.
- A workshop approach where evidence is gathered from across the organisation on how the nine criteria are being met.
- An approach in which the organisation produces a detailed document describing what it is doing under each of the criteria and sub-criteria.
- An approach for a small organisation or small teams within a larger organisation, involving half-day sessions working through the *Excellence Model* to gain a rapid picture of where it stands under the various criteria.

Once this self assessment exercise has been initiated, the organisation can take action to improve its performance with help from the guidance contained in the *Excellence Model's* relevant publications or further training in the area that needs improvement.

The British Quality Foundation (BQF) has also developed a software tool called BQFsnapshot that will run on most Windows-based computers. It is intended to provide a quick and simple way of finding out how your organisation measures up to the characteristics of Excellence. Although most organisations concentrate on improving their performance using the *Excellence Model*, it is possible to 'score' performance against the criteria, providing an internal benchmark of improvement over a period of time.

## Potential benefits

- The *Excellence Model* provides a holistic framework that systematically addresses a thorough range of organisational quality issues and also gives attention to impacts through the 'results' criteria.
- It provides a clear diagnosis of an organisation's activities and is useful for planning as it makes links between what an organisation does and the results it achieves, highlighting how they are achieved.
- It seeks to instil a culture of **continuous improvement**.<sup>10</sup>
- It is flexible enough to be used in bite-sized chunks or for specific issues – e.g. an analysis of an organisation's environmental policy in less than a single day as well as providing a framework for a comprehensive review of all the organisation's activities over several months.
- There is no requirement for external validation and the *Excellence Model* can be used as an internally driven self-assessment tool allowing an organisation to be as honest and as open as possible in gauging its performance.
- Scoring can provide an organisation with an internal benchmark for its next self assessment, in order to capture trends. It can also be used among organisations for some external benchmarking and comparison.
- The *Excellence Model* stresses the importance of consensus in assessing an organisation's strengths and areas to improve.

“A lot of the success of the model is in changing the way people think, looking for links between ‘results’ and ‘enablers’ outside ‘formal Self-Assessment’, and realising the model can make a difference.”  
**Thames Reach  
NCVO microsite**

## Potential limitations

- Although there is an option for scoring and an Awards Recognition scheme, they may be expensive for smaller organisations to enter.
- There is no formal mark or accreditation for the *Excellence Model* and it will not be overtly visible or recognisable to customers, service users, funders and other stakeholders. However EFQM does offer awards to organisations, showcasing winners through its website and networks.
- Though it has been used successfully by a number of medium and large voluntary organisations, it was initially developed for the commercial sector and some of the language of the *Excellence Model* may not translate easily to social enterprises or voluntary organisations. There are limited examples of use by third sector organisations.

## Who can use the *Excellence Model*?

The *Excellence Model* has wide applicability to organisations in all sectors, of any size, in all stages of development. It can be used in a bite-sized format or for organisations seeking to understand some or all of their activities.

## What resources are needed?

### **Leadership**

It is possible for the *Excellence Model* to be facilitated by one individual. Many organisations that have used it often form a small cross-functional team (3–4 people) to lead. Good relationships with staff will ease the process as they are likely to be involved in some fashion in undertaking the *Excellence Model*. In keeping with its 'Leadership' criterion, active involvement of the management and senior figures in an organisation will be required.

“The whole process of collecting data and consultation to formulate an action plan took no more than 35 hours within a four or five month period.”

Liverpool  
Personal  
Services  
Society  
NCVO  
microsite

### **Proficiencies or skills**

These will vary depending on how the organisation approaches the *Excellence Model*. In general no specialist skills are required although many organisations seek outside training for staff in using the framework or choose to engage an external facilitator to guide the process. Strategic thinking and analytical skills will be useful. Familiarity with software packages will enable the organisation to use BQFsnapshot for working through the *Excellence Model*, but this is optional.

### **Staff time**

Once learnt, self-assessment against the *Excellence Model* can be completed very quickly – within days for a very basic assessment. However, as a diagnostic tool it highlights areas for action and the time needed to address those action points will vary among organisations and may take several months. Organisations can involve paid and voluntary staff, service users, customers and other stakeholders in the process.

Part of the logic behind the *Excellence Model* is regular assessment and review. Some users conduct annual assessments as part of their ‘business planning’ process.

### **Courses, support and information**

The BQF website contains a list of advisors, consultants and opportunities for sharing best practice as well as several publications and reports.<sup>11</sup> Two publications – *How to use the Excellence Model* and *The model in practice* (containing 96 new case studies from private, public and small organisations using the *Excellence Model*) – can be bought for around £15 and £28 respectively. The website also contains information on the annual UK Business Excellence Awards based on assessment against the *Excellence Model*.

BQF has advisers who have been trained and approved to act on its behalf. Any requests for help, advice or guidance by email, telephone, or letter are passed through to the Endorsed Adviser Network. Advisers will not charge for the first consultation with an organisation. For further consultation, a private arrangement with an adviser can be made.

BQF run a series of comprehensive one-day workshops for members and non-members. Each workshop costs around £125 + VAT for members and around £250 + VAT for non members.<sup>12</sup>

Part of the National Council for Voluntary Organisations (NCVO) is dedicated to the publication, *Excellence in view: A guide to the EFQM Excellence Model for the voluntary sector*, which contains eight case studies written by medium and large organisations that have used the model [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

Regional Excellence Organisations also provide a service called beta™ (Business Excellence Through Action). Based on the *Excellence Model*, beta™ is a tool for smaller businesses and those who are less familiar with the *Excellence Model*. It aims to bring the benefits of the model to an organisation without the difficulties in learning the language and costs in setting up.<sup>13</sup>

### **Development, ownership and support**

The European Foundation for Quality Management (EFQM) owns the intellectual property of the *Excellence Model*. It is a not-for-profit membership foundation based in Brussels and was set up in 1989 by the CEOs of large European businesses.

In the UK, BQF promotes the Model. BQF is one of EFQM’s European national partner organisations (NPOs) that cover Europe. BQF and EFQM update the model periodically with input from organisations within and outside Europe.

## Examples

### *Third sector examples*

- Community Enterprise Ltd (CEU Ltd)
- Thames Reach
- Liverpool Personal Services Society

### Further sources of information

British Quality Foundation

<http://www.bqf.org.uk>

Tel: 020 7654 5000

The European Foundation for Quality Management

[www.efqm.org](http://www.efqm.org)

NCVO

Excellence in view: A guide to the EFQM Excellence Model for the voluntary sector

<http://www.ncvo-vol.org.uk/>

Paton R (2003) *Managing and measuring social enterprises* (London: Sage).

Provides a review of quality models, including the EFQM *Excellence Model*, its background, method, benefits and limitations.

“Using the beta™ materials as part of the *Excellence Model*, we identified ways to make significant improvement in how CEU organises and delivers its services. We believe this has led to efficiencies and clarity of purpose, both internally and with our stake-holders. There is, of course, still more to do!”  
**Community Enterprise Unit Ltd (CEU Ltd)**

# The EU Eco-Management and Audit Scheme (EMAS)

## Primary purpose

The *EU Eco-Management and Audit Scheme (EMAS)* is an environmental management scheme that aims to improve the environmental performance of organisations by committing them to evaluating and reducing their negative environmental impacts. It is a voluntary framework that provides the basis for a published environmental report and it aims to recognise and reward those organisations that go beyond minimum legal compliance and continuously improve their environmental performance. *EMAS* incorporates *ISO14001* (page 41) and is externally evaluated. Once accredited, participants can publicise their participation in the scheme through use of the *EMAS* logo.

There are four main stages involved in an organisation achieving *EMAS* registration:

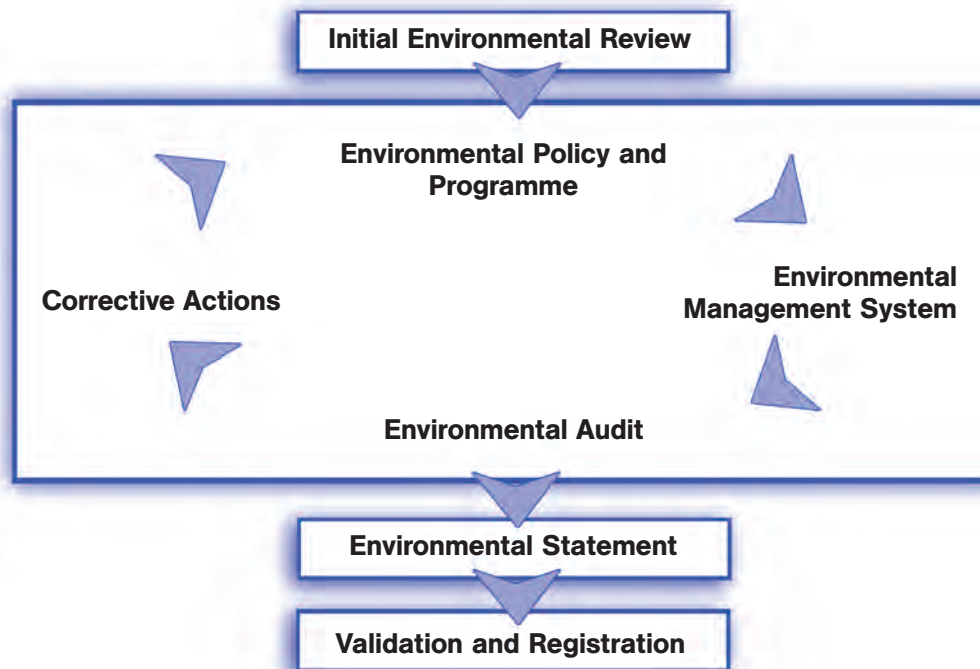
1. Conduct an **environmental review** of all its activities and assess them against existing environmental laws.
2. Establish an **environmental management system** setting out its environment objectives and the means to achieve these objectives.
3. Carry out an internal **environmental audit** assessing the management system in place and compliance with relevant environmental regulatory requirements.
4. Provide a **statement** outlining its environmental policy, programme and management system, and summarising its environmental performance with the results achieved and the steps necessary for future improvements.

A review of the *EMAS* system was announced in July 2008, which a revised *EMAS* protocol to take effect in 2010. The objective of the review is to make *EMAS* accessible to a wider range of organisations so that it can become the environmental performance management standard. The basic principles will remain the same. Details of the new protocol will be made available on the *EMAS* European website: [http://europa.eu.int/comm/environment/emas/index\\_en.htm](http://europa.eu.int/comm/environment/emas/index_en.htm)

## Summary

The core of *EMAS* is a 'continuous improvement cycle' or the plan-do-check-act process. The elements of this circle are presented in Figure 3.

Figure 3. EMAS continuous improvement diagram



Source: <http://europa.eu.int/comm/environment/emas/pictures/images/graph.gif>

The **environmental review** is an initial comprehensive analysis of the environmental problems caused by an organisation's activities. The outcome is a report that includes hard data about consumption of raw materials and energy and the production of wastes and emissions; information on the indirect environmental impacts of the organisation's activities; and an outline of the management structures in place to deal with these impacts. The purpose of the initial review is to identify the most significant environmental impacts – and thereby identify possible priorities to be set in the environmental programme – and to lay down a benchmark to measure future success in reducing these impacts.

The formulation of an **environmental policy**, reflecting top management's commitment to **continuous improvement** in environmental performance inside the legal framework is the first visible step of the process. The environmental policy is a document that describes the organisation's overall aims and principles of action with respect to the environment. Developed at the highest managerial level, the environmental policy is intended to be revised periodically. It should contain at least two central elements: compliance with relevant environmental regulations and a commitment to continuous improvement.

The **environmental programme** translates the general objectives and targets established in the environmental policy into specific targets, determining concrete measures, timeframes, responsibilities, and the resources necessary in order to meet them.<sup>14</sup> The measures laid out in an environmental programme can be of a technical and/or organisational nature. All of the company's activities – from top management to the lower levels – should be involved in these measures.

To ensure the successful implementation of the environmental programme, an organisation is required to establish operating procedures and controls, or an **environmental management system**. Apart from the environmental impact of production activities and housekeeping activities (property management, procurement, energy consumption, waste production and management), an EMAS-registered environmental management system has to include the indirect environmental impacts of an organisation's activities, products or services.

Finally, an **environmental audit** is conducted to assess the management system in place and the whole process is then described in the **environmental statement**. The statement has to include the following information:

- A description of the organisation, its structure and its activities, products and services.
- An assessment of all the significant direct and indirect environmental issues.
- A summary of year-by-year figures on pollution emissions, waste generation, consumption of raw material, energy and water, and noise.
- A presentation of the organisation's environmental policy, programmes and management system.
- The deadline for the next statement.
- The name and accreditation number of the environmental verifier and the date of validation.

When the environmental management system has been implemented and the environmental statement has been prepared, the organisation must have them validated by an independent accredited verifier: an independent external party that examines the organisation's environmental policy, management system, audit procedure(s) and environmental statement to ensure that they meet *EMAS* requirements. If the verifier is satisfied that the requirements are met, he or she validates the information contained in the company's environmental statement.

Once the environmental statement has been verified, the organisation then sends its validated statement to the *EMAS* National Competent Body for registration.<sup>15</sup> The organisation is then listed in the register of *EMAS* organisations and has the right to use the *EMAS* logo. Organisations are required to update their environmental statement annually, although in exceptional circumstances, for example, small organisations, this renewal period can be extended with the agreement of the verifier, normally up to three years.

The *EMAS* environmental management system is defined according to the ISO 14001 Standard (see page 41). However, when implementing *EMAS*, participating organisations must also:

- Demonstrate legal compliance.
- Commit to continual improvement of their environmental performance.
- Demonstrate an open dialogue with all stakeholders.
- Extend employee involvement to the process of continually improving the organisation's environmental performance.

### **Potential benefits**

- *EMAS* provides a systematic approach to implementing an environmental management system and can incorporate tools such as ISO 14001 and *Eco-mapping*.
- The *EMAS* logo can help to promote an organisation's active involvement in environmental issues to potential customers or service users.
- *EMAS* helps organisations reduce waste, energy use and resources that can help to reduce costs.





- *EMAS* can provide a method for communicating environmental accountability to stakeholders including funders through periodic statements that have been externally validated by an independent verifier.
- It seeks to instil continuous improvement.
- Involving employees is central to *EMAS*, and it can be a good way of motivating action towards environmental improvement.

### **Potential limitations**

- *EMAS* has the potential to be expensive due to the cost of verification, the training that may be required, and registration.
- Conformity to *EMAS* may be complicated or labour-intensive for some small organisations, particularly if new to environmental management systems. In such cases, an organisation might begin with a tool such as *Eco-mapping* or the *SME Toolkit* as a basis for implementing *EMAS* at a later date. The revised *EMAS* may also address some of these concerns.
- It deals with environmental impact only, and does not focus on social or economic impacts, except when they are concerned directly with the environment.
- Though it has been applied in a variety of organisations in the public and private sectors, third sector examples are limited.

### **Who can use *EMAS*?**

*EMAS* is open to all types of organisations from all economic sectors. Small or large socially enterprising organisations, local authorities, and multi-national companies can all participate in *EMAS*. *EMAS* can be applied to the whole of an organisation or to specific sites. At time of press, 4095 organisations had implemented *EMAS* at sites across the EU. In the UK, *EMAS* had been used by 69 organisations, many of them local authorities.

### **What resources are needed?**

#### ***Leadership***

Organisations will need to make sure that management levels are involved and support the *EMAS* implementation project. The *EMAS Small Organisation Toolkit* suggests that organisations find and name a co-ordinator to lead on the project, to make it effective and to promote it internally.

#### ***Proficiencies or skills***

*EMAS* needs time, knowledge, human resources and potentially external advice. External assistance can be useful for carrying out the steps of the system, such as the initial environmental review and identification of the significant environmental aspects of your company's activities and legal requirements.

The cost of implementing *EMAS* will vary depending upon the organisation and size. Though the guidance notes for *EMAS* are free, the main costs relate mainly to those for the external verifier, registration fees and implementation costs.

The *EMAS Small Organisation Toolkit* estimates costs at the following approximate amounts from the experience of organisations in northern European countries:

- € **10,000** for very small companies (< 10 employees)
- € **20,000** for small companies (10 to 50 employees)
- € **35,000** for medium companies (50 to 250 employees)
- € **50,000** for large companies (> 250 employees)



### **Staff time**

Depending on the organisation's size, number of sites, previous experience with management systems and the complexity of environmental impacts, the typical time span to implement *EMAS* varies from a few months in a small organisation with few sites to several years in very large organisations with many sites. Once *EMAS* is implemented and registration attained, system maintenance takes fewer resources since many activities required for the first registration are no longer needed. The *EMAS Small Organisation Toolkit* suggests that one day per week will be required to keep *EMAS* effective, whether a large or small organisation.<sup>16</sup>

### **Courses, support and information**

There are a number of web-based support tools available.

The *EMAS* EU website is the main portal for information and support:

[http://europa.eu.int/comm/environment/emas/index\\_en.htm](http://europa.eu.int/comm/environment/emas/index_en.htm). This contains guidance on implementing *EMAS*, leaflets, statistics, case studies and offers an ability to view and compare other organisations' environmental performance statements. The website also has details of the *EMAS* Helpdesk that can be contacted with all queries regarding the system. *EMAS* also produces publications, such as the *Energy efficiency toolkit for small and medium-sized enterprises*, that can be used as a stepping stone to full *EMAS* registration.

The *EMAS* UK website has a list of verifiers in the UK. Verifiers are environmental auditors who have been accredited by the Government-appointed United Kingdom Accreditation Service (UKAS), to ensure that they are competent.

*EMAS* and The International Network for Environmental Management (INEM) produce a toolkit for small organisations that may be particularly useful for socially enterprising organisations: [http://www.inem.org/new\\_toolkit/](http://www.inem.org/new_toolkit/). This provides a web-based guide to the system and extensive information on how to implement *EMAS*, as well as further information on financial support, case studies and other resources.

The *EMAS* competent body in the UK is the Institute of Environmental Management and Assessment (IEMA). Its website [www.emas.org.uk](http://www.emas.org.uk) also contains guidance in the form of reports and notes for verification in a UK context.

### **Development, ownership and support**

*EMAS* emerged in 1993 as a framework open to industrial sector companies operating in the European Union and the European Economic Area (EEA). In March 2001, the Council and the European Parliament adopted the revised *EMAS* regulation that strengthens and extends the scope of the scheme. This includes the extension of the scope of *EMAS* to all sectors of economic activity, the *EMAS* logo and incorporation of *ISO 14001:2004*. A revised protocol will be in effect from 2010.

### **Examples**

#### **Third sector examples**

- The Beacon Press

#### **Other examples**

- Bristol City Council
- Environment Agency
- Honda
- Leicester City Council
- East of England Development Agency
- Solarcentury

## Further sources of information

The Institute of Environmental Management and Assessment (IEMA) [www.iema.net](http://www.iema.net) is the UK *EMAS* competent body responsible for registering, suspending or deleting organisations and responsible for the UK *EMAS* portal: [www.emas.org.uk](http://www.emas.org.uk)

INEM contributes to promoting of the scheme and developed the small organisations toolkit [www.inem.org](http://www.inem.org)

United Kingdom Accreditation Service (UKAS) is the *EMAS* accreditation body responsible for ensuring the competence of environmental verifiers, through witnessed assessments and ongoing supervision of their activities [www.ukas.com](http://www.ukas.com)

Envirowise is the UK-Government-run site that offers UK businesses free, independent, confidential advice and support on practical ways to increase profits, minimise waste and reduce environmental impact. It may also provide information for third sector organisations in implementing an environmental management system <http://www.envirowise.gov.uk>

Department for the Environment, Food and Rural Affairs (Defra) is responsible for appointing the Competent Body and the Accreditation Body. It is also responsible for promoting the scheme [www.defra.gov.uk](http://www.defra.gov.uk)

# Global Reporting Initiative (GRI) Guidelines

## Primary purpose

The Global Reporting Initiative (GRI) is an independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines that help organisations to report on the economic, environmental, and social dimensions of their activities, products, and services. The aim of the *GRI Guidelines* is to assist reporting organisations and their stakeholders in articulating and understanding contributions of the organisation to sustainable development through their reports.<sup>17</sup>

## Summary

GRI is now the most widely used sustainability reporting framework. There are four key elements in the framework:

1. **Sustainability reporting guidelines** (the Guidelines) are the cornerstone of the framework. These consist of principles for defining report content and ensuring the quality of reported information. They also include Standard Disclosures made up of performance indicators and other disclosure items, as well as guidance on specific technical topics in reporting. The third edition of the Guidelines – the G3 – were published in 2006.
2. **Indicator protocols** exist for each of the performance indicators contained in the Guidelines. These protocols provide definitions, compilation guidance, and other information to assist report preparers and to ensure consistency in the interpretation of the performance indicators. Users of the Guidelines should also use the Indicator Protocols.
3. **Sector supplements** complement the Guidelines with interpretations and guidance on how to apply them in a given sector, and include sector-specific performance indicators. Applicable sector supplements should be used in addition to rather than in place of the Guidelines.
4. **Technical protocols** are created to provide guidance on issues in reporting, such as setting the report boundary. They are designed to be used in conjunction with the Guidelines and sector supplements and cover issues that face most organisations during the reporting process.

Whilst the *GRI Guidelines* seek to enhance comparability between reports through encouraging the use of common indicators, it can also incorporate flexibility so that organisations can take steps to reflect the context in which they operate. The *GRI Guidelines* can also be used with a more informal approach consistent with organisation's capacity. The organisation may choose to cover only some of the content in working towards improving their reporting. With this in mind, organisations are also asked to clearly indicate how they have used the *GRI Guidelines* and in particular, the core indicators. With time and practice, organisations are encouraged to move gradually towards more comprehensive reporting built on the content of the GRI framework.

## Potential benefits

- The *GRI Guidelines* provide a holistic framework that addresses broad performance – social, environmental and economic – as to how an organisation is reporting to stakeholders.
- They guide an organisation's approach to 'proving' its impact.

- GRI is used widely internationally as a generally accepted reporting framework and as such provides a method for increased comparability.
- Organisations can use GRI reporting to help measure and benchmark performance, both against their own targets and externally. Management can use the GRI indicators to encourage employees to understand and contribute to progressively better performance.
- The *GRI Guidelines* are flexible and can be used in different sectors and geographical contexts.
- The *GRI Guidelines* support and integrate other tools such as *Social Accounting* (see page 57) and the AA1000 AS (see page 4)

## Potential limitations

- Adhering to the *GRI Guidelines* can be labour-intensive and full reporting may present a challenge for smaller organisations.
- Their history of use in the third sector is limited and some of the language and approaches are more familiar and appropriate for multinational corporations.
- They provide guidance, but not accreditation, a mark or external evaluation unless combined with other tools such as an assurance standard.
- The main focus is on 'sustainability', leading to the guidelines being focused on reporting unintended negative impacts and monitoring progress on reducing these as opposed to focusing on positive outcomes or impacts.

## Who can use *GRI Guidelines*?

The *GRI Guidelines* are intended to be applicable to organisations of all sizes and types operating in any sector. However, they were developed primarily with the needs of larger businesses in mind. According to GRI, they are the reporting framework being used by more than 1500 organisations, 'including many of the world's leading brands'.

## What resources are needed?

### Leadership

To adhere to the *GRI Guidelines*, an organisation will need to collect information and performance across the whole organisation and therefore it requires the leadership and commitment of management and senior staff members.

### Proficiencies or skills

Skills and experience with developing reports and impact assessment or data collection would be helpful as would experience of other social research methods.

### Staff time

Significant time will be required to compile, analyse and write up information and implement action. Some flexibility exists depending on whether the organisation uses all or part of the *GRI Guidelines*.

### Courses, support and information

While GRI does not currently offer training programmes related to sustainability reporting or the *GRI Guidelines*, a number of companies, consultancies, NGOs and other organisations worldwide do offer this type of service. GRI does not formally endorse any specific training organisation and does not provide any sort of certification related to training.

“We began using the *GRI Guidelines* in 2001 and were the first bank to use them for our annual report. They have increased our transparency to all our stakeholders.”  
**Triodos Bank NV**

The website [www.globalreporting.org](http://www.globalreporting.org) includes a large amount of information including the downloadable G3 guidelines, forums, publications, help and information.

## **Development, ownership and support**

GRI is a multistakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines. GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the UNEP.

Since its inception, GRI has initiated a process of continuous improvement driven by the insights and experiences of stakeholders familiar with the *GRI Guidelines* and other GRI reporting framework components. The network of stakeholders is now 30,000-strong. In 2009, priorities for revision to the G3 guidelines will be set out.

## **Examples**

### ***Third sector examples***

- Oxfam GB
- Co-operative Bank

### ***Examples from other sectors***

- Marks & Spencer
- British Energy
- Rio Tinto

## **Further sources of information**

[www.globalreporting.org](http://www.globalreporting.org)

[www.accountability21.net](http://www.accountability21.net)

# Investors in People Standard

## Primary purpose

The *Investors in People Standard* is a business improvement tool designed to advance an organisation's performance through its employees. It helps organisations to improve performance and realise objectives through the management and development of their people.<sup>18</sup> It has three principles to which an organisation must subscribe and key indicators to work towards. An external assessor will look for evidence that these principles and indicators have been implemented throughout the organisation.

## Summary

Investors in People (IIP) provides a flexible framework, which any organisation can use. It mirrors the business planning cycle (plan, do, review) making it clear for organisations to follow and implement in their own planning cycle.

The framework is based on three main principles:

1. **Plan** – develop strategies to improve the performance of the organisation.
2. **Do** – take action to improve the performance of the organisation.
3. **Review** – evaluate the impact of its investment in people on the performance of the organisation.

Each principle has clear indicators underpinning them.

### **Plan**

1. A strategy for improving the performance of the organisation is clearly defined and understood.
2. Learning and development is planned to achieve the organisation's objectives.
3. Strategies for managing people are designed to promote equality of opportunity in the development of the organisation's people.
4. The capabilities managers need to lead, manage and develop people effectively are clearly defined and understood.

### **Do**

5. Managers are effective in leading, managing and developing people.
6. People's contributions to the organisation are recognised and valued.
7. People are encouraged to take ownership and responsibility by being involved in decision-making.
8. People learn and develop effectively.

### **Review**

9. Investment in people improves the performance of the organisation.
10. Improvements are continually made to the way people are managed and developed.

Organisations pursuing the *Investors in People Standard* then prepare their work against these criteria with support from a recognised adviser and guidance from detailed evidence requirements.<sup>19</sup> External assessment is subsequently carried out to ensure the organisation has met these principles and underpinning criteria. The organisation can request an assessment at any time once it has decided to work towards the *Investors in People Standard*. Supporting evidence for the assessment is gathered from a range of sources and is not necessarily paper based. Evidence may include verbal and observed feedback, for example, through one-to-one interviews with employees or staff appraisal. As long as the criteria are adhered to, there is complete flexibility in how the organisation seeks to improve its staff development.

As part of the IIP quality control process, all first-time assessments are required to be verified by submission to a Recognition Panel for approval. Once the organisation has been recognised as an 'Investor in People', it is subject to regular reviews no more than three years apart. An organisation can be assessed on a more regular basis if it so wishes.

IIP also offers a free online business support tool called *IIP Interactive*.<sup>20</sup> It is designed to guide the user through development activities and help transform the performance of their organisation. Built into the tool is a diagnostic that provides a snapshot of the organisation's current performance in relation to achieving the *Investors in People Standard*.

## Potential benefits

- The *Investors in People Standard* is externally validated. It is widely recognised and the Standard acts as an independent stamp of approval for both prospective staff and potential customers.
- The Standard offers an organisation a method for improving its staff management, employee satisfaction, motivation and access to training and development.
- The focus on linking employees' development and skills with an organisation's overall strategies has the potential to result in gains in overall organisational performance.
- It can be part of an organisation's process of improvement over a flexible time frame
- It dovetails well with other tools for measuring impact and assessing quality such as *Social Accounting and Audit* (page 57), the *EFQM Excellence Model* (page 21) and *PQASSO* (page 47).
- The *Investors in People Standard* is inclusive, involving all people who work for an organisation in any capacity (for example, paid full-time, part-time staff, consultants and volunteers), particularly relevant to the diverse employment structures of many voluntary and socially enterprising organisations.
- The *Investors in People Standard* offers a recognised benchmark of an organisation's employee management to external bodies as well as making an internal commitment to its staff to continually improve its standards over a long period of time.



INVESTOR IN PEOPLE

The *Investors in People Standard* is awarded indefinitely, subject to regular reviews no more than three years apart. Within this timeframe, organisations can choose how frequently they wish to be reviewed and informed on what progress has made since the last visit.



## Potential limitations

- Whilst implementing the *Investors in People Standard* can lead to improved relationships with customers, service users and other stakeholders, its primary focus is internal quality. It doesn't seek to directly address an organisation's wider economic, social and environmental impacts.
- The *Investors in People Standard* focuses only on staff improvement and quality.
- It requires commitment from all employees including senior management and cannot be implemented without their involvement.
- As with some other tools, the *Investors in People Standard* has the potential to be costly for some third sector organisations, particularly if substantial changes need to be made following assessment.
- For an organisation to maintain the IIP mark, a re-accreditation process must be undertaken every three years.

## Who can use the Investors in People Standard?

Any organisation with two or more employees that wants to improve the skills of its workforce and encourage their commitment to become part of its vision can undertake the *Investors in People Standard*. Over 37,000 organisations have achieved it, many in the voluntary and third sector. Although co-operative organisations have successfully implemented the *Investors in People Standard*, they will need to be aware of its management approach to an organisation's employees.

## What resources are needed?

### Leadership

An individual or team can lead with the *Investors in People Standard*, though it will need support from management and all staff involved.

### Proficiencies or skills

No specialist skills are required to pursue the *Investors in People Standard*. An assessor will gather evidence, mainly through confidential one-to-one interviews with a staff sample. The organisation may choose to conduct a self-assessment in order to plan what it needs to do. This might involve social research methods such as surveys and interviews. An adviser may be able to help with self-assessment as part of the support package.

Costs may be involved in implementing the *Investors in People Standard*. To ensure a consistent approach, IIP UK has set a maximum daily rate for assessment work. This rate is £750 per day. However, there may be regional variances.

Assessment for organisations with up to 20 people usually takes 1.75 days. Larger organisations are assessed based on a percentage or sample of people. As a guide, an organisation with 50–100 people should need between three and four assessor days, depending on the number of locations.

### Staff time

The amount of time taken to become an Investor in People will depend upon what kinds of changes need to be made and the degree of management commitment. It is realistic to suggest that an organisation could achieve the *Investors in People Standard* within a year, but it may take up to two years. Timeframes are fairly flexible as the organisation itself determines when it is ready to be assessed. Whilst it is management led, it will require all staff to be involved in some capacity, for example in staff appraisals. For an organisation to maintain the IIP mark, the Standard is reviewed every three years.

“Because we were already engaged in social accounting, we had already given significant attention to issues covered by Investors in People and put relevant systems in place so Investors in People was much easier to manage.”  
Community Enterprise Unit Ltd



### **Courses, support and information**

Initial support in the form of workshops and training is available to organisations through the Learning and Skills Councils and Business Links in England, Education and Learning in Wales, Local Enterprise Company in Scotland or the Department for Employment and Learning in Northern Ireland and is usually free.

The IIP UK website ([www.investorsinpeople.co.uk](http://www.investorsinpeople.co.uk)) is comprehensive and includes case studies of organisations working with IIP.

IIP UK has awarded 'Champion' status to a number of exemplar organisations that have been 'outstanding' in promoting its values and principles and who have led by example in the way they manage and develop people.<sup>21</sup> These organisations provide a mentoring service and host site visits to learn more about getting the most from the *Investors in People Standard*.

### **Development, ownership and support**

The *Investors in People Standard* was developed in 1990 by the UK National Training Task Force in partnership with leading national, business, personnel, professional and employee organisations such as The Confederation of British Industry and The Trade Union Congress. The *Investors in People Standard* is promoted, developed and quality assured by IIP UK – a non-departmental public body (NDPB) led by the UK Government's Department for Education and Skills. From its inception the *Investors in People Standard* has been reviewed every three years.

A non-printable pdf of the *Investors in People Standard* is available at [www.investorsinpeople.co.uk](http://www.investorsinpeople.co.uk). A hard copy can be ordered for around £8 plus postage and packaging. Guidance is available to run through it yourself, but advisers are available and external assessment is needed to obtain the *Investors in People Standard*.

### **Examples**

#### **Third sector examples**

- Action Mental Health (Northern Ireland)
- Central Scotland Forest Trust
- Emmaus Projects
- GISDA (Wales)
- Pack-It
- OS & G Co-op
- Step by Step
- Suma Wholefoods Co-op

### **Further sources of information**

[www.investorsinpeople.co.uk](http://www.investorsinpeople.co.uk)

Tel: +44 (0) 20 7467 1900

[information@iipuk.co.uk](mailto:information@iipuk.co.uk)

Send an email with 'information pack' in the subject header for a starter pack

[www.investorsinpeoplechampions.co.uk](http://www.investorsinpeoplechampions.co.uk)

*How to become an investor in people: A guide for the Voluntary Sector* is available at <http://www.ncvo-vol.org.uk>

Paton R (2003) *Managing and measuring social enterprises* (London: Sage). Provides an exploration of Investors in People and performance improvement.

# ISO 9001: 2008 Standard

## Primary purpose

The *ISO 9001: 2008 Standard* (updated from the original ISO 9001: 2000) is the best known of the ISO 9000 family of International Standards for quality management. The standard gives the requirements for a quality management system and is one of more than 15,000 voluntary international standards published by the International Organisation for Standardisation (ISO).<sup>22</sup> *ISO 9001: 2008* does not give requirements for specific products or services; rather, it provides a set of generic requirements relating to the processes of development and production, and how they will be managed, reviewed and improved in order to achieve customer satisfaction.

The requirements call for the processes to be comprehensively documented as procedures to which staff are expected to consistently conform. This is with the aim of meeting the needs and expectations of the customer and helping organisations to comply with applicable regulations. Implementation involves making production procedures explicit (say what you do), documenting them, ensuring they are followed and checking they are effective. A quality management system can be audited by an independent certification body as conforming to the standard (leading to an *ISO 9001: 2008* certificate), although this is not compulsory unless it is a market or regulatory requirement.

## Summary

Assessments for certification are carried out against the *ISO 9001: 2008* standard, which is the only certification standard in the ISO 9000 family. To comply with *ISO 9001: 2008* an organisation needs to review its processes in accordance with the standard's requirements in order to meet the needs and expectations of the 'customer base'. The ISO requirements cover a wide range of topics:

- Management commitment to quality.
- 'Customer' focus.
- Adequacy of an organisation's resources.
- Employee competence.
- Process management (for production, service delivery and relevant administrative and support processes).
- Quality planning.
- Design, purchasing, monitoring and measurement of its processes and products.
- Processes to resolve customer complaints.
- Corrective/preventive actions.
- A requirement to drive continual improvement of the organisation.
- A requirement to monitor 'customer' perceptions about the quality of the goods and services it provides.

The organisation compiles a Quality Manual, outlining the implementation of quality management procedures and how the *ISO 9001: 2008* requirements are being met.

When the quality system and requirements are in place and established, organisations like the British Standards Institution recommend a pre-assessment by a third party to identify areas where an organisation may not be operating according to the standard's requirements and to help make effective change towards that goal.

Organisations then seek an independent auditing by a certification body to check conformity with the requirements of the standard and to ensure that they are working in practice. However, an organisation can implement *ISO 9001: 2008* without having its management system audited and certified. ISO does not itself certify organisations. Most countries have formed accreditation bodies that in turn approve individuals and organisations to audit and certify organisations applying for *ISO 9001: 2008* compliance certification.

In the UK, such accreditation is conducted by the United Kingdom Accreditation Service (UKAS), the only UK accreditation body recognised by the Government. Organisations that seek certification to *ISO 9001: 2008* are encouraged by the Government to use the services of those individual organisations that UKAS has authorised in order to receive the National Accreditation Mark. An *ISO 9001: 2008* certificate is temporary and must be renewed at regular intervals recommended by the certification body – usually between one and three years.

### **Potential benefits**

- *ISO 9001: 2008* covers an extensive range of requirements and seeks to improve the quality of all of the organisation's management activities, which has the potential to result in some substantial overall organisational improvement.
- *ISO 9001: 2008* is one of the most nationally and internationally known quality standards that affirms the independent approval of a management system designed specifically to deliver high levels of customer satisfaction.
- It has the potential to improve internal and external accountability and communication of management and production procedures.
- ISO 9001 certification can help an organisation qualify for a tender or to achieve preferred supplier status, typically for a Local Authority.

### **Potential limitations**

- Pursuing the standard has the potential to be expensive in terms of start-up and running costs and has the potential be time consuming to implement.
- There is less flexibility than other tools and it is much more difficult to use in smaller parts of for single issues.
- Its origins are in the industrial sector and whilst the latest version, has been made more user friendly for service organisations it may be less suitable for socially enterprising organisations.
- As a quality management standard, it was not designed to evaluate an organisation's broader impacts on society or the environment. ISO14001: 2004, however, provides a separate environmental management system standard

### **ISO 14000 series**

ISO has also developed a family of environmental management standards called ISO 14000. ISO 14001: 2004 is the certification standard similar to ISO 9001: 2000 in concept and structure. They both require organisations that implement them to continually improve their performance. Both standards concern processes and not products directly. Both will share some similar benefits and limitations due to these similarities.

ISO 14001: 2004 (the latest version) is primarily concerned with 'environmental management' or what the organisation does to minimise harmful effects on the environment caused by its activities. The ISO 14000 family consists of standards relating to Environmental Management Systems (EMS), which are tools to help the organisation develop its environmental policy, objectives and targets, and classify them by when they apply to:

- The organisational level (implementing EMS, conducting environmental auditing and related investigations, and evaluating environmental performance).
- Products and services (using environmental declarations and claims, conducting life cycle assessment), addressing environmental aspects in product standards, and understanding terms and definitions).

ISO 14001: 2004 ensures that organisations are aware of environmental aspects of their work in order to minimise negative impacts and improve environmental performance. ISO suggests that the standard can provide significant tangible benefits, including:

- Reduced raw material/resource use.
- Reduced energy consumption.
- Improved process efficiency.
- Reduced waste generation and disposal costs.
- Utilisation of recoverable resources.

The standard can be implemented by a wide variety of organisations, whatever their current level of environmental maturity. However, a commitment to compliance with applicable environmental legislation and regulations is required, along with a commitment to continuous improvement.

- Elements of the 'management standard' may pose difficulties in implementing within non- hierarchical organisations or non-traditional working structures such as co-operatives.

### **Who can use ISO 9001: 2008 Standard?**

The vast majority of ISO standards are highly specific to a particular product, material, or process. However, ISO 9001 (quality) and ISO 14001 (environment) are '**generic management system standards**'. 'Generic' means that the same standard can be applied to any organisation, large or small, whatever its product or service, in any sector of activity, and whether it is a business enterprise, a public administration, or a government department. ISO 9001 contains a generic set of requirements for implementing a **quality** management system and ISO 14001 for an **environmental** management system.

## **What resources are needed?**

### **Leadership**

Senior individuals in an organisation will need to be fully committed.

### **Proficiencies or skills**

Training in understanding the standards may be required. Actions taken to meet implementation to the requirements are left to the organisation itself. The organisation then needs to address the issues needed to comply with the standards.

### **Staff time**

Whilst this may vary depending on the size of the organisation and the change that has to be implemented, estimates from the Charities Evaluation Services and the Scottish Executive indicate that it can take from between 6 and 18 months to implement.

## **Courses, support and information**

The ISO website contains information on all aspects of the ISO 9000 family as well as hardcopies, a *Magical Demystifying Tour of ISO 9000 and ISO 14000* and the ISO magazine, *ISO Management Systems*, and other publications.<sup>23</sup> ISO publications include the handbook, *ISO 9001 for small businesses*.

[www.iso.org](http://www.iso.org)

## **Development, ownership and support**

The ISO is responsible for developing, maintaining and publishing the ISO 9000 family. The ISO is an NGO network of the national standards institutes of 150 countries with one member per country, with a Central Secretariat in Geneva, Switzerland, that co-ordinates the system. It was created in 1947 and has a strategic partnership with the World Trade Organisation (WTO).<sup>24</sup>

ISO does not itself audit or assess the management systems of organisations to verify. The Scottish Executive estimates that a typical organisation of between 60 and 70 people would expect to pay £2,000–£3,000 for the initial assessment and £1,000–£1,600 each year for the audits in addition to the cost of publications.

## **Examples**

### **Third sector examples**

- Co-operatives<sup>UK</sup>
- Age Concern
- National Childminding Association
- Triodos Bank
- Disability Homes Network (DHN)
- Typetalk, a joint venture between BT and The Royal National Institute for the Deaf

### **Examples from other sectors**

There are thousands of companies throughout the world that have implemented ISO standards. Articles giving examples can be found on the ISO website.

## Further sources of information

[www.iso.org](http://www.iso.org)

[www.bsi-global.com](http://www.bsi-global.com)

[www.praxiom.com](http://www.praxiom.com)

Canadian website featuring information on the standard translated into 'plain English'.

Paton R (2003) 'Do 'Kitemarks' improve and demonstrate performance' in *Managing and measuring social enterprises* (London: Sage) pp 99–118.

Charities Evaluation Services can provide support and information specifically for third sector organisations on a range of quality systems, including ISO 9001. See

[www.ces-vol.org.uk](http://www.ces-vol.org.uk) for more details.

# LM3 – Local Multiplier 3

## Primary purpose

*LM3* was developed by **nef** (the new economics foundation) as a simple and understandable way of measuring local economic impact. It is designed to help people to think about local money flows and how their organisation can practically improve its local economic impact, as well as influence the public sector to consider the impact of its procurement decisions. It was designed to be quick and relatively easy, and to highlight where an organisation can improve its impact.

## Summary

The measuring process starts with 1) a source of income (say total income into a charity or social enterprise) and follows how it is 2) spent and then 3) re-spent within a defined geographic area (that is called the 'local economy').

These three steps are the '3' in *LM3*. The 'multiplier' is an economics concept that puts a label on a concept we understand intuitively: money that enters an economy has a *multiplied* impact on that economy based on the way people spend and re-spend money. More re-spending in the local economy means a higher multiplier effect because more income is generated.

There are five general stages to an *LM3* analysis:

1. Determine what your 'local' area is (troubleshooting advice on this can be found in *The money trail*<sup>25</sup>).
2. Identify what your starting point, or your income source is (Round 1).
3. If Round 1 is the organisation's income, then for Round 2 you need to break down how you spend your income within the local area.
4. For Round 3, you need to survey the businesses and people you spend your money on to find out how they spend their incomes.
5. Collate all responses, do some quick maths, and then you have your *LM3* score.

Some organisations, such as Rolls on Wheels and Gorbals Initiative, write up a report of the process and results. Others, such as Northumberland County Council, incorporate the results into future strategic planning documents. The process can be revisited on a periodic (say annual) basis and progress compared.

By 2008, all 25 North East Local Authorities had completed an *LM3* exercise as they recognised that public sector procurement spend could have significant economic impact within local communities. Likewise, using *LM3* The Princes Trust (North East) was able to demonstrate that £1.9 million disbursed in 2006/2007 generated £4.1 million per annum within the North East regional economy via the impact of grant funding, development awards, supplier spend and expenditure on staff salaries.

## Potential benefits

- It is quick and easy relative to other forms of economic evaluation and uses numbers to show the organisation's impact. It also highlights for the organisation where it can improve its impact.
- *LM3* shows external bodies (funders, public bodies) the value of funding or contracting with the organisation in terms of local economic regeneration. For example, as highlighted in *The Money Trail: Measuring your impact on the local economy using LM3*, Eden Community Outdoors was able to use the *LM3* to

demonstrate its impact on the local economy, which helped the organisation to secure funding for a new post to take work on local economic impact forward.

## **Potential limitations**

- *LM3* only captures economic impact, and does not focus on social or environmental impacts.
- Within economic impact, the multiplier only captures the impact of cash, and shows income generated but does not directly show savings (often a concern to external organisations). It does not directly measure the organisation's impact on poverty.
- *LM3* was designed to be used as a tool for creating change through measurement, and was developed to demonstrate and change behaviour in relation to the impact of a local economy on deprived areas. It is possible that increasing the multiplier effect through the use of the tool in wealthy areas can lead to 'overheating' and further inequalities with deprived areas.
- *LM3* can only help an organisation to measure the effect on its defined 'local' area, and not on the other areas in which it operates or brings income.

## **Who can use LM3?**

All third sector organisations, regardless of sector or size can use *LM3*. It is most effective for organisations seeking to understand or demonstrate its effect on local economic regeneration.

## **What resources are needed?**

### ***Leadership***

*LM3* requires a leader, generally from within the organisation, though many have been carried out by external organisations or people. The organisation will need to buy into improving the results of subsequent *LM3* measures at a high level for this improvement to occur. It is also important for the organisation to have a good rapport with suppliers and staff, who will be surveyed as part of the process.

### ***Proficiencies or skills***

*LM3* requires one person to lead who is comfortable with numbers. The *LM3* process requires only basic maths skills, and the person must feel comfortable discussing figures relevant to things like turnover, overhead, salaries, etc. Generally, the process requires accessing financial accounts, so the person involved must know how to use Sage (or whatever financial accounting software the organisation uses) or be able to get someone to do the work for him/her.

### ***Staff time***

The amount of time spent by each organisation has varied widely. Some organisations can complete the process in a week, while other organisations have let the process stretch out over time. Some organisations were able to build some real momentum in the community around the work, so the timeframe in which it is completed matters. In terms of time, the first two rounds can be quite quick. The third round, usually surveying suppliers and staff, can take longer depending on the size of the organisation. Some of the best *LM3*s have entailed visiting suppliers in person and working through the survey.

### ***Courses, support and information***

*The Money Trail* is intended to be a how-to and troubleshooting guide. The website [www.pluggingtheleaks.org](http://www.pluggingtheleaks.org) contains additional documents, such as survey templates



and PowerPoint presentations. There is no training or consultancy needed, and you can repeat *LM3* whenever you want to. **nef** may be able to provide limited telephone and email support depending on funding.

There is also an online version of the *LM3* tool which can be accessed at [www.lm3online.org](http://www.lm3online.org). It provides all the materials necessary and detailed guidance for carrying out an *LM3* study. Users can choose from three customised versions of the tool for the private, public or non-profit sectors.

## **Development, ownership and support**

**nef** developed the tool with significant support from the Countryside Agency from 2000 to 2004, and it is in the public domain. **nef** holds the copyright to the how-to manual, *The Money Trail*, but it is downloadable from the **nef** website for free.

## **Examples**

### ***Third sector examples***

- The Alnwick Garden (Northumberland)
- The Princes Trust (North East)
- Bulky Bob's (part of FRC Group)
- Hill Holt Wood
- Sheffield Rebuild
- Rolls on Wheels (a business of Forth Sector)
- Heeley City Farm
- LOCAL

### ***Examples from other sectors***

Other organisations that have completed *LM3s* can be found in *The money trail*.

Additional uses and users of the tool include:

- Analysing procurement spending: Northumberland County Council and Devon County Council.
- Tracking overall spending: Cornwall Food Programme (hospitals); Gorbals Initiative (now known as the Glasgow South East Regeneration Agency); and Social Enterprise Network in Merseyside.
- Tracking food spending: London Hospitals Food Project.
- Tracking micro-lending programme: WEETU (Full Circle programme)
- Completed by outside researchers: West Somerset Railway (completed by Manchester Metropolitan University) has used it to track its new investment, and Stoke-on-Trent Council (completed by Staffordshire University) has used it to track its pay to care workers.

## **Further sources of information**

*The Money Trail* [www.neweconomics.org](http://www.neweconomics.org)

[www.pluggingtheleaks.org](http://www.pluggingtheleaks.org)

[www.nef-consulting.co.uk](http://www.nef-consulting.co.uk)

# Practical Quality Assurance System for Small Organisations (PQASSO)

## Quality/Performance Improvement System

### Primary purpose

PQASSO is a quality assurance system that helps management to run an organisation effectively and efficiently. Created by and for the voluntary sector, it asks organisations to take a systematic look at what they do and to decide exactly where improvements are needed. It seeks to assist managers to plan, budget and allocate necessary resources for making these improvements over a realistic period.

### Summary

PQASSO is an 'off-the-shelf' quality assurance system. First developed in 1997, it was designed specifically for use within voluntary and community sector organisations, and is now in its third edition. It provides a step-by-step approach to working out what an organisation is doing well and what could be improved.

Designed as a work pack, it is simple and straightforward to use. It offers a flexible approach to quality enabling an organisation to work at its own pace without consultancy fees. It aims to help organisations to set priorities for the future to improve their performance. Charities Evaluation Services (CES) has also designed a CD-ROM to complement the work pack and make the self-assessment process more manageable. It has many useful features that save time and create more efficient ways of working.

PQASSO covers 12 quality standards and promotes continuous improvement through self assessment. The 12 quality areas are:

1. Planning
2. Governance
3. Leadership and management
4. User-centred service
5. Managing people
6. Learning and development
7. Managing money
8. Managing resources
9. Communications and promotions
10. Working with others
11. Monitoring and evaluation
12. Results.

PQASSO 3rd edition has a more marked outcomes focus, and the results quality area requires evidence about social, economic and environmental outcomes and impacts as well as financial and fundraising results and user satisfaction.

PQASSO offers a staged approach to implementing quality through three levels of achievement. Very small or newly formed organisations may decide to work towards achieving Level 1 only. After achieving Level 1, more established or complex organisations may decide to progress to Level 2 and then to Level 3. Each level offers guidance on what is required to run a healthy, efficient and effective organisation.

The benefits of working with *PQASSO* rely on everyone involved being committed to making the necessary changes. A part of gaining that commitment involves stakeholders understanding the benefits for their organisations. *PQASSO* can be used for a single project or as a self-assessment tool for understanding the quality of the whole organisation.

For those organisations that wish to use *PQASSO* for more than just an internal self-assessment tool, the *PQASSO* Quality Mark is an externally assessed 'kitemark' to show that an organisation has met the *PQASSO* standards. From 2009 the mark will offer accreditation against the *PQASSO* quality standards. Once achieved the mark is valid for three years. There is a cost for accreditation depending on the size of the organisation. Full details of how to achieve accreditation are available from [www.pqassoqualitymark.org.uk](http://www.pqassoqualitymark.org.uk)

### **Potential benefits**

- *PQASSO* can be used flexibly and incorporated into the organisation's management processes.
- *PQASSO* can identify areas for improvement and motivate people to make visible progress.
- It can demonstrate accountability through use of a well-recognised quality system.
- It is recognised by independent and statutory funders and commissioners.
- *PQASSO* seeks to improve communication among staff, volunteers and trustees and gives the organisation an improved ability to involve service users.
- It seeks to embed management systems that support efficient working, more effective planning and more effective monitoring and evaluation systems.
- The *PQASSO* Quality Mark offers accreditation against the *PQASSO* quality standards and can be a useful mark to demonstrate to funders that an organisation is serious about quality.

### **Potential limitations**

- *PQASSO* is a generic management tool and some organisations may find it necessary to use additional standards that relate specifically to delivery of their services.
- Organisations with no paid staff may find *PQASSO* demanding to implement without adjusting it.
- As it is a generic tool for the voluntary sector, some social enterprises may find *PQASSO* not as strong on specific areas of their work, e.g. income generation.

### **Who can use *PQASSO*?**

*PQASSO* was designed for small and medium-sized organisations and projects but can be used by voluntary and community organisations of all sizes, in all stages of development in the voluntary sector both in the UK and internationally. Over 13,000 copies of the work pack have been sold.

### **What resources are needed?**

#### ***Leadership***

The implementation of *PQASSO* will need to be supported by senior management and trustees, who need to be visibly committed to the process. The process would also benefit from someone to drive the process forward – a 'quality champion'.

### **Proficiencies or skills**

Honesty, a commitment to quality, and a desire to improve are the attributes required in a group wanting to implement *PQASSO*. Aside from some knowledge and skills relating to the 12 individual quality areas being present in the organisation, no additional specialist skills are required for self-assessment (the assessment will also identify where skills or information are needed).

### **Staff time**

Implementing a quality assurance system does require staff time and resources, particularly at the outset. Time will be required for self-assessment, action planning and implementing improvement actions as a result of these activities, but this can be done flexibly and over a period of time.

### **Courses, support, and information**

CES can help organisations to implement *PQASSO* through training, mentoring, consultancy, seminars and conferences.

CES offers a range of training courses designed to support organisations to implement *PQASSO*. All CES courses can be run at a venue of the organisation's choice or participants may attend CES's subsidised training in London. CES also co-ordinates a licensed *PQASSO* Mentor scheme which enables them to enhance the quality of support available in the voluntary and community sector to organisations that have chosen to implement *PQASSO*. Details of the licensed *PQASSO* Mentor training programme and contact details of licensed Mentors are available from CES. Free telephone advice and support is also available from CES.

CES have also produced brief guides on *PQASSO* designed to provide a detailed overview of the process for community and voluntary organisations, as well as for commissioners and funders. A more detailed publication, *PQASSO in Practice*, provides more detailed guidance on implementing *PQASSO*.

### **Development, ownership and support**

*PQASSO* is produced by the Charities Evaluation Services (CES).

The *PQASSO* 3rd edition work pack costs £95 + p+p and the CD-ROM £54 plus p+p. The CD-ROM must be used in conjunction with the work pack; you will not be able to implement *PQASSO* using the CD-ROM alone.

A demonstration copy of the CD-ROM is available free of charge and will allow you to see what *PQASSO* is like before you buy the work pack.

### **Third sector examples**

- 2AMASE
- Princess Royal Trust for Carers
- Havering Association of Voluntary and Community Organisations
- Pre-School Learning Alliance Hammersmith and Fulham

### **Further sources of information**

Charities Evaluation Services (CES),

[www.ces-vol.org.uk](http://www.ces-vol.org.uk)

Tel: 020 7713 5722

Fax: 020 7713 5692

# Prove it!

## Primary purpose

*Prove it!* was developed and published by **nef** in 2000 in partnership with Groundwork UK and Barclays PLC to provide a method for measuring the effect of community regeneration projects on the quality of life of local people. This tool was originally conceived to help those managing neighbourhood renewal projects look beyond the physical and environmental changes that had taken place (e.g., the number of trees planted; amenities created) and be able to highlight the positive outcomes of regeneration that can often go unnoticed.

*Prove it!* is best suited:

- To help understand the effects of small or medium-sized projects, (as opposed to larger-scale regeneration programmes).
- To looking at the effects of projects that involve local people as workers, volunteers or beneficiaries.
- To organisations concerned with local community involvement.
- To those interested in evaluating a project's effect on social exclusion and other quality of life issues.

*Prove it!* seeks to make data collection itself part of the process of regeneration, with local people involved in a project's evaluation as well as its delivery. *Prove it!* was designed to be manageable and possible to use within the limited resources that small-to-medium-scale projects have available to them to ensure that evaluation becomes part of the culture of an organisation, rather than a burden. The evaluation process itself can contribute positively to the desired outcomes of the project.

As a way to assimilate some of the principles of effective impact evaluation practice into a project's day-to-day running, a *Prove it! Toolkit* was developed in 2004. This is made up of a series of MS Word and Excel files containing instructions for running participative workshops, designing simple questionnaires and inputting data that allow a thorough and robust exploration of a project's impact. The aim is to make it easier for organisations to take those first steps towards undertaking effective impact measurement.

## Summary

The *Prove it! handbook* (2000) describes the process of involving communities in agreeing on the most important issues, deciding on indicators and collecting data. It also provides the rationale for this type of participative evaluation and community engagement. The condensed version of *Prove it!* represented by the elements of the *Prove it! Toolkit* (2004) described below, brings together much of this into a series of documents describing activities and illustrating templates and spreadsheets which simplify the most important stages for those who may not have the time and resources to undertake the more in-depth approach.

The *Prove it! Toolkit* incorporates three main tools:

- A **storyboard** exercise for understanding how a project's intended activities will lead to change.
- A **survey questionnaire** to be used at the start and end of the project.
- A **poster evaluation** exercise in order to reflect at the end of a project on its impacts and the lessons that have been learnt.

In addition there are notes, guidance and templates provided to assist project managers in planning a thorough and robust evaluation process and to help present findings.

- The **storyboard** provides a focus for talking to local people before the project has taken place. This can inform the organisation's thinking on the whole project. A group of people involved with the project or affected by it are invited to discuss eight questions that together describe the hypothesis, or 'story' about how they think the project will make a difference. Once the hypothesis has been established people involved (or potentially benefiting from the project) are better able to choose the indicators that will demonstrate whether or not the project has made a difference. When the storyboard is used during and/or after the project it provides a way for local people to be involved in the evaluation as well as the delivery of an initiative, project, or activity.
- The *Prove it! Toolkit* provides a **survey questionnaire** that focuses on capturing the impacts of the project on people and their communities. This contains an MS Excel file of ready-made questions for the survey that can be adapted for use by any project. There is some flexibility in the survey if desired, with the option for organisations to add some questions. The toolkit also gives guidance on whom to survey and on issues involved in conducting interviews with local people. Once the first round of surveys has been completed (ideally before the project has been implemented), the tool includes a series of ready made **data-entry sheets** directly linked to the questionnaire, which automatically convert the responses into graphs that can be cut and pasted into other documents for analysis and presentation.
- The **poster evaluation** exercise is a ready-made workshop that offers people who have been involved or affected by the project, the opportunity to look back over the project, describe the impacts it has had, and to highlight the lessons learnt. It is based on using a large, interactive poster with a timeline on which participants attach self-adhesive notes identifying the high points and low points of the project's history. The exercise is designed to acknowledge unexpected consequences of the project as well as intended outcomes. A facilitator uses a set of instructions to guide people through a series of stages, each focusing on different aspects of the project's outputs and outcomes. This part of the toolkit is based on another evaluation tool developed by **nef** in partnership with the Shell better Britain Campaign, which is known as **Look Back Move Forward** or **LBMF** (see the *comparing proving & improving* chart).

"It assists – it's not a burden. It isn't dry either – it helps you to be imaginative about the project."<sup>26</sup>

## Potential benefits

- This tool can help organisations answer the questions:  
How can we go about measuring and documenting the 'outcomes' of our work?  
How can we measure the ways in which communities' and individuals' quality of life are changing as a result of our endeavours?
- Measuring social outcomes can help to demonstrate the full value of regeneration or other local improvement activities to external bodies such as funders. There is widespread recognition among policy-makers that evaluation often fails to involve local people, which *Prove it!* effectively addresses.
- *Prove it!* can provide a comprehensive story or hypothesis for a project. With a strong hypothesis established at the start a better case can be made at the end that a particular intervention has brought about the changes.

- The tool is relatively simple to use and has some scope for flexibility and adaptability to an organisation's specific needs and can be used for a wide variety of projects, not just regeneration.
- Its participative process can help involve local people and help contribute to the building of trust in the community so that the collection of data becomes part of the process of regeneration itself. This can help to build the capacity of local groups and people and galvanise further action in other areas.
- *Prove it!* may be useful as a complement to other evaluation tools. Where the *Prove it!* questionnaire is not sufficient or appropriate for collecting data, other methods should be sought to demonstrate change and distance travelled.<sup>27</sup>

### **Potential limitations**

- As with all participative forms of evaluation, there is a need for caution in labelling certain people or groups of people as 'local' or representative of 'the community'. There is potential for the exclusion of voices of groups or individuals in the local community as well as the potential for local pressure groups dominating the evaluation.
- A participative process may bias the answers of participants – people may tell you what they think you want to hear.
- *Prove it!* works best if there is a confident member of staff with some experience with working in a participative way with the community and stakeholders involved.
- *Prove it!* seeks to measure only the effects of a particular project or initiative. It may not identify activities within other people's lives that can have an affect on social capital and quality of life in a local area.

### **Who can use Prove it!?**

Any third sector organisation working on projects and initiatives involving a local community can use *Prove it!* It can meet the needs of regeneration and community development organisations including Development Trusts.

It works best with smaller projects and less well for large projects or those with no community involvement.

*Prove it!* Works best with projects that have a clear aim, a clear start and a clear finish. This is harder with bigger projects.

*Prove it!* may also be useful for project officers from agencies, local government and other decision-makers who are likely to commission evaluations of specific initiatives and use the results to inform policy decisions.

### **What resources are needed?**

#### ***Leadership***

*Prove it!* requires leadership from someone who will plan and manage its use from start to finish. This role should naturally fall to a project's manager or someone within the organisation who can be the 'evaluation champion'. Because evaluation is necessarily a long-term, ongoing process, the champion needs to be able to take responsibility for keeping track of the evaluation with enough information on file so that someone else can continue the process if they have to move on.

Of the three sections of the *Prove it! Toolkit* described above, the poster evaluation exercise is the only part that recommends the involvement of an outside facilitator to lead the session. This provides an opportunity for someone not directly involved in the project to review whether the findings from the evaluation make sense.



### **Proficiencies or skills**

No specialist skills are required to use the tool, but it is helpful if the evaluation champion has previous formal or informal experience in collecting and presenting data for monitoring and evaluation, and an understanding of the processes and the problems associated with interviewing. Knowledge of or a background in involving people in participatory processes would also be useful in deciding how to facilitate the participative elements of the tool.

### **Staff time**

*Prove it!* has been designed to be integral to a project as opposed to something that is undertaken after it has been completed. To avoid any extra burden to their workloads this must take place as part of existing project activities. Because of the emphasis on self-appraisal (without necessarily relying on outside consultants) many of the data collection activities need to be undertaken by staff within the project.

It is vital that at the start of a project (and therefore at the start of its evaluation) the evaluation champion agrees with staff, volunteers or partners the extent to which they will be involved in the evaluation process. An **evaluation planning template** is included in the materials to help guide this discussion. There is no hard and fast rule as to how much time to spend on evaluation, but best practice suggests using 10 per cent of the initiative's or project's budget or time.

Sufficient staff time is needed to manage the involvement of a project's beneficiaries in various aspects of the evaluation process, for example in the distribution and collection of questionnaires, or in undertaking a **storyboard** and **poster evaluation** session. The original *Prove it! handbook* (2000) describes in more detail how to involve local people in shaping and taking part in other aspects of an evaluation.

### **Courses, support and information**

The *Prove it! handbook* (2000) has been designed to provide information, support and guidance for undertaking a participatory evaluation. Likewise, the *Toolkit* is a stand alone set of documents that can be used as the template for an outcomes evaluation. However, if training or additional assistance is required, this can be obtained from **nef** by emailing [enquiries@nef-consulting.co.uk](mailto:enquiries@nef-consulting.co.uk)

### **Development and ownership**

**nef** developed the tool with Groundwork UK and Barclays PLC in 2000. The *Prove it! Toolkit* was developed by **nef** in partnership with Groundwork in 2004. **nef** will be making further updates to the *Toolkit* from 2009.

### **Examples**

#### **Third sector examples**

- Groundwork UK
- British Trust for Conservation Volunteers
- British Waterways
- Lea Rivers Trust
- The Wildlife Trusts
- Brinnington Community First SRB (Liverpool)



“It’s good for longer-term projects because we can track progress over time.”<sup>28</sup>



## **Further sources of information**

The handbook, *Prove it! Measuring the effect of neighbourhood renewal on local people*, can be downloaded for free from the **nef** website.<sup>29</sup> The handbook also includes appendices with further information on indicators, surveys and social capital, of which there is also a rich and varied literature in the public domain. The *Prove it! Toolkit* can be obtained for free by sending an email to [enquiries@nef-consulting.co.uk](mailto:enquiries@nef-consulting.co.uk) or via the website [www.nef-consulting.co.uk](http://www.nef-consulting.co.uk)

# Quality First

## Primary purpose

*Quality First* is a simple tool that uses a workbook to run through nine quality areas that can help an organisation improve its performance. It is aimed at small organisations that are run solely by volunteers, though may be used by organisations with one or two paid staff.

## Summary

*Quality First* was developed to support groups that wish to be actively involved in developing their communities without necessarily becoming employees and managers of funded organisations. It offers small organisations an opportunity to focus on quality assurance and to build on their confidence about the quality and effectiveness of their activities.

Organisations using *Quality First* work through the *Quality First Workbook*, which suggests that an organisation should make procedures explicit (say what you do), ensure that those procedures are carried out (do what you say) and check their effectiveness by monitoring and reviewing performance. Improvements in quality should be seen as a result.

The quality areas in *Quality First* are:

- Stating our purpose
- Our standards and values
- Managing it all
- Involving our community
- Working together as volunteers
- Equality and fairness
- Reviewing our work
- Financial management
- Communicating effectively

Each quality area has two levels:

- Level 1 – the basic standards that even the smallest organisation should address.
- Level 2 – is for organisations that have met Level 1 and have done so for at least a year.

When an organisation has completed self-assessments for all nine quality areas, it fills out an overall assessment form to provide an overview and some ideas for what action can be taken in order to meet the commitment to the code of practice in these areas. Once the overview of current achievements has been established, the organisation can decide which quality areas to work on and draw up a schedule of review dates, to access each quality area at least once during the year. Evidence for quality improvements should be compiled in the workbook.

## Potential benefits

- *Quality First* is simple to use.
- It is designed specifically for small organisations without any paid staff and has high relevance to the voluntary sector or small start up social enterprises.
- It can be used in bite-sized chunks.

- It systematically addresses quality without requiring an organisation to be familiar with more complex quality assurance systems.

### **Potential limitations**

- One of the benefits – its simplicity – can also be one of its potential limitations. For some organisations it may not be comprehensive or vigorous enough.
- *Quality First* is a quality tool. Other quality approaches require a more comprehensive diagnosis of an organisation's wider impacts on people, communities and the environment.
- It doesn't involve external assessment, certification or a mark.

### **Who can use *Quality First*?**

Any small or medium-sized organisation without any paid members of staff or organisations with one or two members of staff can use *Quality First*. It is a good starting point for organisations that are unfamiliar with quality tools.

### **What resources are needed?**

#### ***Leadership***

An organiser will need to lead, but this can be anyone at the organisation who has read through the instructions.

#### ***Proficiencies or skills***

*Quality First* is easy to use and requires little or no training.

#### ***Staff time***

*Quality First* is flexible and can be used over any period of time. It has the potential to address a range of activities across the organisation that may require some significant staff time to make improvements.

#### ***Courses, support and information***

A workbook is available for working through the process at a cost of around £35 (including postage). Details on how to order this can be obtained from the Birmingham Voluntary Service Council (BVSC) website.<sup>30</sup> Regional development agencies may also be able to provide support.

### **Development, ownership and support**

*Quality First* was written by Tony Farley in partnership with Birmingham Voluntary Service Council (BVSC). BVSC can be contacted to obtain the workbook and offer support.

### **Examples**

#### ***Third sector examples***

- Birmingham Community Venture
- Youth 'n' Youth

### **Further sources of information**

Birmingham Voluntary Service Council

[www.bvsc.org](http://www.bvsc.org)

Tel. +44 (0)121 678 8888

Fax. +44 (0)121 643 4541

# Social Accounting and Audit

## Primary purpose

*Social Accounting and Audit (Social Accounting)* establishes a framework for ongoing monitoring, evaluation and accountability to stakeholders both internal and external to the organisation.

*Social Accounting* can help an organisation to investigate its performance against social, environmental and economic objectives, and ensure that it is working in accordance with its values. In the private sector, social accounting is aligned with corporate social responsibility.

## Summary

The following are the key principles of *Social Accounting* according to the Social Audit Network (SAN), a network providing assistance to third sector or social economy organisations throughout the UK and internationally.<sup>31</sup> According to SAN, *Social Accounting* should be:

- Multiperspective: encompassing the views of people and groups that are important to the organisation.
- Comprehensive: inclusive of all activities of an organisation.
- Comparative: able to be viewed in the light of other organisations and addressing the same issues within same organisation over time.
- Regular: done on an ongoing basis at regular intervals.
- Verified: checked by people external to the organisation.
- Disclosed: readily available to others inside and outside of the organisation.

SAN has identified three steps to *Social Accounting*, preceded by a 'Getting ready' stage preparing the organisation before embarking on the process.

**Getting ready:** The organisation learns how *Social Accounting* works, what resources it requires, decides how the process will be managed; and makes an informed decision about whether to go forward. Often, this is done in conjunction with an orientation or a 'taster session' in which representatives of the organisation explore the process of social accounting.

**Step 1 Planning:** In the first stage of *Social Accounting*, the organisation clarifies its mission, objectives and activities as well as its underpinning values. It also analyses its stakeholders through completing a 'stakeholder map'. These exercises help the organisation to make explicit what it does, why and how it does it, and who it works with and whom it seeks to benefit.

**Step 2 Accounting:** In this phase, an organisation decides the 'scope' or focus of the social accounts, especially if it will build a comprehensive picture over time. The organisation then sets up ways of collecting relevant information over a period of time to report on performance and impact against its values and its objectives, encompassing both quantitative and qualitative. The information is then brought together and analysed.

**Step 3 Reporting and auditing:** The information that was collected, collated and analysed in Step 2 is brought together in a single document, which serves as a draft of the social accounts. People from outside the organisation (a Social Audit Panel) then review this document to check that the report is based on information that has been properly gathered and interpreted. When the Panel is satisfied with the report

and its findings, the organisation can make its report available to the stakeholders and wider public in full or as a shorter summary.

*Social Accounting* is really about examining the 'social, environmental and economic' performance and impact of an organisation. There are a variety of key terms which are included in the glossary as part of the new, revised Manual.

### **Potential benefits**

- As *Social Accounting* examines the social, environmental and economic performance and impact of an organisation, it can offer an organisation a method for obtaining a holistic and regular process of examining both how it is doing (performance) and what its effects are on people, communities, and the environment (impact).
- Customers, service users, or clients can be involved with the *Social Accounting* process and thereby feed their perspectives into the organisation's planning and measurement process. These individuals or groups can also request/ read social accounts to know more about organisation.
- *Social Accounting* can feed into strategic planning, as it offers an organisation the ability to systematically review its strengths and areas for improvement.
- Organisations have a great deal of flexibility within the framework. They may go through the process in different ways, and report on the process differently, tailoring it to fit their needs and requirements. An organisation can choose to report on any indicators that it sees fit, thereby making it possible to fit many 'proving and improving' tools within the framework, including quality systems or indicators of impact that are required by purchasers, funders, or lenders.
- There is flexibility in the time scale for completing the process and in building up to a comprehensive set of accounts. The full process can be done in stages over two or more years if the organisation focuses on different aspects of its activities or objectives in each year. This is only recommended if the whole picture will be complete within a reasonable timeframe.
- The external validation process can be an important reality check on the information the organisation has gathered.
- Having a verified and comprehensive statement of the organisation's impact and performance can help in reporting to funders/investors, reporting to stakeholders and in compiling annual reports.

### **Potential limitations**

- *Social Accounting* can be quite labour-intensive, especially the first time. If the organisation has not done basic strategic planning in some time, it can be difficult to progress through the process rapidly.
- Although engaging in a social accounting process can be seen as a commitment to improvement, social accounting is not explicitly recognised by funders and lenders.
- The *Social Accounting* process is not particularly useful for benchmarking, as the questions asked and methods for finding the answers are left to each individual organisation to decide. However, there are some organisations that are investigating reporting to a common framework (e.g. CTAC in Manchester).

### **Who can use *Social Accounting and Audit*?**

Organisations of all sizes and types can undertake *Social Accounting*. The SAN *Social Accounting and Audit Manual* and CD describes the three-step process in

detail and provides practical how-to resources. The manual is particularly geared towards social enterprises, social economy organisations, and grant-funded voluntary and community sector organisations. AccountAbility's methods may be useful for larger organisations who are serious about addressing a corporate social responsibility agenda.

## **What resources are needed?**

### ***Leadership***

One person or a group of people will lead on the *Social Accounting* work. The involvement and commitment of the organisation's senior management are essential. It is recommended that staff at all levels be involved with consulting stakeholders and measuring progress, performance and impact.

### ***Proficiencies or skills***

It is helpful for someone on staff to have experience with social research ( e.g., surveys and other methods of consultation). If the organisation doesn't have this proficiency, it may be helpful to bring in some outside assistance.

### ***Staff time***

Staff time is required throughout the *Social Accounting* cycle. Generally more time is needed to set up the process at the beginning and to compile, analyse and write up the information at the end.

### ***Courses, support and information***

Nearly all organisations find introductory sessions very useful, and many require ongoing support through the process, depending upon their skills and experience, and the internal time they are able to dedicate to the process, especially in the first round of accounts. Consultants may also help with consulting stakeholders – providing someone impartial to help collect difficult or sensitive information – or to help compile and analyse information. The *SAN Social Accounting and Audit Manual* and *AA1000 AS* (page 4) are available to assist organisations in the process.

## **Development, ownership and support**

Development of the overall *Social Accounting* framework was led by **nef** along with John Pearce and Simon Zadek, who head the two main organisations in social accounting, Social Audit Network and AccountAbility respectively. These two and several other organisations offer courses, taster sessions and support for the social accounting process. See the Further sources of information section below for contact details.

## **Examples**

### ***Third sector examples***

*Social Accounting* has been popular among social enterprises, community enterprises and voluntary organisations. Organisations that have undertaken social accounting include:

- The Body Shop
- Furniture Resource Centre (FRC) Group
- TraidCraft
- Community Enterprise Unit Ltd (Devon)

## **Further sources of information**

SAN publishes a series of Guidance Notes on the social auditing process, and maintains a list of SAN-approved Social Auditors. See [www.socialauditnetwork.org.uk](http://www.socialauditnetwork.org.uk) for more details.

AccountAbility was launched in 1996 as the Institute for Social and Ethical AccountAbility to promote accountability for sustainable development. It brings together businesses, academics and practitioners who are developing ways to measure and report on the social and ethical performance of organisations. For more details see [www.accountability21.net](http://www.accountability21.net)

# Social Enterprise Balanced Scorecard

## Primary purpose

Social Enterprise London's (SEL's) version of the balanced scorecard (BSC) was developed expressly to help social enterprises to clarify and articulate their strategic objectives, and decide how they will deliver their multiple bottom lines. It was also designed to give organisations a mechanism to track performance holistically through both quantitative and qualitative information. This is primarily an internal management tool, drawing upon business concepts. Some of the measures the organisation adopts may also be used for external reporting as appropriate.

## Summary

The organisation essentially creates a visual representation of the critical elements of its strategy for the social side (encompassing social, environmental, and economic objectives) as well as the financial side – or business sustainability. The process then helps the organisation to identify the key drivers or ways of achieving success from these social and financial perspectives by identifying what key stakeholders want from the organisation, and what processes the organisation needs to put in place internally for it to deliver these things.

The first step involves creating a **strategy map**. This is done by identifying the organisation's goals, and choosing between two and four key goals to focus on. These are described at the top level of the strategy map. Underneath these goals, objectives need to be agreed for each of four 'perspectives'. This is done by asking:

- What are the financial objectives for how the organisation earns and uses resources?
- What are the organisation's key stakeholder groups? What does each stakeholder want the organisation to be?
- What internal processes does the organisation need to excel at in order to deliver what stakeholders want? These are usually activities that take place across teams or across the organisation.
- What skill sets, information technology, or access to networks/information/sectors does the organisation need in order to complete the internal processes?

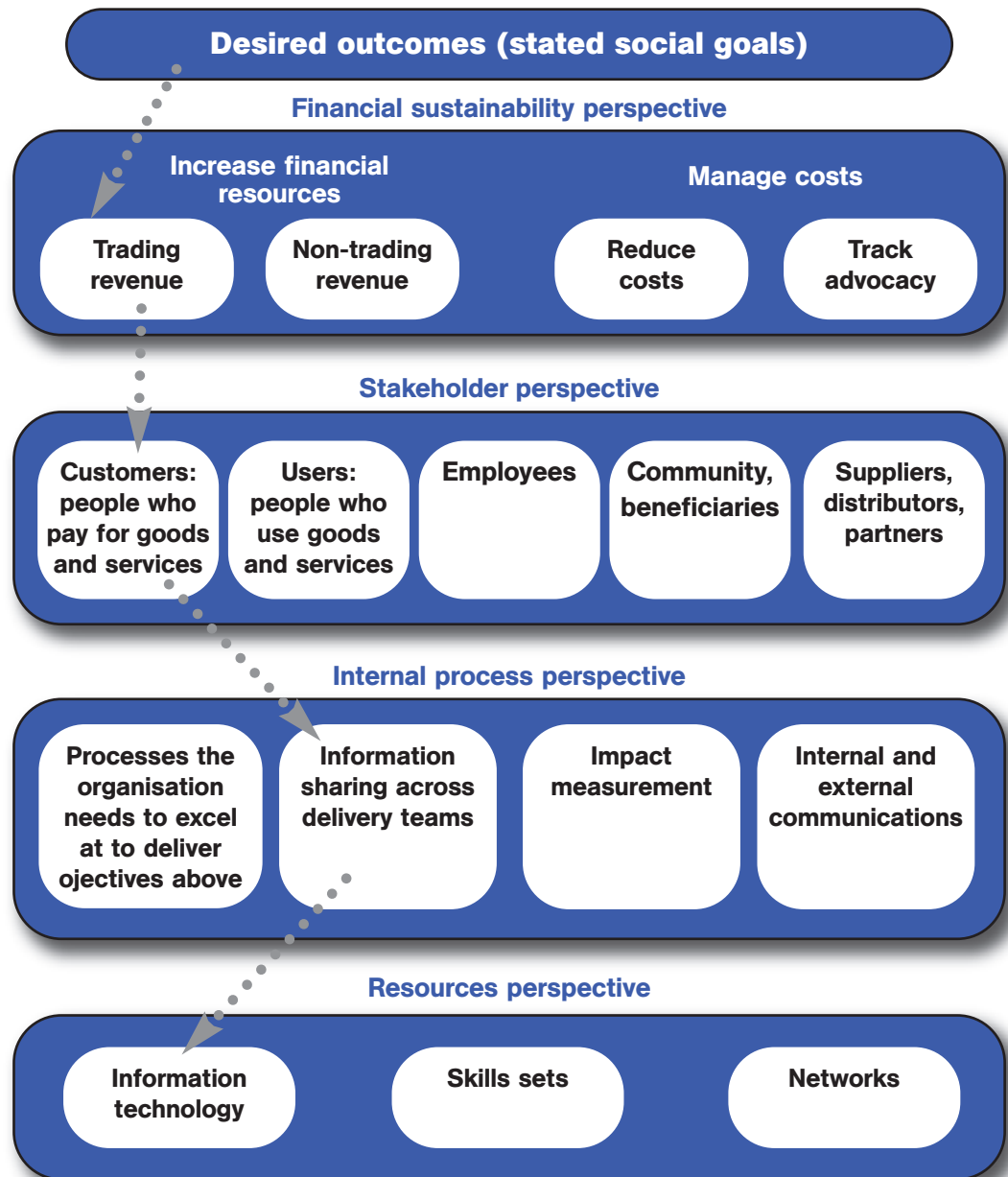
It should be possible to use the completed strategy map to tell the organisation's story on a single side of paper. It will be important to check with members of the organisation if the map fully illustrates their understanding of what the organisation is aiming to achieve and how it is doing so.

The next step involves creating a performance measurement schedule for each perspective, and a line for each objective. After stating each objective from the strategy map, this should describe how success is to be measured, by setting performance targets on a relevant time frame (e.g., quarterly, twice a year), and assigning someone to be responsible for delivering on, and measuring that objective.

This measurement should be undertaken regularly using quantitative and qualitative data, in order to track performance, communicate success to internal or external stakeholders, and check that the strategy is working and that the assumptions that have been made are accurate.



Figure 4: Sample strategy map



**Key:** White circles reflect objectives

Arrows reflect cause and effect linkages

NB: this is meant as an example; social enterprises customise their strategy maps to the goals of the organisation.

### Potential benefits

- The strengths of the BSC are in strategy development in helping an organisation to keep its activities on track to meet its most important objectives. Participants in a BSC training programme with SEL found it helped them to sharpen their focus and clarity with regard to strategic planning and measuring progress on their strategic objectives. It also enabled them to see the various aspects of the organisation on one page, and gave them 'the ability to remove non-essential detail'. It is particularly useful as a tool to manage change within an organisation.
- The strategy map can be a good tool to represent the organisation's most important goals all on one page and facilitate communication about its goals both internally and externally.

- It may be a good precursor to social accounting and other methods of accounting to and involving stakeholders, as a method like social accounting examines many of the aspects not measured in depth by *BSC*.

### **Potential limitations**

- *BSC* is not an off-the-shelf method, and requires learning some basic terms and concepts and exploring examples to implement. While it is possible to read a great deal about *BSC*, SEL's development is best followed as part of a course.
- *BSC* does not have any external verification or auditing function.
- It does not go into great depth in terms of a particular programme or service.
- *BSC* is not designed to help the organisation to be accountable to external stakeholders, nor is it designed to help it keep track of meeting all of its goals and upholding all of its values. It is necessarily limited in scope to 'the essentials'.

### **Who can use BSC?**

Any organisation can use *BSC*, including those organisations just starting up. It is particularly good for organisations in transition, such as voluntary organisations transitioning to social enterprise. Results of the first pilot indicate that any size organisation can use *BSC*. Organisations as small as two staff members, in the start-up phase, and large organisations with hundreds of staff members both found it useful. Any sector can use the *BSC*. It was originally developed for the private sector, but there has been development in the public sector, the non-profit/voluntary sector in the USA and SEL's work with social enterprises in the UK.

### **What resources are needed?**

#### **Leadership**

The tool requires ownership at chief executive level, but ideally, how the organisation's goals or other objectives are set, would be an all-organisation activity.

#### **Proficiencies or skills**

An understanding of strategic planning or business planning is very useful, although *BSC* concepts can be learned while using the tool.

#### **Staff time**

An initial training course is important. However, ongoing use of the tool mainly requires champions within the organisation to lead the rest. The tool can then be adapted by the organisation as it develops and grows.

In total, SEL estimates that a first round of implementing *BSC* would take roughly eight days, spread out over one quarter. The team responsible for business planning should check back in with the strategy map and its assumptions on an annual basis, with the aim of tying it to the time frame for any existing strategic or business planning processes. Measurement of progress in each of the objectives happens on a quarterly basis.

SEL estimates that for enterprises of anywhere from 0 to 40 people the basic start-up time would involve two people attending three days of external training in the methodology to serve as internal champions and one staff away-day to create some of the objectives on the strategy map and build buy-in and assemble an internal team. The internal team would then create the next drafts to send around for staff comment, requiring approximately four to six meetings of three hours each spread out over a period of time for the internal team. A second staff away-day (or smaller internal training) would be needed to get the *BSC* up and running. This could take

“It has helped us to understand how to go about strategy and to have a checklist of the areas that we should be focussing on.”  
**Core Design**

the form of either a complete day, or a series of several meetings to cover each team within the organisation depending upon its structure.

### **Courses, support and information**

Training is available for a fee through SEL on the social enterprise-specific balanced scorecard. The Balanced Scorecard Collaborative is a network of consultants offering support in using the tool, with emphasis on the model developed by Kaplan and Norton. Many books are available to describe and illustrate how the tool has been used in 'traditional' companies, the public sector, and voluntary organisations.

### **Development, ownership and support**

The tool was adapted from the work of Robert Kaplan and David Norton, but is not licensed. SEL, in its development of the *Social Enterprise Balanced Scorecard* has made significant changes to the original work in order to suit the UK Social Enterprise sector. SEL provides support and is to offer a *BSC* training course and guidance. While there are consultants throughout the UK proficient in the general principles of *BSC*, at the time of printing, the social enterprise adaptation sits mainly with SEL.

### **Examples**

#### **Third sector examples:**

- Oxford Swindon & Gloucester Co-operative
- Café Direct
- Social Enterprise London.

Other social enterprises involved in the piloting of *BSC* were:

- Women's Design Service
- Day Chocolate Company
- Core Design
- Big Issue South West
- Via3.net
- Liberty Credit Union
- Community Music East.

Examples from other sectors can be found in the various books published on *BSC*.

### **Further sources of information**

For more details on how to implement the *BSC* contact Social Enterprise London ([http://www.sel.org.uk/balanced\\_scorecard.html](http://www.sel.org.uk/balanced_scorecard.html)).

More information can be found on the original Balanced Scorecard from the Balanced Scorecard Institute website at: [www.balancedscorecard.org](http://www.balancedscorecard.org)

Please note that the resources outlined below draw upon experience in the private, not-for-profit/voluntary and public sectors, rather than the bespoke social enterprise model developed by SEL. The basic principles are the same but the implementation is somewhat different.

- Bourne M and Bourne P (2003) *Balanced Scorecard: In a week* (London: Hodder & Stoughton).
- Kaplan RS and Norton DP (1996) *Translating strategy into action: The balanced scorecard* (Boston: Harvard University Press).

- Kaplan RS (2001) 'Strategic performance measurement and management in nonprofit organizations' *Nonprofit Management and Leadership* Spring: pp 353–370.
- Niven PR (2003) *Balanced scorecard: Step-by-step for Government and nonprofit agencies* (Chichester: John Wiley & Sons Ltd).

# Social IMPact measurement for Local Economies (SIMPLE)

## Primary purpose

The *SIMPLE*<sup>32</sup> approach to social impact assessment is a framework (rather than a tool) developed by Social Enterprise London (SEL) in conjunction with University of Brighton. It combines internal strategic review with outcomes based assessment to help managers of socially motivated businesses to visualise where and how they make positive contributions to society. Following a two-day training, users will be equipped to select appropriate measures with which to collect quantifiable data and have received guidance on how to use that data to put their efforts into the broader context. By using a framework such as *SIMPLE* it is possible to identify what evidence of change needs to be collected in order to illustrate the social benefits the work of the organisation creates.

## Summary

Rather than a tool, *SIMPLE* is a framework representing a five-stage approach that an organisation can undertake to identify, measure and communicate its impact.

The five stages through which training participants are guided are as follows:

1. **Scope it:** Undertake a strategic review to assess the various factors driving their organisation's social element. The user is prompted to take into account the organisation's mission and objectives, stakeholder priorities, the external environment, internal drivers and the activities undertaken.
2. **Map it:** Having identified which activities relate most closely to their intended impacts, organisations map out the relationships between their everyday work and the short-, medium- and long-term effects of carrying that out.
3. **Track it:** Assigning key impact indicators to outcomes allows organisations to generate ongoing, quantitative data to represent their impacts.
4. **Tell it:** Once impact data is collected this is put into context by identifying the most appropriate types of comparison with which to highlight social impacts and make them readily understood by a variety of audiences.
5. **Embed it:** Only by ensuring this procedure is followed rigorously and data collected on a regular basis will social impact assessment prove to be a worthwhile exercise. Hard wiring the framework at all levels of an organisation is an essential part of the process and allows for constant review and improvement.

## Potential benefits

- It brings a strategic perspective to analysis in that it can be used to improve the performance of social enterprises and other third sector organisations.
- It is sufficiently comprehensive and adaptable to meet the needs and circumstances of a wide range of social enterprises and third sector organisations.
- It is practical in its application but based on a theoretical perspective.
- It is a dynamic approach that embeds impact measurement and reporting into an organisation's processes and systems.
- It is holistic in that it can be used across an organisation and at different levels.

## **Potential limitations**

- It is not an off-the-shelf method and it requires the organisation to understand some basic terms and concepts in order to be able to implement.
- It does not have an auditing function, external accreditation or brand mark.
- It can be relatively time-intensive, especially in setting it up because of the time taken for the organisation to undergo the training and embed processes to help measure and record impact. However, once the process is up and running and the indicators are being collected the level of time required is expected to decrease.

## **Who can use *SIMPLE*?**

*SIMPLE* has wide applicability to organisations in the third sector, of any size, in all stages of development.

## **What resources are needed?**

### ***Leadership***

Implementing the framework requires a lead person to have undergone the two-day training programme. Ideally this person should have easy access to management information.

### ***Proficiencies or skills***

An understanding of strategic planning or business planning is useful, although the elements of the process can be learned while using the tool during the training.

### ***Staff time***

In addition to the two days' staff time necessary for training, implementing the various stages (in particular the data collection) will require time and resources depending on the number of stakeholders involved and the size and reach of the organisation's activities.

### ***Courses, support and information***

In order to implement the approach, users will need to take part in a two-day, in-house or onsite training programme delivered by SEL.

## **Development, ownership and support**

*SIMPLE* is owned and supported by Social Enterprise London. It was originally developed as a three-day training programme accredited at Level 5 by the Institute of Leadership & Management as a Vocationally Related Qualification (VRQ). Henceforth, training will entail a two-day programme either in-house or at the organisation, but without formal VRQ accreditation.

## **Examples**

### ***Third Sector examples***

- Milton Keynes Theatre and Gallery Company
- Skillsgateway CIC (a construction training centre in Chatham)

## **Further sources of information**

For more information on the *SIMPLE* approach to social impact assessment please contact SEL on 020 7022 1920 [www.sel.org.uk](http://www.sel.org.uk)

# Social Return on Investment (SROI)

## Primary purpose

*SROI* is an outcomes-based measurement tool that helps organisations to understand and quantify the social, environmental and economic value they are creating. Developed from traditional **cost-benefit analysis** and social accounting, *SROI* is a participative approach that is able to capture in monetised form the value of a wide range of outcomes, whether these already have a financial value or not. An *SROI* analysis produces a narrative of how an organisation creates and destroys value in the course of making change in the world, and a ratio that states how much social value (in £) is created for every £1 of investment.

In 2008, the Office of the Third Sector in England and Scottish Government each committed to three-year projects to develop and disseminate *SROI* across the third sectors.

## Summary

*SROI* is informed by a set of principles that are designed to ensure that process is robust, transparent, and informed by stakeholders. The principles inform a six-step methodology:

- 1 **Establishing scope and identifying key stakeholders.** Clear boundaries about what the *SROI* will cover, and who will be involved are determined in this first step.
- 2 **Mapping outcomes.** Through engaging with stakeholders, an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes is developed.
- 3 **Evidencing outcomes and giving them a value.** This step first involves finding data to show whether outcomes have happened. Then outcomes are monetised – this means putting a financial value on the outcomes, including those that don't have a price attached to them.
4. **Establishing impact.** Having collected evidence on outcomes and monetised them, those aspects of change that would not have happened anyway (deadweight) or are not as a result of other factors (attribution) are isolated.
- 5 **Calculating the SROI.** This step involves adding up all the benefits, subtracting any negatives and comparing them to the investment.
- 6 **Reporting, using and embedding.** Easily forgotten, this vital last step involves sharing findings and recommendations with stakeholders, and embedding good outcomes processes within your organisation.

The length of time and resources it takes to carry out an *SROI* varies significantly depending on the scope of the analysis and the extent to which outcomes data is already available. Organisations can undertake *SROIs* in-house if they have capacity, or alternatively engage a consultant.

There are two types of *SROIs*. **Evaluative SROIs** are conducted retrospectively and based on actual outcomes that have taken place over a given evaluation period. These are most useful where a project is already up and running and there is good outcomes data available. **Forecasted SROIs** predict how much social value will be created if activities meet their intended or most likely objectives. Forecasted *SROIs* are used when a project is still in the planning stages to assess its likely impact or in

instances where there is a lack of outcomes data. A forecasted SROI can be followed with an evaluative SROI to verify the accuracy of the predictions.

The three-year projects funded by the Office of the Third Sector and Scottish Government are expected to simplify the SROI process by making available a database of common indicators and financial proxies. These will be available from 2009.

## Potential benefits

SROI offers the following potential benefits:


- It can help organisations understand what social value an activity creates in a robust and rigorous way and so manage its activities and relationships to maximise that value.
- The process opens up a dialogue with stakeholders, helping to assess the degree to which activities are meeting their needs and expectations.
- SROI puts social impact into the language of 'return on investment', which is widely understood by investors, commissioners and lenders. There is increasing interest in SROI as a way to demonstrate or measure the social value of investment, beyond the standard financial measurement.
- Where it is not being used already, SROI may be helpful in showing potential customers (for example, public bodies or other large purchasers) that they can develop new ways to define what they want out of contracts, by taking account of social and environmental impacts.
- SROI can also be used in strategic management. The monetised indicators can help management analyse what might happen if they change their strategy, as well as allow them to evaluate the suitability of that strategy to generating social returns, or whether there may be better means of using their resources.
- Assurance and verification is available through a number of bodies, including The SROI Network.

## Potential limitations

- If there are not already good outcomes data collection systems in place, it can be time-consuming to conduct an evaluative SROI analysis first time around.
- There is a danger of focusing narrowly on the ratio. The ratio is only meaningful within the wider narrative about the organisations. Just as an astute investor would not make a financial decision based on just one number, the same practice applies to this social measurement tool. For this reason, comparisons between organisations just based on the ratio are not recommended.
- SROI is an outcome, rather than a process evaluation. The dialogue with stakeholders yields some insight into what works and what doesn't and why, but there may be instances where a more specific process evaluation would be useful.
- SROI requires a diverse skill set – from stakeholder engagement to working with Excel spreadsheets. This can be hard to find in one person.

## Who can use SROI?

SROI was developed initially for use in the third sector. It has now been used by a range of public and third sector organisations of varying sizes. A number of funding schemes, such as the Department of Health Social Enterprise Investment Fund (SEIF), have started stipulating the use of SROI as the measurement approach.



“It’s about finally being able to be objective. It makes the difference when you’re preparing reports or bids for Treasury or government.”  
**Green Apprentices**



## **What resources are needed?**

### ***Leadership***

The organisation must have buy-in to the process at a senior level to ensure that the process is properly resource. This can be achieved by establishing a steering group early into the process.

### ***Proficiencies or skills***

Skills in measuring long-term outcomes can help to make the process easier. If intending to follow through to develop the social return on investment calculation, it is useful to have some experience of using MS Excel and working with numbers.

### ***Staff time***

Staff time to complete an *SROI* analysis is variable, depending upon the quality of information the organisation already collects and the scope of the analysis.

### ***Courses, support and information***

Courses are available that provide a step-by-step introduction *SROI* (see organisations below). **nef** consulting and The *SROI* Network both offer two-day courses that lead to accreditation as an *SROI* practitioner.

The Office of the Third Sector project is funding the publication of a guide to *SROI*, which will be available from April 2009. **nef** published a guide to *SROI* that was available at the time of going to print.

Some business schools' social entrepreneurship programmes may offer modules on measuring social value as part of their social entrepreneurship modules. The measurement of *SROI* is part of judgement criteria for applicants to the Global Social Venture Competition open to MBA students and alumni.

## **Development, ownership and support**

*SROI* was pioneered by REDF, a San Francisco US-based venture philanthropy fund, and brought to the UK by **nef** in 2003. **nef** developed the methodology over a five-year period, carrying out more than 25 analyses and raising awareness in the third and public sector. **nef** continues to develop the methodology and its consulting arm, **nef** consulting, delivers training and full *SROIs*. In 2008, The *SROI* Network, a UK network for *SROI*, was established. The network provides assurance, acts as a portal for information, and raises awareness of the methodology.

## **Examples**

### ***Third sector examples***

*SROI* has been carried out for organisations working across a range of areas:

- Bulky Bob's
- Shaftesbury Young People
- Asha Centre
- NOW Project
- Impact Arts

## **Further sources of information**

The *SROI* Network [www.sroi-uk.org](http://www.sroi-uk.org)

**nef** (the new economics foundation) [www.neweconomics.org](http://www.neweconomics.org)

[www.nef-consulting.co.uk](http://www.nef-consulting.co.uk)

# Third Sector Performance Dashboard

## Primary purpose

Social Firms UK has developed<sup>33</sup> a performance management tool called *The Third Sector Performance Dashboard* (the *Dashboard*). It grew out of the Social Firm Performance Dashboard that was originally designed for Social Firms and emerging Social Firms to use as an internal performance management tool for their own business improvement. The current version is designed to enable any organisation within the third sector, ranging from small voluntary sector organisations through to social enterprises and Social Firms, to monitor their progress against objectives and report as appropriate internally and externally on actual performance. The tool acknowledges that organisations in the third sector are typically short of time and resources and for that reason it has templates and samples for organisations to use as they are or adapt if they have the time. It is designed to be practical, user-friendly, easily implemented, and realistic for an organisation like a social enterprise to use within a busy business.

## Summary

*The Dashboard* is a CD-Rom tool that is based on the Balanced Scorecard,<sup>34</sup> whereby organisations attempt to achieve a balance across the main areas of their business. It has been designed to help social enterprises, small voluntary organisations and Social Firms to manage and improve their performance by providing a template of typical key objectives (which can be altered to suit particular organisations) and typical measures for each of those objectives (which likewise can be edited) allowing an organisation's management team to set targets to improve current performance supported by an appropriate action plan.

Under headings such as governance, finance/funding and people and work-life balance, third sector organisations can either use the templates that are already provided for them within the software or set their own objectives and measures. Using the tool as an integrated way of running their organisation enables users to monitor their progress against their objectives (using a red, amber, green 'traffic light' system) and report to stakeholders accordingly. It can also be used for individual projects or programmes that need to achieve certain outcomes.

The licensed software can be saved to a server for multiple usage and is promoted as being user-friendly, accessible and adaptable. It holds a significant number of resources in the Resource Folder including template policies and procedures, distance travelled questionnaires, flexible working policies and a range of internet links to other resources and sources of information.<sup>35</sup>

## Potential benefits

- The *Dashboard* is simple. It can focus users' minds on the types of things they should be placing importance on as a third sector organisation. The customer perspective helps the organisation to focus on the quality of products that the organisation makes (goods) or provides (services).
- Although there is no accreditation or validation associated with the *Dashboard*, it provides a useful framework for organisations that are following the Star Social Firm Quality Standard developed by Social Firms UK.

- As an internally driven self-assessment tool it can help third sector organisations to check their performance against key objectives in clear and measurable form. Records are kept by the organisation itself, without having to report externally, and they can therefore be used honestly and frankly as a gauge of good practice.
- Although a primarily internally driven and orientated tool, the *Dashboard* will allow an organisation to adapt and print out reports including the *Dashboard* information for external audiences.

### **Potential limitations**

- One of the benefits – its simplicity – can also be one of its potential limitations. It is essentially a template of quantitative indicators, which doesn't explore the longer-term outcomes or impacts of meeting these objectives.
- The *Dashboard* on its own doesn't offer its users any external recognition such as an accreditation, a mark or a brand.
- While it may be reassuring to external stakeholders that the organisation has a management system in place, the *Dashboard* will not be directly visible or useful to customers, procurement officers or funders.

### **Who can use the Dashboard?**

The *Dashboard* can be used by any sized third sector organisation that may edit the objectives accordingly within the software to meet their own purposes.

### **What resources are needed?**

#### ***Leadership***

As data is collected and entered internally, anyone within the organisation can be nominated or volunteer to complete this task. Social Firms UK recommends that one individual have overall responsibility for ensuring that data is entered regularly.

#### ***Proficiencies or skills***

No specialised skills or prior knowledge of 'proving and improving' are necessary. It will help if data for some of the indicators are already being collected (e.g. finance information). The person completing the *Dashboard* should be comfortable using a computer and have the use of a CD-Rom drive.

#### ***Staff time***

Social Firms UK estimates that the first use of the *Dashboard* can be completed over the course of two to three days in which the person responsible collects and inputs data for the various measures in order to be able to create meaningful reports. It may take some time to get accustomed to the software and methods of data collection and to set up data collection systems if they aren't already in place.

#### ***Courses, support and information***

The CD-Rom is free to Social Firms UK members; there will be a charge to non-members and a discounted rate for members of the Social Enterprise Coalition (SEC) and National Council for Voluntary Organisations (NCVO). Every user of the CD-Rom needs to apply to Social Firms UK for a license in order to be able to operate the software. Although the CD-Rom offers help menus and tutorials designed to make it as self-sufficient as possible, the Social Firms UK's Quality Support Manager and a range of associates may support the product on a one-to-one basis at an additional charge.

It is also available to national third sector support agencies in other countries that wish to make it available to their members respectively. For this purpose, the initial

cost is £400 for the first 10 licences and then £200 per 10 licences thereafter. Users will need to obtain their licence number from Social Firms UK, irrespective of which country they are in.

For more information, including a PowerPoint presentation showing how the tool works, or to order a CD-Rom, contact Social Firms UK on 01737 764021 or [info@socialfirms.co.uk](mailto:info@socialfirms.co.uk)

## **Development, ownership and support**

Social Firms UK developed the tool, with EQUAL funding as part of the Social Enterprise Partnership Quality & Impact Project. The licensed software is jointly owned by Social Firms UK and ADA Assessment Solutions Ltd, the software developer.



## **Examples**

### ***Third sector examples***

- Pack-IT, a Social Firm in Cardiff developed the 'typical dashboard' sample that is included on the CD-Rom.

### ***Examples from other sectors***

- The Tool Factory
- Cyclists' Touring Club (CTC)
- Canterbury Oast Trust

## **Further sources of information**

Social Firms UK

<http://www.socialfirms.co.uk>

Tel: 01737 764021

Fax: 01737 766699

Email: [info@socialfirms.co.uk](mailto:info@socialfirms.co.uk)

# Volunteering Impact Assessment Toolkit (Institute for Volunteering Research)

## Primary purpose

The *Volunteering Impact Assessment Toolkit* was developed in response to a changing climate in relation to volunteering where there is much more emphasis on accountability, management of outcomes and demonstration of impact.

The toolkit has been designed as a self-assessment exercise for Volunteer Involving Organisations (VIO) to gain a clearer understanding of the impact of volunteering activity on the four main stakeholder groups involved: the volunteers; the host organisation; the service users and the wider community. It comes in the form of a manual and accompanying CD-Rom that provides the framework and tools (including ready-made questionnaires) to explore a range of service outputs and potential impacts of their activities, for example, on the skills, knowledge and confidence of staff, volunteers and users, and the communities in which they live and work. The manual states that repeating the assessment at future points enables change or progress to be monitored.

## Summary

The *Volunteering Impact Assessment Toolkit* is based on a framework that takes the simple approach of identifying which stakeholders are affected by volunteering and how. It therefore focuses on four groups: the volunteers themselves; the organisation for whom they work; the users or beneficiaries of that organisation; and the wider community. The benefits to these groups are described in terms of physical, human, economic, social and cultural capital. Here the term 'capital' is used as a way of describing impact in terms of 'stock' that volunteering activity might create or build, as well as acknowledging that volunteering relies on these being present to draw on. This reflects the fact that volunteering is a transaction where participants both give and benefit from giving. The manual clearly presents these concepts in both a narrative and tabular format.

The *Volunteering Impact Assessment Toolkit* itself consists of a set of ready-made core questionnaires and supplementary questionnaires designed for use with people from each of the four stakeholder groups. Each core questionnaire has a small number of questions for each topic or 'capital' area. The supplementary questions are designed to be used where there is the need and potential for a more in-depth engagement with respondents on each topic. A traffic light scoring system is used throughout each questionnaire to help the user assess for each indicator the extent to which the organisation is doing well, and which areas need further investigation.

In addition to the questionnaires, there is comprehensive guidance on how to employ a number of other data collection tools, such as focus groups, audit forms or diaries, as well as a detailed review of what a research process entails, including notes on sampling, adapting and developing questions alongside the different ways of administering a survey and analysing the findings.

The *Volunteering Impact Assessment Toolkit* contains a variety of instruments which can be used off the shelf or adapted to a particular organisation's needs. The narrative acknowledges that depending on an organisation's aims or field of work,

some indicators may not be relevant and can be omitted, and there is opportunity for others to be added as appropriate.

In addition, there is a range of tools which have been adapted specifically for sports organisations and NHS Trust organisations. The details of these can be seen at [www.volunteering.org.uk](http://www.volunteering.org.uk) (see 'Further sources of information' below).

## **Potential benefits**

- The *Volunteering Impact Assessment Toolkit* provides a tested framework for impact assessment so organisations don't have to start from scratch.
- The results from impact assessments help organisations in the development and improvement of their volunteering programmes – highlighting what is working well and what needs to be developed.
- Other internal benefits include a greater understanding of how important volunteering is for an organisation, an opportunity to feedback to volunteers themselves how much they are valued, whilst providing evidence to senior management to generate more backing and funding for volunteering.
- External benefits include a comprehensive method for gaining feedback from users that can be used to enhance service delivery, accountability to the wider community as well as existing and potential funders on what volunteers are achieving, as well as promotion of the social and personal potential benefits of volunteering in order to attract more volunteers.

## **Potential limitations**

- Some organisations may not feel it is appropriate or feasible to approach users for feedback using a written survey, perhaps because of language, literacy or learning difficulties. They would have to rely on other forms of data collection to provide a complete picture of impact.
- Because the *Volunteering Impact Assessment Toolkit* has been designed for use by any organisation, it is possible that some organisations may feel that it does not adequately consider the scale or importance of the particular types of services they offer.
- For organisations that feel stretched in terms of time and resources, the 130-page manual may appear to them daunting and unmanageable. However, much of the material is made up of the various data collection templates from which organisations can pick and choose.

## **Who can use the *Volunteering Impact Assessment Toolkit*?**

It can be used by any sized organisation that involves volunteers as part of its workforce for delivering its objectives. Although it would help for the user to have a little knowledge or previous experience of impact measurement, this may not be necessary for small to medium-sized organisations as the manual sets out the basic steps and rationale behind them clearly and simply.

## **What resources are needed?**

### ***Leadership***

As with many tools that involve consulting with multiple stakeholders, buy-in from senior management would help in the support of the process. There needs to be an individual responsible within the organisation for overall management of the process of data collection, analysis and to determine action.

### **Proficiencies or skills**

For larger organisations, experience of carrying out rigorous sampling and data collection would be an advantage, but for administering the *Volunteering Impact Assessment Toolkit* within a small or medium-sized organisation, the manual provides sufficient guidance.

### **Staff time**

This is dependent on the number of stakeholders involved in the data collection process. In addition to the individual responsible for managing the impact assessment, an organisation's volunteers and staff will need to contribute time to completing the questionnaires and taking part in the focus group discussions.

### **Courses, support and information**

The Institute for Volunteering Research (IVR) occasionally run regional workshops to help support organisations in using the *Volunteering Impact Assessment Toolkit*. In addition, details of how to find out about bespoke consultancy sessions can be found at <http://www.ivr.org.uk/booksandlibrary/Impact+Assessment+Toolkit.htm>

For organisations based in Scotland, contact Volunteer Development Scotland (VDS) who sell the *Volunteering Impact Assessment Toolkit* in the region, and provide training. The VDS website has links to reports from projects that have used the toolkit. See [www.vds.org.uk](http://www.vds.org.uk) for more details.

## **Development, ownership and support**

The *Volunteering Impact Assessment Toolkit* was developed by IVR with support from Volunteering England, the University of East London and the Centre for Social Development. The manual (containing everything necessary for administering the toolkit, including a CD-Rom) can be obtained from Volunteering England for around £35 plus postage. See [www.volunteering.org.uk](http://www.volunteering.org.uk) for more details.

## **Examples**

### **Third sector examples**

- Chelsea and Westminster Hospital NHS Foundation Trust
- Toynbee Hall
- Latin American Women's Rights Service

## **Further sources of information**

Institute for Volunteering Research website: [www.ivr.org.uk](http://www.ivr.org.uk)

Volunteer impact assessment tool for sports organisations:

<http://www.volunteering.org.uk/WhatWeDo/Projects+and+initiatives/volunteering+nsport/whatsnew/Sport+tools+for+measuring+volunteer+impact.htm>

Volunteer impact assessment tool for NHS organisations:

<http://www.volunteering.org.uk/WhatWeDo/Projects+and+initiatives/volunteering+nhealth/Impact+Assessment/>

For an interesting study of how the *Volunteering Impact Assessment Toolkit* was used across a range of organisations, see Thomas B (2006) *Assessing the impact of volunteering in a London borough*, reproduced in *Voluntary Action* 8:1.



# References

- 1 The AA1000 AS (2003: 5) defines assurance as, 'an evaluation method that uses a specified set of principles and standards to assess the quality of a Reporting Organisation's subject matter, such as Reports, and the organisation's related systems, processes and competencies that underpin its performance. Assurance includes the communication of the results of this evaluation to provide credibility to the subject matter for its users.'
- 2 AccountAbility defines stakeholders as 'those individuals and groups that affect and/or are affected by the organisation and its activities'. The AA1000 Framework details how an organisation can map its stakeholders, and build a systematic process of stakeholder engagement. AccountAbility have created materials and packages of support to help organisations build effective approaches to stakeholder engagement. See [www.accountability21.net](http://www.accountability21.net) for more details.
- 3 The AA1000 series defines 'accountability' as consisting of: 'transparency: to account to ones stakeholders. Responsiveness: to respond to stakeholder concerns. Compliance: to comply with standards to which one is voluntarily committed, and rules and regulations that one must comply with for statutory reasons. These aspects of accountability may in practice have very different drivers, including legal compliance, stated policy commitments, reputation and risk management, and the company's sense of moral and ethical duty' (AA1000 AS, 2003:33).
- 4 Organisations adopting the AA1000 AS commit themselves to the practice of 'inclusivity'. In brief, this means an organisation's commitment to identify and understand its performance and impact and associated views of its stakeholders, its commitment to consider and coherently respond to the aspirations and needs of its stakeholders, and its commitment to provide and account to its stakeholders. For more information see [www.accountability21.net](http://www.accountability21.net)
- 5 This list does not represent a hierarchy of assurance.
- 6 The Big Picture suggests that non-prescriptive changes should relate to the needs of an organisation not an external set of rules laid down by others.
- 7 NB: some of the indicators, e.g. those measuring environmental impact, are widely-used standard measures.
- 8 The model defines a 'customer' as 'anyone outside the organisation who receives products, services, or some other benefit from it, such as service users, clients, beneficiaries, members, funders, the general public, other services, stakeholders, and targeted groups'.
- 9 This refers to those results not covered by customer, people and society that it is imperative for the organisation to achieve. For third sector organisations, this could include financial, fundraising, investment results and achievement of outputs, outcomes and impacts.
- 10 EFQM describes this as 'managers and leaders set up ways of working that get everyone involved in never-ending improvement in the meeting of internal and external customers' needs'.
- 11 <http://www.bqf.org.uk>



- 12 [http://www.bqf.org.uk/pi\\_introworkshop.htm](http://www.bqf.org.uk/pi_introworkshop.htm)
- 13 More information about beta™ can be found at:  
<http://www.cforc.org/organisationalreview/beta.htm>
- 14 *EMAS* objectives are overall goals, and targets are a series of stepping-stones toward these goals. Both elements should be measurable wherever possible.
- 15 Every member state has designated a Competent Body that is responsible for registering organisations and for maintaining the list of registered organisations in their country. This is the Institute of Environmental Management and Assessment (IEMA) in the UK. [www.emas.org.uk](http://www.emas.org.uk)
- 16 This evaluation is based on a survey of 125 Belgian companies in the year 2000. Source:  
[http://www.inem.org/new\\_toolkit/comm/environment/emas/toolkit](http://www.inem.org/new_toolkit/comm/environment/emas/toolkit)
- 17 The *GRI Guidelines* organise 'sustainability reporting' in terms of economic, environmental, and social performance (also known as the 'triple bottom line'). They reflect what the members of the initiative think is currently the most widely accepted approach to defining sustainability. GRI recognises that the definition has its limitations but sees the definition as a starting point that is comprehensible to many and has achieved a degree of consensus as a reasonable entry point into a complex issue. More information on sustainable development can be found in the *GRI Guidelines*.
- 18 For Investors in People, this is anyone who helps the organisation to achieve its objectives – whatever role they play, including part time workers and voluntary workers. It would also include self-employed people who do a lot of work for the organisation or people on renewable short-term contract and regular casual employees.
- 19 An adviser helps organisations put in place the practices and processes they need in order to gain the maximum benefit from the standard in a cost-effective way. The adviser provides client focused feedback on an on-going basis and works with the assessor to help customers plan their assessments and reviews. Advisers are licensed practitioners and have to keep up to date with good practice. They must follow a programme of continuous professional development.
- 20 [www.investorsinpeople.co.uk/Interactive](http://www.investorsinpeople.co.uk/Interactive)
- 21 For further details visit [www.investorsinpeoplechampions.co.uk](http://www.investorsinpeoplechampions.co.uk)
- 22 For ISO, 'Management system' refers to the organisation's structure for managing its processes – or activities – that transform inputs of resources into a product or service which meet the organisation's objectives, such as satisfying the customer's quality requirements, complying with regulations, or meeting environmental objectives.
- 23 The British Standards Institution website also features training information in the UK: British Standards Institution, Tel: 020 8996 9001 [www.bsi-global.com](http://www.bsi-global.com)
- 24 When ISO began to develop a set of generic quality management standards for worldwide application, it drew upon existing national standards and military quality assurance specifications. The ISO 9000 'core series' was first published in 1987 and revised, improved editions published in 1994 and 2000.

- 25 Sacks J (2002) The money trail: measuring your impact on the local economy using *LM3* (London: **nef**). Available to download from [www.neweconomics.org](http://www.neweconomics.org)
- 26 All quotes taken from, Walker P, and Murray R (2005) *Prove It!: Its development and its potential for evaluating community-based regeneration projects* (London: **nef**).
- 27 For suggestions on data collection methods see: <http://www.proveandimprove.org/new/meaim/gatherinformation.php> and for a comparison chart on ways of asking questions see [www.proveandimprove.org/new/meaim/documents/CompareChart.pdf](http://www.proveandimprove.org/new/meaim/documents/CompareChart.pdf)
- 28 Ibid
- 29 See: [http://www.neweconomics.org/gen/z\\_sys\\_PublicationDetail.aspx?PID=2](http://www.neweconomics.org/gen/z_sys_PublicationDetail.aspx?PID=2)
- 30 <http://www.bvsc.org/development/quality-first.html>
- 31 The Social Audit Network is a collaboration of individuals that works with many social enterprises and other organisations in the social economy/third sector.
- 32 The SIMPLE programme was co-financed by the South East England Development Agency and the European Social Fund.
- 33 With the support of I'SE and the EQUAL Adjust the Balance project. See: <http://resources.socialfirms.co.uk/index.php?q=node/436> for more details.
- 34 For more details on the Balanced Scorecard see the website for the Balanced Scorecard Institute at [www.balancedscorecard.org](http://www.balancedscorecard.org)
- 35 See: <http://resources.socialfirms.co.uk/index.php?q=node/436> for more details.

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