



# The Impact Path

An entrepreneur's guide to growth  
in social impact measurement



# Preface to “The Impact Path”

At present, social entrepreneurship is a hot topic in the Netherlands. The government feels that it is essential that social entrepreneurs are able to be clear and transparent about how exactly they contribute to social goals and wishes to support them in this. There are various methods to measure impact, but there are still many social enterprises that do not measure their impact. That is why the Ministries of Social Affairs and Employment, Economic Affairs and Climate Policy and Foreign Affairs commissioned the development of this web-based tool “The Impact Path: The entrepreneur’s manual to impact measurement growth”.

Measuring impact is essential to any entrepreneur whose primary and explicit goal is to contribute to resolving national and international social issues. This is not only to gain an understanding of the added value they create in society, but also to shape their relationship with stakeholders such as financiers and public authorities. In practice, impact assessments are often expensive and time-consuming, as they require specialist knowledge and methods that are not accessible to every entrepreneur.

The principal objective of “The Impact Path” is therefore to lower the thresholds for impact measurement and enable social entrepreneurs to improve the measurement process step-by-step, taking into account the stage at which the entrepreneur finds themselves.

For that reason, this manual provides entrepreneurs with concrete tools and suggestions for measuring impact. Its value transcends individual entrepreneurs, and through widespread use of this manual, more and more entrepreneurs will begin using the same indicators. In this way, entrepreneurs will be working toward standardisation through daily practice – with the added

upside of both entrepreneurs and stakeholders, such as financiers and municipalities, increasingly speaking the same language in relation to impact. Local authorities will be able to contribute to the application of “The Impact Path” by drawing entrepreneurs’ attention to the tool and by requesting specific data from the tool.

For the sake of providing a clear scope and sufficient depth, “The Impact Path” will for the time being only focus on three key domains: labour participation, sustainable value chains and the circular economy. A large number of social entrepreneurs operate within the first two domains and a relatively great deal of knowledge and methods are readily available. It is with the domain of the circular economy that The Impact Path will be taking an important step in the innovation of knowledge development on how to make impact assessment concrete within this domain. Our aim is to expand the number of domains in the years to come, to ensure an increasingly broad field of application for the manual.

We wish you the very best of luck in your impact measurement endeavours.

Sigrid Kaag, Minister for Foreign Trade and Development Cooperation

Tamara van Ark, State Secretary for Social Affairs and Employment

Mona Keijzer, State Secretary for Economic Affairs and Climate Policy

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# Introduction

## **Impact measured by social entrepreneurs**

Social enterprises put their social impact first and their distinctive character is in part determined by that same impact. That is why it is essential that they can demonstrate that social impact. To what extent are they able to accomplish their mission and what value do they create for society?

Social entrepreneurs themselves need that information in order to improve their organisation and to pursue their mission in society more effectively and more efficiently. Financiers and investors also need impact data. After all, their decisions in favour of a given impact investment are partly based on the social impact created by an entrepreneur. Other stakeholders, such as employees, customers and suppliers, will associate themselves with a social enterprise precisely due to its social impact. Government authorities likewise want to realise their policy priorities, including by partnering with social entrepreneurs.

In short, if social enterprises truly wish to achieve their social objectives and want those objectives to be recognised and acknowledged, then they must present robust data on achievements.

## **The developing nature of impact measurement**

Despite the fact that impact measurement is essential to the development of social entrepreneurship, few social entrepreneurs are able to effectively measure their own impact. On the one hand, this is due to a lack of knowledge. On the other hand, this is a result of a lack of accessible, generally accepted methods and tools. This makes measuring impact a costly affair, which is not feasible for most SMEs.

The absence of common and accessible approaches, methods and standards has resulted in companies still chiefly measuring financial results – even when social objectives or environmental targets are the key aspects that inform their operational decisions (Elkington 1999; Schaltegger and Burritt 2015; Clark et al. 2004; Salazar, Husted and Biehl 2012; Liket, Rey-Garcia and Maas 2014).

There are generally accepted standards of accounting, which have been developed over the centuries and are used to measure and report the financial status of companies. The rules are different for measuring and reporting on the social performance of social enterprises, with the corresponding standards still requiring further development, just like the enterprises themselves and the relatively young sector as a whole (Sol, Liket and Maas 2016).

## **How we measure depends on what we want to know**

We are very familiar with the types of questions social entrepreneurs might have: I'd like to begin measuring my company's impact – but where do I start? What is impact? When is an impact measurement effective and accurate? How should I interpret the results of my research? These are all legitimate questions that demonstrate that measuring impact is a complex endeavour that can be carried out at various levels, in various ways and at different stages.

So how should a company set up and frame an impact measurement? The process centres on three key questions:

1. What is the **purpose** of the impact measurement?
2. What is the **domain** or impact goal of the organisation?
3. What is the **starting point** of the social entrepreneur in terms of impact measurement?

These questions will take centre stage in this manual. The purpose of this manual is to provide social entrepreneurs with an understanding of the impact measurement process, as well as to inspire, motivate and encourage them to take action. In this way, we hope to lower the threshold to impact measurement and bring social entrepreneurs one step closer to accurately measuring their impact.

## **Format of this manual**

This manual will examine each of the five stages of the measurement process:

1. Concretisation of the social mission and impact goals;
2. Development and validation of the Theory of Change;
3. Monitoring direct results (outputs);
4. Measurement of mission-related effects;
5. Development of comprehensive insight and more robust substantiation.

Each of these five stages will be accompanied by a number of concrete examples, recommendations and a list of practical tools. We will be focusing on three key domains specifically: labour participation, sustainable value chains and the circular economy. The selection of indicators that we provide for each domain is meant as a first step towards standardisation and impact comparison. We hope to be able to expand this manual to include other domains in the future, in which measuring impact is equally essential.

Impact measurement is a process in which you, as a social entrepreneur, will be able to grow and for which tools are available. This manual aims to provide a helping hand in that process as well as advice on using the right tools.

## What is impact?

As a social entrepreneur, your aim is to create positive impact and use your company to contribute to finding a solution to a problem society is facing. But how significant is your impact? And how effective is your approach really? On top of that, would you be able to achieve more impact by changing your activities? Identifying and mapping out your impact helps you answer these types of questions.

In order to provide a clear starting point for this manual, we feel it is crucial first and foremost to define what impact is. **The impact of a company consists of the impact that can be attributed to the activities of that company.** This impact can be both positive and negative, intended or unintended and direct or indirect. As such, there are various dimensions to impact.

In order to get an initial idea of the impact of your company's activities, ask yourself the following questions:

- Who (or, rather, which stakeholders) do I effect?
- What impact do I expect to have on each stakeholder?
- How significant is that impact? Example: am I achieving a relatively small-scale effect on a lot of people or am I having a significant effect on a small number of people?
- How significant is that impact to stakeholders?
- How significant is my contribution to that impact? What would happen if my activities ceased?

In the remainder of this manual, we will be examining these various dimensions and exploring how they can help you determine the impact of your company.

### The multi-level impact of MYOMY

MYOMY do goods is a fashion house that has been committed to making the world a better place since 2007 by producing sustainable design bags and accessories. The social enterprise wishes to exert a positive impact on both people and the planet through:

1. the empowerment of artisans in India, Bangladesh and the Netherlands, through a fairer income, better education and better health;
2. the use of sustainable materials in the production process and packaging and sustainable transport, including through the use of natural paints, recycling and solar power;
3. creating greater awareness of fair fashion and by inspiring others to choose a sustainable lifestyle.

MYOMY has set itself the following objective for 2020:

- the creation of 200 fair trade jobs through an increase in orders and through partnerships with new workshops;
- 100% sustainable materials and transport chain;
- setting up an active MYOMY movement that is made up of at least 250,000 positive icons (people, organisations and other parties), who will have joined the movement by then and share their positive stories about a lifestyle of sustainability and environmental awareness with the world.

## Why measure impact?

Your commitment to your social mission is what makes you a social entrepreneur. For that reason, it makes sense that you should want to know to what extent you have been able to achieve your social objectives or, in other words, what impact you have had. In order to get an accurate and substantiated idea of your impact, you will need to measure your impact. The two main reasons for measuring impact are:

1. to give you an understanding of what works and why, allowing you **to focus on increasing or even maximising your impact**;
2. to **substantiate and prove what you have achieved and communicate your social value** to various stakeholders. Stakeholders might include financiers, consumers, government authorities, and the media. Your impact data will allow you to persuade stakeholders, strengthen your brand and stand out from the competition. Internally, those data can also help motivate a company's employees, by showing them that their work has had an actual impact.

For that reason, impact measurement is a very valuable tool to any social enterprise. Nonetheless, it can be a complex and costly process – particularly as most entrepreneurs probably already have their hands full running their business. However, an impact measurement can easily be implemented step by step, moving from the straightforward to the complex.

Impact measurement is a process you can grow into, in the same that your company undergoes a process of growth and is able to professionalise in certain areas. In the following section, we will be looking at the various stages of measuring impact, after which you will be able to determine the stage your company is at.

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"Measuring our impact allows us to be accountable in respect of our stakeholders and allows us to justify the vision of Hét Bakkerscafé and demonstrate that we are achieving our mission. On top of that, the impact data give us additional tools to manage internal processes."

**Eva Walraven,**  
**Hét Bakkerscafé**

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# Growth in impact measurement

In the same way that your company grows, your team professionalises and your turnover increases, can grow in terms of measuring your impact. That growth is progressively expressed in more concrete terms:

1. Your knowledge of what works, what does not work and what impact you have achieved increases. This allows you to answer more specific questions on your impact, using specific follow-up measurements.
2. Your knowledge of and ability to carry out impact measurements will subsequently grow, allowing you to carry out more robust measurements. For example, you will know what is and what is not worth measuring.
3. Once you start learning more and start operating based on your impact, your company will be able to grow and your profile will be raised. However, this also means you will be attracting more attention, which could lead to more pressure of accountability towards your stakeholders, making the quality of your impact measurements even more crucial.

An extensive impact measurement can take a considerable amount of time and money, and requires expertise. For most entrepreneurs, it will be unrealistic to attempt a broad range of measurements on a single occasion. We learn by doing and it therefore makes more sense to keep taking new steps when measuring – for example, on a year-to-year basis.

## Stages

In this manual, we will be discussing the five stages of impact measurement that social entrepreneurs can go through, from a relatively simple initial measurement to a robust and comprehensive impact measurement. The stages are successive, as shown in Figure 1. This is called the Impact measurement growth path. On the following page, we will be discussing the various stages. The remainder of this manual deals with these five stages of the impact measurement process separately. For each stage, we will provide recommendations, discuss the key challenges and provide tips and tools to help you grow to the next stage.

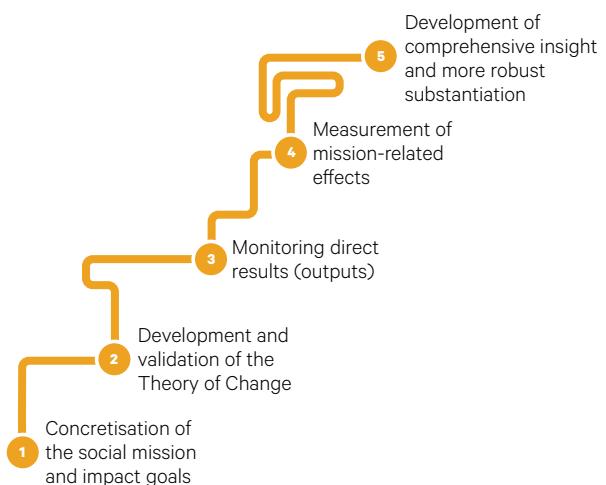


figure 1 - The Impact measurement growth path

## Want to know at what stage of the growth path you are? Fill in the checklist now!

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<input type="checkbox"/> 1. Have you formulated a clear social mission that reflects what issue you are resolving?	<input type="checkbox"/> 1. Have you identified how your company makes a difference, by developing a ToC or using a comparable instrument?	<input type="checkbox"/> 1. Do you keep regular figures on what your activities achieve? This might be the number of people you reach, the amount of food you save in kilogrammes, the number of transactions on your platform or how much more you pay the farmers in developing countries.	<input type="checkbox"/> 1. Have you developed a measurement plan for the impact that you want to measure in the years to come, and have you chosen (a) method(s) to do that?	<input type="checkbox"/> 1. Have you added greater depth to your initial measurements by collecting additional data and applying additional methods?
<input type="checkbox"/> 2. Have you developed clear impact goals?	<input type="checkbox"/> 2. Has this model been validated and found to be plausible by a number of experts or colleagues and/or based on relevant literature?		<input type="checkbox"/> 2. Have you conducted recent measurements regarding the changes for your key target group(s)?	<input type="checkbox"/> 2. Are you studying any additional key (material) impact?

### The five stages of impact measurement

#### Stage 1: specify the social mission and impact goals

This stage revolves around formulating a specific social mission and determining the impact goals, allowing you to concretise the impact you want to achieve. The first step involves carrying out an analysis of the social issue you wish to address, for example, by entering into a dialogue with stakeholders, colleagues, and experts.

#### Stage 2: development and validation of the Theory of Change

This stage centres on how you intend to achieve the envisaged impact through your company's activities. You will be involving your key stakeholders in the process and will be consulting them on which changes they consider to be most valuable. In order to document this in a clear and transparent way, you might choose to use a Theory of Change (ToC) or a comparable instrument that accurately reflects the causal relationship between your company's activities and the impact.

#### Stage 3: monitoring direct results (outputs)

During this stage, you will be focusing on monitoring the outputs, or the direct results, of your activities that contribute to your mission. These outputs will also be listed in the Theory of Change, and will include the demographic or audience you reach, how many training days you provide or how many products you recycle.

#### Stage 4: measurement of mission-related effects

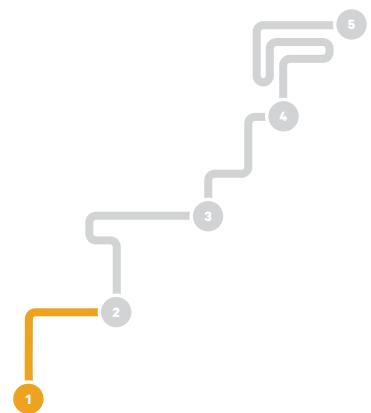
After having tracked and managed the output data, you will draw up a plan that outlines how you intend to measure the key impact that your organisation wishes to achieve. You will determine what impact you want to measure, which target groups will be chosen, the method to be used and how you will use the results to learn and to steer operations. This impact can be both positive and negative. Once you have developed your measurement plan, you will be able to start measuring the key impact of the activities of your company. Start with your principal target group and the impact that embodies your mission. Whereas measurement during Stage 3 was chiefly a matter of monitoring data, Stage 4 will focus on actually studying the performance of your approach.

#### Stage 5: development of comprehensive insight and more robust substantiation

Once you have completed your first impact measurement, you will have graduated to Stage 5. At this level of the process, it's all about making your impact measurement more comprehensive and more thorough by:

1. supplementing the research you did previously with measurements of other types of impact and stakeholders from your theory of change;
2. substantiating impact studied previously more robustly with additional measurements.

In addition to measuring the impact achieved in the target group that is most vital to your mission, you can also choose to measure what impact your company has on other stakeholders, such as the municipality and your customers, or what impact your company has on the environment. By adding ever more target groups and objectives to your impact measurements and by collecting additional data, you are working toward gaining a comprehensive insight into the most significant impact of your company.



## Stage 1

Concretisation of the social mission and impact goals

# Concretisation of the social mission and impact goals

Stage 1 begins with an analysis of the social issue you wish to tackle. The purpose of the analysis is to gain a better understanding of where the problem comes from and what would be needed to solve it. It goes without saying that you would do this during the start-up phase of your business or upon deciding to start up new operations with an existing company. After all, you want the most accurate picture of whether your approach works right from the start.

## Analysis of the problem

Even if you have been operating for a longer period of time, it is always useful to carry out another analysis of the social issue. It might be that your stakeholders' needs have changed (slightly) or that more solutions to the problem in society you are focusing on have now become available, or perhaps something else has changed in the context of your business. These types of changes may require an adjustment of the approach you initially selected. You can start mapping out the problem domain by asking the following questions:

- How big is the social issue?
- To what extent does solving the problem contribute to a higher level of well-being for more people?
- Are any good solutions available that are not being applied or would require more resources?
- What other organisations are working on this issue? How successful have they been?
- Are there any approaches currently available that can resolve the issue with a sufficient degree of certainty?

## Analysis of the solutions

Once the problem domain has been established, you can start looking for solutions to the problem you want to tackle. The analysis of the problem domain and of any potential solutions can take shape in various ways:

- Enter into a dialogue with various stakeholders to whom the problem is relevant, in order to get a first-hand account of what the issue means to them.
- Enter into a dialogue with experts, such as fellow entrepreneurs or professionals in the same field, in order to get a broader understanding of the issue.
- Take a look at scientific or professional literature to find out what knowledge is available on the issue you wish to tackle.

After the analysis, once you have a clear idea what approach you plan to use, you can start determining your impact goals. Good impact goals reflect what you hope to achieve, in which target group or audience and to what degree. Although these objectives can, of course, be ambitious, they should also be feasible and should fit within the possibilities afforded by the resources you have available (time, money, expertise). Your impact objectives are not set in stone and you will be able to refine, adjust or change them over time, based on research and experiences.

## Fairphone's impact goals

Fairphone is a social enterprise that is dedicated to providing fair electronics and aims to provide a smartphone that has a positive impact on working conditions and the environment for its entire life cycle. Fairphone's mission is: "By establishing a viable market for ethical products, we motivate the entire industry to act more responsibly." In addition to its mission, Fairphone has formulated five impact goals:

1. to extend the lifespan of smartphones using a long-lasting design;
2. to create a demand for fair materials that respect people and the environment;
3. good working conditions for workers;
4. to reduce the amount of electronic waste by re-using and recycling materials;
5. to expand the market for sustainable phones.

## **Practical tools**

Various practical tools are available that can help you determine your mission and impact goals. We will be showcasing two of these tools and have included more relevant tools in the table below.

### Featured tools

#### **1. [The Impact Management Project](#)**

This major international project includes a website that contains many useful resources. The site covers the various steps of the impact measurement process. The “[Set Goals](#)” component in particular is very useful when drawing up impact goals. It contains useful tips on how to determine your impact goals, how to establish various types of impact goals that complement one another and what you should do if you want to adjust your goals.

#### **2. [Problem Tree Analysis](#)**

In order to set impact goals, you first need to analyse and understand the underlying problem. Problem Tree Analysis is a useful tool to do that and is available on the website of ODI – an independent think tank on sustainability. The tool helps you answer questions like: "What are the underlying causes of the problem?" and "Is the solution I came up with adequate?"

### Additional tools

#### **[Maximise your impact \(EN\)](#)**

Relevant to: Formulating impact goals

This is an extensive guide to the entire impact measurement process. Page 29 to 35 in particular are relevant to formulating impact goals. Based on a number of questions, you are taken through the various steps, from defining the problem to determining impact goals.

## **[CBF Result and impact measurement for charities \(NL\)](#)**

Relevant to: Formulating impact goals

Please go to page 27 of this document (in Dutch) for tips in relation to formulating impact goals. This section outlines the requirements for effective goals, accompanied by a number of good and bad examples of goals for the purpose of illustration.

## **[Visioning \(EN\)](#)**

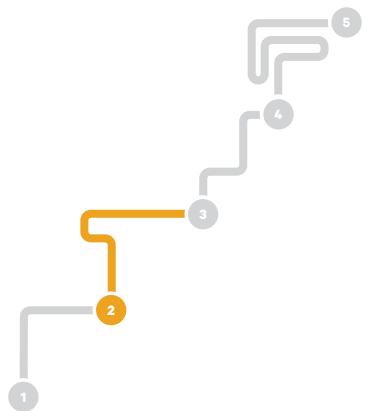
Relevant to: Formulating a vision and analysing the possibilities

As the name indicates, this tool is intended for entrepreneurs looking to determine a shared vision. The technique, which was developed by Wageningen University & Research, takes the future result you wish to achieve as its starting point, rather than the problem you want to tackle. This tool encourages you to engage with a variety of stakeholders.

## **[Sustainable Development Goals for Social Enterprises \(NL\)](#)**

Relevant to: Linking impact goals to the SDGs

The Sustainable Development Goals (SDGs) of the United Nations can serve as a source of inspiration when formulating your impact goals. This publication by Avance-impact (in Dutch) contains tips & tricks regarding how to use the SDGs as a basis to get started as a social entrepreneur.



## Stage 2

Development and validation  
of the Theory of Change

# Development and validation of the Theory of Change

After having formulated a clear mission and impact goals during the last stage, you will work on how you intend to achieve that mission and those goals step by step in this stage. This part of the process will often use a Theory of Change (ToC) – an instrument that reflects the causal relationship between a company's activities and its impact in very clear terms. In other words, what impact occurs as a result of your activities and what effect do they continue to have in terms of long-term impact? By (literally) sketching out these links in the chain, you will develop and outline your approach in a specific, clear and comprehensive manner.

## **Stakeholders**

There are various approaches to create a ToC. In this manual, we will be using the stakeholder approach, which is relatively accessible and is very suitable for smaller organisations. The starting point for any ToC is to ask yourself the following questions: Whom do I impact with my company's activities? Who are my key stakeholders? After that, specify and detail what activities you carry out for those specific stakeholders and what the results and impact of those activities are.

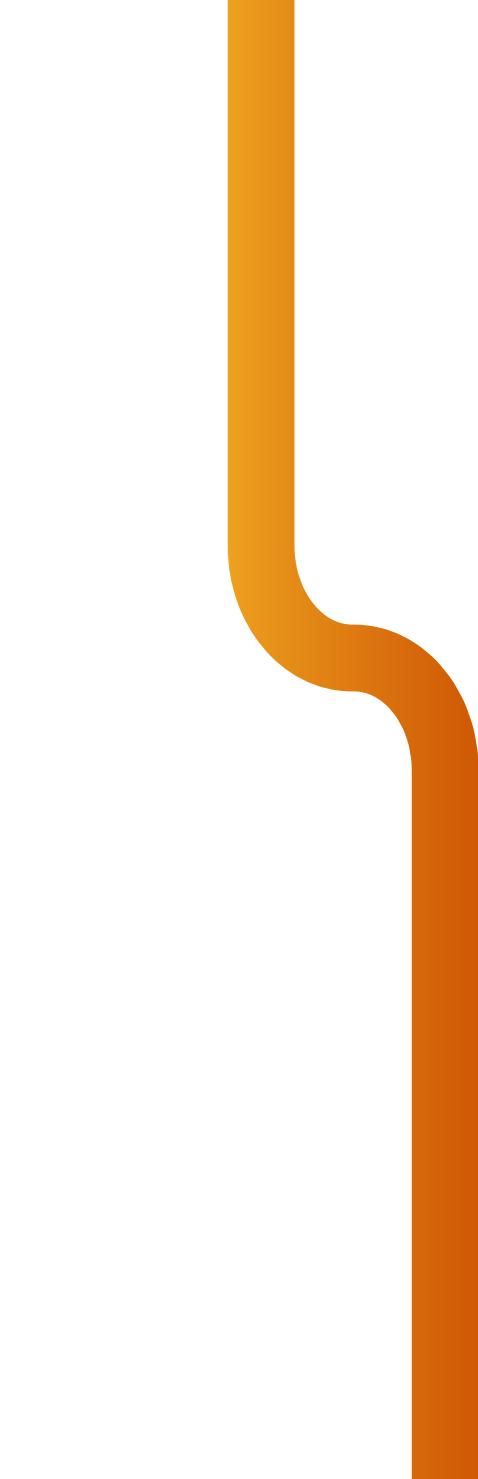
By specifying these relationships between stakeholders, activities and impact schematically, you will be building a theory of change. Please note that, at this stage, we are dealing with a theory, given that you will be making assumptions about your approach and using the impact that you aim to achieve as a starting point. This theory will subsequently be tested during the consecutive stages of the impact measurement process.

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"The key reason to measure impact is to be able to maximise impact. It's something that gives you insight into how effective you are at what you do. This allows you to adjust your strategy and focus your efforts on the activities that yield the most impact."

**Annemiek Dresen,  
New Bees**

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## Components

A ToC can be constructed in various ways and may take various forms. However, it will always consist of the following components:

1. **Input:** what resources do you use in order to carry out your activities effectively? (such as a training space and qualified trainers);
2. **Activities:** what activities are you currently carrying out? (such as a training cycle or practical coaching sessions);
3. **Outputs:** what are the direct results of your activities? (such as the number of participants in a training);
4. **Direct impact:** what are the changes resulting from the outputs? (e.g. the participant in the training has more knowledge or skills);
5. **Indirect impact:** how does the direct impact continue to affect things in terms of indirect impact (in the long term)? (E.g. better job prospects or more social contacts.) This is often the impact you hope to achieve. The higher you get in the ToC, the smaller your influence will be.

As explained on page 7, the impact of your company consists of the (direct and indirect) impact that can be attributed to the activities of your company.

When drawing up your ToC, it is important to be aware of any assumptions and contextual factors:

1. **Assumptions** form the link between the levels of impact. They set out the conditions needed to achieve the desired change.
2. **Contextual factors** are the external factors that affect the impact of your approach. Contextual factors can be both positive (enablers) and negative (disablers).

## The parts of a ToC

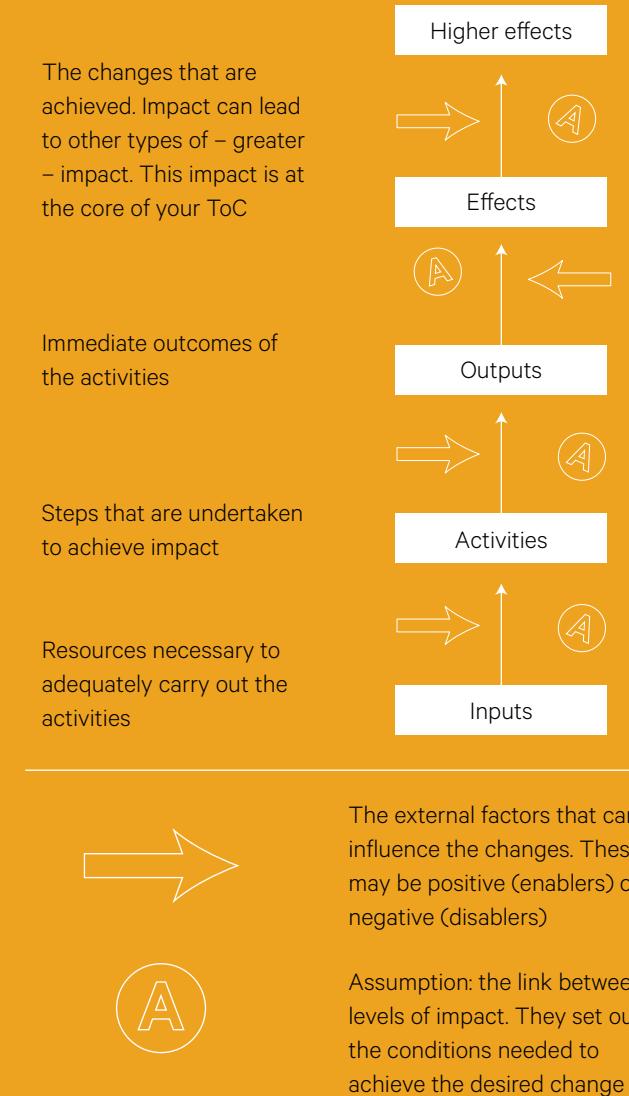


figure 2 - The parts of a ToC

## **Engaging your stakeholders in your ToC**

The guiding principle in the entire impact measurement process is that you should always involve your stakeholders – and the same goes for the development of your ToC. There are two easy ways of collecting input from your stakeholders, namely by:

1. interviewing them before you begin developing a ToC and asking them about the principal changes that they have experienced as a result of your activities, and which changes they hope to see in the future;
2. organising a session during which you bring together multiple stakeholders or their representatives. You should use this session to reflect on the impact of your company. Your ToC should be developed further based on the outcomes.

Stakeholders are individuals or parties that affect or are affected by the activities of your company.

## **Developing your ToC**

To develop a ToC, simply complete each of the five layers step by step (see Figure 2). The order in which you should do this is not set in stone. However, it makes more sense to start by outlining your activities: what activities are you carrying out and for whom? What are the direct results (outputs) of those activities? After that, you will be able to set out the resulting impact: to what changes has this output led?

The more specific and clear you articulate your ToC, the better you will be able to measure its components. For that reason, you should avoid empty phrases and vague statements, such as: "We empower people" or "We contribute to better quality of life in the neighbourhood". Instead, write: "As a result of activity X, youth offenders develop new vocational skills, such as ..." and "Through activity Y, we have created a hub for local residents to meet and we organise weekly get-togethers". You should attempt to ascertain what change you have achieved and with whom in small, logical steps.

A ToC can be developed in a bottom-to-top fashion, starting with the activities and extrapolating them up to the level of the mission.

You can also choose to work from top to bottom. This would involve starting at the level of the mission, considering what impact would be required to achieve that mission and reflecting on which activities you would need to carry out. Option one is the easiest to do if you have been operating your business for some time and want to ascertain how exactly you are achieving your mission. Option two is useful for beginners and entrepreneurs who want to know which activities they should be carrying out to realise their mission.

### **Tip: focus on material impact**

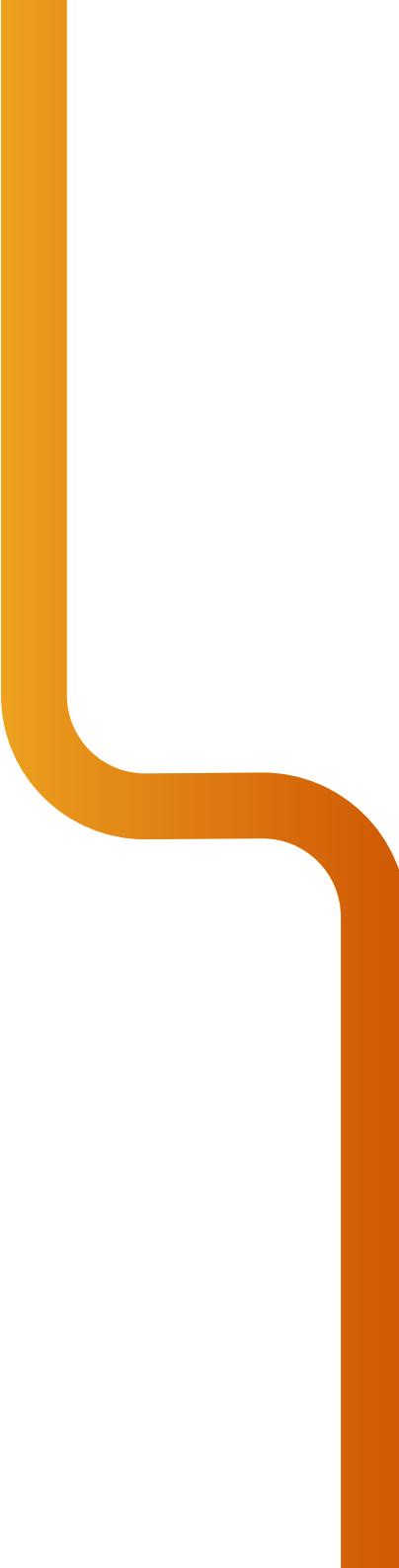
When developing a ToC, you will often end up with a lot of stakeholders and types of impact. After all, you do not want to leave out any impact. That is why it is crucial to narrow your focus. Once you have catalogued all envisaged changes for all key target groups, you should pick the types of impact that are the most relevant and significant. Impact that both corresponds to the core of your work and mission (relevance) and is important and valuable to your stakeholders (significance) is referred to as material impact. In order to keep your ToC simple and focus your efforts on the essentials, you should only include this material impact in your ToC.

Carefully consider the assumptions and contextual factors underpinning your ToC as well (please see Figure 2). What are the conditions that would allow the changes to take place? What is your point of departure? For example, are you assuming that the economy will remain stable? If your goal is to match people who are distanced from the labour market with a suitable employer, are you assuming that enough people will be interested in working for you and that the municipality will be able to channel them to your company? Assumptions like these cannot always be made as a matter of course.

Contextual factors can be both positive (enablers) and negative (disablers). A great deal of media attention focused on the field of your issue, for example, could be an enabler; a disabler could be the start of an economic crisis, resulting in your issue suddenly losing importance in the public eye.

## **Validating your ToC**

Once you have worked out your Theory of Change, it is vital that



you have that theory validated. The most pivotal question in the validation process is whether or not it is likely that you will achieve the envisaged impact with your activities. Your stakeholders will be able to provide a crucial reflection on the ToC you have completed, concerning whether or not the change theory matches the change that they experience. Do they recognise the impact? Do they have any additions to make to your ToC? Not every target group, however, is able to contribute ideas with regard to your intervention. You may try a broader type of validation by putting your ToC to researchers and experts in your field or by consulting existing scientific and professional literature.

If the validation process reveals that your ToC is plausible, you can start actually measuring what you are achieving in practice. The more plausible your Theory of Change, the greater the likelihood that your measurements will yield useful results.

#### **Why draw up a ToC? There are four main reasons:**

- Clarity: A ToC helps to structure the complexity of change into a logical model.
- Encouraging stakeholder involvement: Drawing up a ToC allows you to actively involve your stakeholders in your work. This leads to an exchange of knowledge and involvement with your company.
- Stepping stone to research: A ToC will help you make the impact that is attributable to your activities explicit. You will subsequently be able to use a ToC to examine whether your assumptions are correct and whether the impact actually occurs.
- Communication support: Finally, a ToC can be used for communication purposes – although this does often involve some degree of simplification.

#### **Practical tools**

Various practical tools are available to help you develop your ToC. We will be showcasing two of these tools and have included more relevant tools in the table.

##### Featured tools

###### **1. [Changeroo](#)**

The Changeroo website contains a variety of practical tutorials

on creating a Theory of Change for your organisation on its ToC Academy page. Upon registering, you will be able to create one Theory of Change during a 30-day trial (free). The site offers practical, digital advice and tools to help entrepreneurs create a workable ToC that allows them to optimally include their stakeholders and develop a narrative (story) for their ToC.

###### **2. [Hivos Theory of Change](#)**

The comprehensive Hivos guidelines provide tools for drafting a ToC and explore the definition as well as advanced models. "Part B" on pages 33 to 71 is of particular relevance, as it outlines how to draw up a ToC for your company systematically. The section is made up of eight different steps, which each focus on the key questions, the purpose of the step and any possible challenges.

##### Additional tools

###### **[Center for Theory of Change \(EN\)](#)**

Relevant to: Drawing up a ToC

The website of the Center for Theory of Change includes an outline and descriptions of the various components of the structure of a ToC – using a central example. The website also includes various presentations and background articles on the origin and the application of ToCs.

###### **[Stakeholder mapping and analysis – Better Evaluation \(EN\)](#)**

Relevant to: Stakeholder analysis

This is a type of short checklist designed to help you identify your stakeholders. The tool goes one step further by including questions on the relationships between stakeholders and their interests in relation to your

###### **[Materiality matrix \(NL\)](#)**

Relevant to: Determining the most relevant and significant impact  
This tool (in Dutch), designed by MVO Nederland, will help you make a selection of the impact that is relevant and significant. You will be creating a so-called materiality matrix to do so, in which you will be indicating which impact is the most significant to your organisation and your stakeholders.

# **Stage 2**

In-depth analysis per domain

From this point on in the manual, each stage of the impact measurement process will be outlined in terms of specific recommendations, targeted tools and selection of types of impact and indicators for the domains of labour participation, sustainable value chains and the circular economy. At each stage, you will be able to click on the domain that most applies to your circumstances.

## Stage 2: labour participation

Companies that focus specifically on labour participation work to provide a suitable working or learning environment for people who are distanced from the labour market. The objective is to ensure these people develop and become less dependent on care and guidance, to ensure an increase in their wage value and to ensure that they move on into paid work or vocational training. This concerns the following target groups:

1. people with a mental or physical disability, who are likely to have a systematically low wage value\* due to their disability, such as people with a sensory or mental disorder or people with a mental disability;
2. people who are able to achieve a wage value of 100% and above in the long term in an appropriate working and development environment, such as young people with social issues who have left education without basic qualifications, people who are returning to work following prolonged illness or newcomers/status holders with a trauma and a language deficiency.

### What is the intended impact?

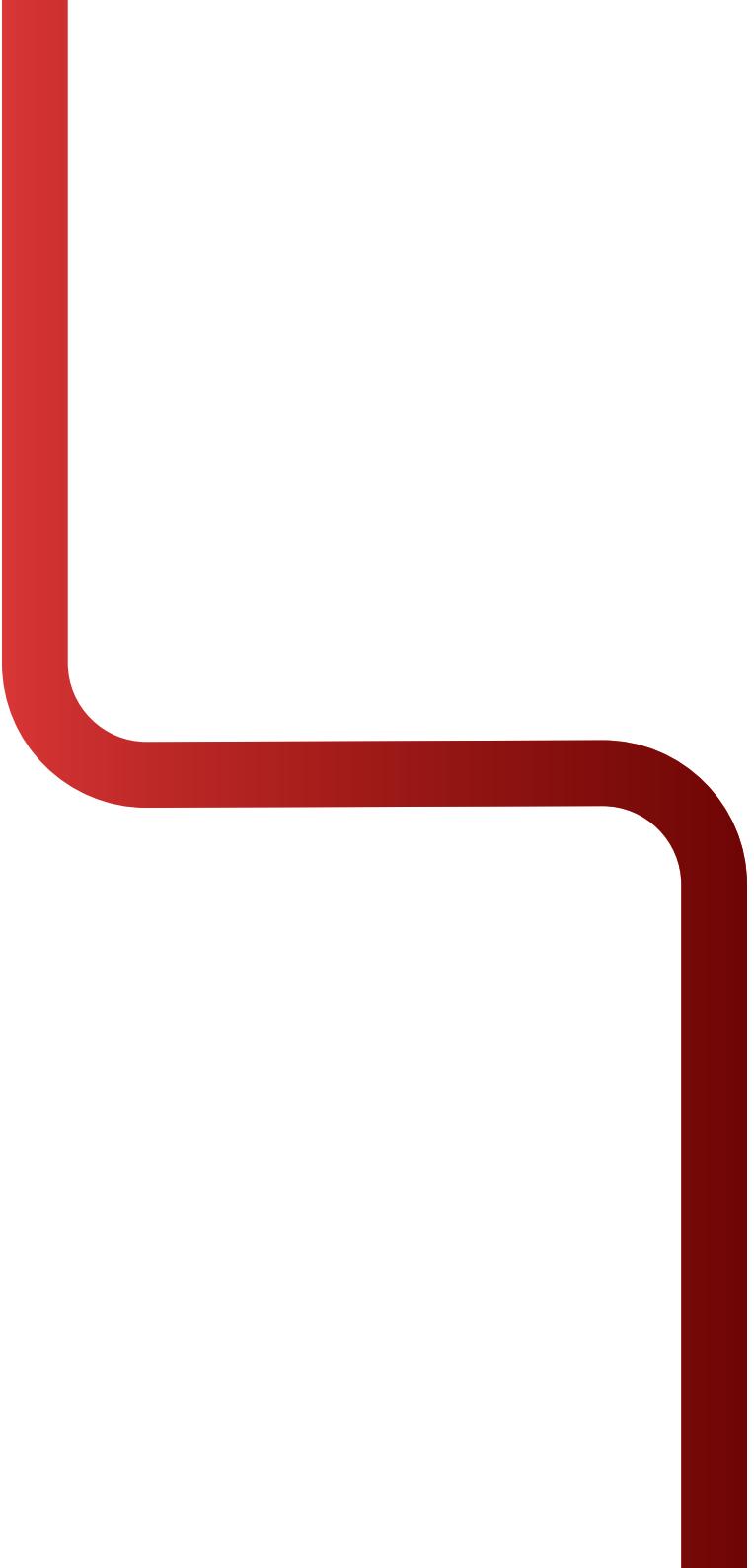
In relation to labour participation, the initial objective is to help people become more self-reliant. Having work and learning are crucial in that regard, regardless of what level people are able to develop into.

There are also organisations that chiefly focus on people for whom any development in terms of self-reliance cannot be achieved, such as people with a severe mental disability. In that instance, the impact lies primarily in the field of increasing the sense of happiness and self-confidence these people have. This manual, however, will focus on the group of people that can achieve development of self-reliance.

A suitable working and learning environment is an environment in which that self-reliance is increased. In addition to the performance of daily responsibilities, it also requires an additional effort from the employees with regard to:

- gaining more employee skills;
- obtaining a diploma;
- building more self-confidence;
- acquiring more social skills.

The employee is the primary stakeholder, but other stakeholders will also experience changes. In the first place, these will be the people in the immediate vicinity of the employees, such as their parents and carers. As the self-reliance of employees increases, these stakeholders will be relieved of their "burden". A municipality or the Employee Insurance Agency (UWV) constitutes the next category of stakeholders. They must contribute by:

- 
- placing the employee;
  - ensuring facilities are in place;
  - ensuring the necessary financial facilities are available.

At the same time, these stakeholders will also experience a positive impact. First and foremost, the employees who are developing new skills require less care. Secondly, they will become less dependent on wage supplements as their wage value increases. Both types of impact result in savings for the municipal authorities.

#### **A ToC for the labour participation domain**

In this case, the ToC must demonstrate the plausibility of the target group of employees becoming more self-reliant as a result of the activities of a company. This is not without complexity, but rather requires a suitable organisation of the company and the business process, a suitable attitude of the management and the team and additional activities such as job coaching and training.

It is essential that there is a personal approach to the employees and that their personal development is monitored and, if necessary, adjusted on an individual level. Someone who has been given a temporary job, but ultimately does not benefit from it, would not fall under the category of impact. The combination of activities is crucial.

Assistance that is suitable for someone with a sensory disability may not necessarily be suitable for someone with a language deficiency. For that reason, the ToC should be validated by people who understand the problems, but also understand the capabilities of the company and the sector in which it operates. For example, there are different development opportunities for employees in the hospitality industry than in sheltered workshops.

### NewBees: a ToC

In 2016, NewBees was established, with its mission to get newcomers to participate in Dutch society. The organisation offers new arrivals a growth track in which they are able to develop or use their talents, receive preparation for a job and can be matched with a suitable traineeship, paid job or initially unpaid job. During these growth tracks, NewBees offers guidance and attempts to steer participants in the direction of ordinary paid work after the process has ended. NewBees currently operates at three

locations in Amsterdam and Zaandam. Between its establishment in 2016 and April 2018, over 750 newcomers have signed up to follow a traineeship.

At the end of 2017, NewBees took the first steps towards carrying out an impact measurement. Their objective was two-fold:

- to focus on impact and to increase that impact;
- to demonstrate accountability to external stakeholders (such as municipal authorities and investors).

The key issue, in this case, was whether or not the newcomers that are guided by

NewBees are in fact able to obtain their own place within our society more rapidly and with a higher success rate – preferably while holding a paid job. A subsequent question revolves around what NewBees could do to increase this success rate, such as providing a greater focus on successful matches between newcomers and organisations, or providing intensive support to newcomers and organisations after placement.

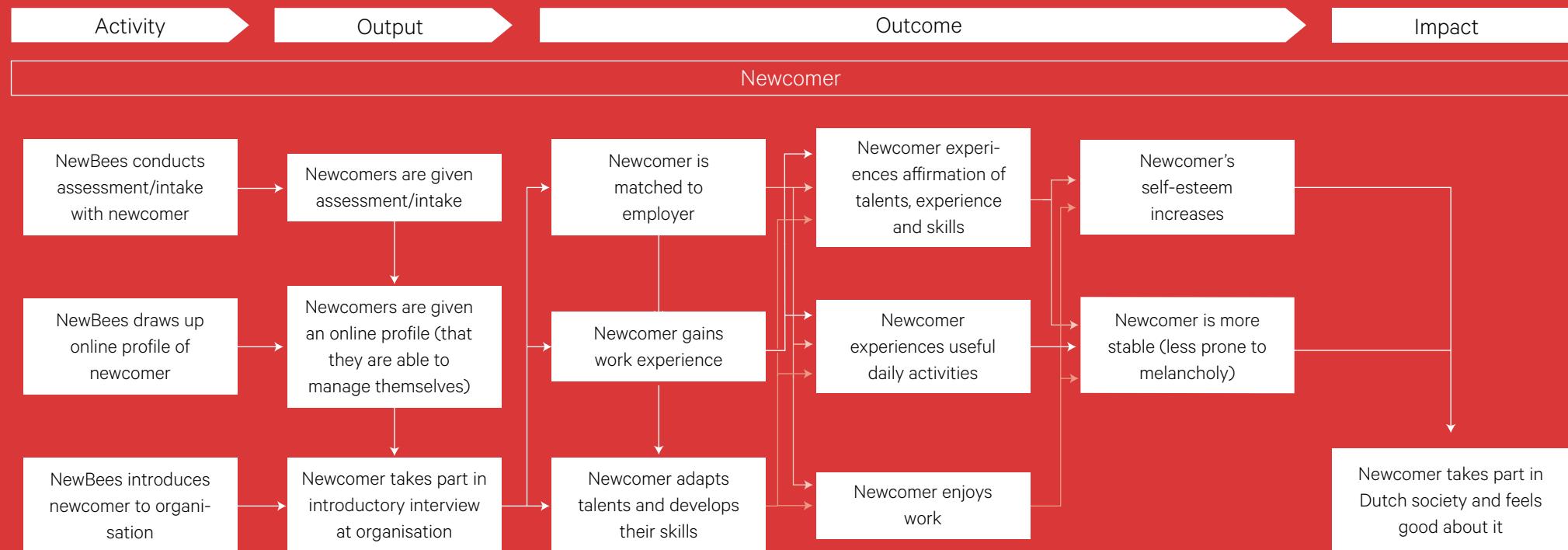
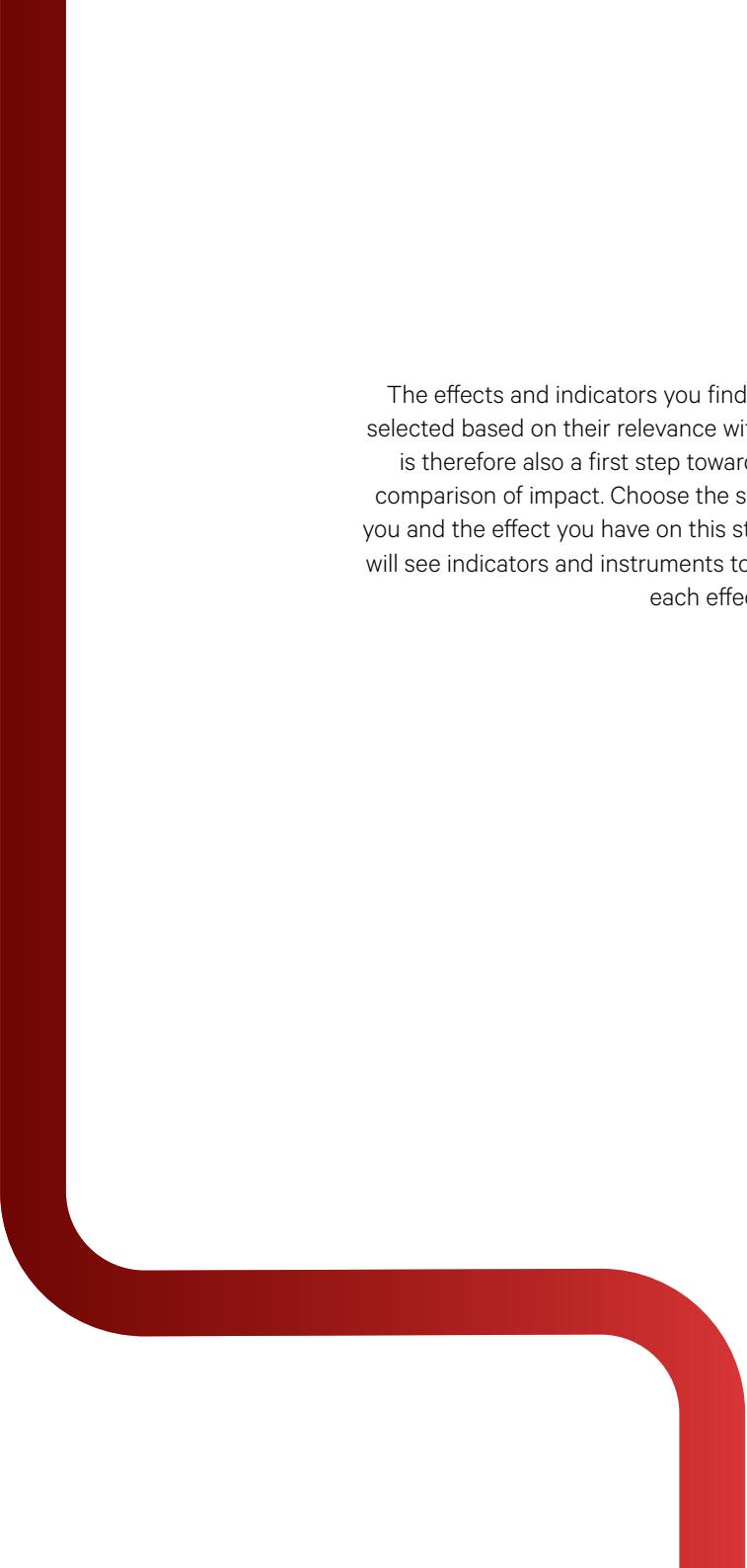


figure 3 - The ToC of NewBees



The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have. You will see indicators and instruments to measure these indicators for each effect.

## Stage 2: sustainable value chains

Within the domain of sustainable value chains, the key issue is sustainable value creation and value distribution in a commercial chain, in which, as a social enterprise, you assume responsibility for the impact on people and the environment. In this manual, we will be focusing on specific types of value chains: international chains of which the initial links lie in developing countries.

A value chain covers all activities that add value or reduce value, from raw materials up to and including the end of the lifespan of a product. As a social entrepreneur, your goal is to maximise sustainability in the creation of added value, whilst aiming to achieve a fair distribution of value among all relevant parties in the chain. For example, this could be achieved by paying small-scale producers a better price.

Furthermore, value reduction, such as through the depletion or pollution of natural resources, should be prevented and reduced as much as possible within a sustainable value chain. As an entrepreneur, you can choose to focus on changing the entire value chain, which means that you will also attempt to exert influence on the actions of customers and suppliers. You might also choose to focus on a specific challenge in a given link, such as sustainable land use by local farmers or a safer working environment in factories. The main thing is deciding how you differ from ordinary companies.

### **What is the intended impact?**

In the creation of a sustainable value chain, small-scale manufacturers or workers in developing countries will generally be key stakeholders, as their problems are often complex and urgent. Many social entrepreneurs want to make the chain more sustainable by ensuring more value ends up with these stakeholders. For example, they offer a better price that contributes to ensuring a living income and a living wage (see the box below). In addition, value can often be created by ensuring good working conditions, like in the mines where raw materials are extracted or in the factories where your products are processed. In many cases, the corresponding challenge lies in identifying the local circumstances and the local context. For example,

- What does your chain look like exactly and how many links are there between the farmer and the factory?
- What laws are in place to prevent child labour and how are those laws enforced?

For some chains (such as the cotton chain), mapping all this out is a time-consuming endeavour. This gives rise to other questions that need answering, such as:

- What would be a good price for the small-scale producers in your chain that would contribute to a living income?

- What are better working conditions?
- What exactly happens at the processing parties and what takes place at the level of the distributors? (It is often difficult to obtain precise information.)

Therefore, in order to establish where you can add value, you must be highly familiar with your stakeholders at the beginning of the chain and know what their circumstances require. To this end, you should talk to these parties and to experts within your chain, and on the basis of those talks determine your specific impact goals to make the chain more sustainable.

You should also realise that the attitude and position of other stakeholders in the chain is extremely relevant to achieving a more sustainable or fairer chain. Consumers, public authorities and certification organisations, for example, are stakeholders that you can attempt to influence in order to improve the lives of the people at the bottom of the chain. You could, for example, increase your impact by lobbying in favour of new laws, by promoting more conscious consumerism or by convincing other players in the industry to follow your example.

#### **What is a living wage?**

Ensuring a living income for small-scale producers and a living wage for workers is a crucial and topical issue in the field of international value chains. A living wage is the minimum income a person requires to meet their basic needs. A living income is often more difficult to calculate, given that small-scale producers frequently have multiple sources of income.

In addition, the income of an entrepreneur may vary on a monthly basis, with factors such as costs (such as for inputs) and productivity having a significant effect on their net income. Therefore, the purpose of a living income or wage is to allow a person to have a simple but adequate standard of living. Unfortunately, the minimum wage does not guarantee this in many countries. Given the flexible nature of the concept of "needs", there is no universally accepted measure of what

represents a living wage or income. This will vary by location and type of household. Section 9.2 contains more information on how you can determine your position in respect of the living wage that applies to the areas in which you operate.

#### **A ToC for the domain of sustainable value chains**

The ToC should prove that the activities of your company contribute to the improvement of the position of small-scale producers or factory workers or other stakeholders in the chain. Alternatively, the ToC must demonstrate that your activities help reduce negative environmental impact in your chain.

If the end goal is a living income or wage at the beginning of the chain, you should consider that the income of small-scale producers depends on more factors than simply receiving a (higher) price when drafting your ToC. Increased production and the (cost) effectiveness of the production process can also affect the income of small-scale producers, with the stimulation of additional sources of income (diversification) contributing to the producer's income as well. Finally, trading conditions such as timely payment and long-term contracts also play a key role. Better and more stable trade relationships provide security, as a result of which small-scale producers are required to take out loans less frequently and can make investments more easily. The combination of these types of impact determines the extent to which we can refer to a living wage. When determining your contribution, you should carefully consider the local context and reflect on any potentially unintended impact that may occur, such as conflicts between farmers due to different trading conditions.

#### **Goals**

Although you may not be able to immediately impact the living wage, because your company purchases too little or can exert little influence on the price, for example, you might be able to contribute by making improvements to one or more of the conditions listed above. You should therefore draw up specific goals in that regard. For example, one of your company's goals

could be to always conclude long-term agreements, thereby giving small-scale producers more security and investment capability. Alternatively, you could establish a certain type of certification as a condition.

Your ToC can also be used to develop specific strategies that contribute to improved working conditions. In some chains, combating forced labour or child labour is a serious challenge, whereas the key issue in other chains is reducing unsafe and unhealthy conditions in factories. Transparency and trust should be your guiding principles; you should be familiar with your chain and know which farmer or which factory has produced your raw materials or products respectively. Gain the trust of your trading partner to the point that they are willing to discuss their problems with you. It is only with that knowledge that you will be able to take steps toward achieving safer and healthier working conditions.

Finally, your ToC can also be used to work out how you plan to influence other stakeholders, such as making consumers aware of the issues in your specific chain. Your ToC can also be used to set out which lobbying activities you plan to undertake in order to encourage and move the sector or industry in the direction of new or more stringent agreements.

### **Validation**

In order to validate your ToC, you might want to consult the best experts in this domain as regards content or consult the literature of Wageningen University & Research or the KIT Royal Tropical Institute, for example. A great deal of research has already been conducted on the impact of certification. Please see:

- the [ISEAL publications](#), such as the report of the [ITC/EUI](#) on the impact of social standards and environmental standards on sustainable value chains;
- the report published by [KPMG SUSTAINQ](#) on the impact of

- the certification of coffee, cocoa and cotton on small-scale farmers/producers;
- the review published by the [ODI](#) on the impact of Fairtrade on small-scale producers and workers;
- the report published by the [NRI](#) on the impact of the certification of cocoa and tea on poverty in a country.

### **Yumeko: a ToC**

Yumeko was founded to tackle the production chain in the "sleep" sector and to offer consumers a fair and responsible alternative to bed and bathroom products. Yumeko has three key impact goals:

1. to ensure production burdens the environment as little as possible;
2. to create fair terms of employment in the production chain;
3. to minimise animal suffering in the production process.

### **Working with quality marks and the FairChain principle**

The production chains in which Yumeko operates, including the cotton chain, are very complex. For that reason, Yumeko works with existing quality marks that have an understanding of these complex chains. The GOTS (Global Organic Textile Standard) quality mark, for example, guarantees that each step – from the cotton plantation to the spinning mill to the finished product – meets

the environmental standards of organic textiles and social standards, such as that of a safe work environment.

Occasionally, Yumeko collaborates with parties that are too small to obtain a quality mark. To achieve the impact goals even with these parties, Yumeko will only partner with them if they endorse the FairChain principles. This means that these partners manufacture products with minimal environmental impact, reward labour fairly and treat any animals in accordance with animal welfare standards as much as possible.

### **Measuring impact**

Each year, Yumeko conducts consultations with its partners on how they can jointly achieve improvements in the chain. In addition, Yumeko publishes an annual report on its impact, in which it identifies which outputs have been achieved, e.g. the number of litres of contaminated water that the company has prevented and the volume of

sustainable down that was purchased.

Yumeko plans to expand its impact measurement in the years to come. Drawing up a schematic ToC was the first key step in this direction. This global ToC is primarily used to present Yumeko's vision to consumers, as it will require further specification before it can be used for the measurement of impact. In addition, the ToC will serve as a basis for future talks with partners and will help to assess which activities contribute to Yumeko's mission.

## Change The World Sleeping: top quality sustainable bedding

Indirect impact	Increase in the welfare of workers in the Yumeko production chain	Increase in animal welfare in production chains	Cleaner, safer and more sustainable living environment at production sites	Demand for sustainable sleep products increases at the expense of non-sustainable alternatives	More sustainable business practices in the sleep products sector
Direct impact	Partners in compliance with FairChain/quality mark standards, resulting in workers in the Yumeko production chain having better working conditions and fairer wages	Partners in compliance with FairChain/quality mark standards, resulting in animals in the Yumeko production chain being treated more humanely	Partners in compliance with FairChain/quality mark standards, resulting in a reduction in the use of chemical and water consumption at production sites	More consumers purchase sustainable sleep products and are aware of the problems in the sector	Peers in the sleep products sector show willingness to correct and improve malpractices
Output	Partners endorse FairChain standards or have been given the opportunity to join a quality mark scheme (such as Fairtrade, GOTS and Downpass)			More consumers are aware of Yumeko and its mission and are aware of the problems and sustainable alternatives	Peers in the sleep products sector are aware of the problems and are inspired by possible solutions
Activities	Yumeko chooses sustainable partners with FairChain production chains, with which long-term partnerships are concluded. Yumeko supports them in complying with quality mark and other standards and inspections regarding fair labour, animal welfare and environmentally friendly production			Yumeko sells sustainable products and communicates and creates publicity on the malpractices in the sector, transparency in the chain and its mission.	
Stakeholder	Workers	Animals for wool and down	Natural environment of production sites	Consumers	Peers in the sleep products sector



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## Stage 2: the circular economy

This domain is all about achieving a radical system change, switching from our current linear economy to a circular economy. In our current economic system, we continuously draw from a finite reserve of natural resources, which we process into products with a limited lifespan and which we consider as waste after use. This system is depleting our natural resources. Due to the growing global population and the increased prosperity in large parts of the world, this process is speeding up. For that reason, it is essential that we start using other raw materials and that we start using raw materials differently. In relation to using other raw materials, just think of the shift from fossil fuels to renewable energy. The different use of raw materials, for example, could refer to materials we currently consider as waste products. However, it could also be based on designing products differently, making them modular and re-usable.

### What is a circular economy?

A circular economy is an economic system that maximises the re-usability of products and raw materials and minimises value destruction. In a perfect circular economy, the available raw and other materials are used in the most efficient way possible through recovery and reuse, thus excluding the need for new raw materials and relegating wastage and waste to the past.

A circular economy takes into account the impact of production on the environment (for example, less CO<sub>2</sub> emission and less

exhaustion of finite raw material reserves), but also takes into account social and economic impact (such as more jobs and value creation in the long term for both the company and society). In this manual, we will chiefly be focusing on the environmental impact.

### What is the intended impact?

As an entrepreneur, you have the option of applying several types of circular business models, which can be categorised using the five Rs:

- 1. Reduce:** your environmental impact by using renewable raw materials or residual flows from other production processes.
- 2. Redesign:** Design your product for durability to reduce or exclude breakability, for modular adjustments or upgrades or to function as a valuable raw material for your (or any other) production process after use.
- 3. Reuse:** Extend the lifespan of a product by re-selling it again after use or by reusing components to produce new products. This leads to fewer new products and materials being required.
- 4. Repair:** Prevent waste by manufacturing products that can be fixed easily, such as through the replacement of individual parts, instead of requiring the replacement of the entire product.

- 5. Recycle:** Consider which valuable materials the waste and residual flows of your production process contain and how to extract the best possible value.

In practice, it is often the case that entrepreneurs will apply a combination of a number of these five Rs. Your choices in favour of the five Rs determine your intake of raw and other materials, your production process and the outflow of raw and other materials. The raw and other materials you use go through the following three components of your organisation (with impact occurring per component):

- **Intake:** By purchasing the right recycled or renewable materials, you can take a big step towards improving circularity and increasing your impact. In addition, this component primarily deals with the recovery of raw materials and materials after the production process.
- **Production:** In addition to the raw and other materials that you use, it is equally vital to review the operational side of your business, such as the energy, material and CO<sub>2</sub> efficiency of your activities.
- **Outflow:** This component involves reviewing the processing of used raw and other materials. What proportion flows back into your organisation or flows on into other production processes? What proportion is waste?

The diagram on the right illustrates how the five Rs relate to these three components of a company.

#### A ToC for the circular economy domain

As stated regarding Stage 1, one of the first activities to carry out when measuring impact is identifying the types of impact you expect to have on your stakeholders. This can be accomplished by drawing up a Theory of Change. Who are the stakeholders in a circular economy?

Closing the product life cycle, extending the lifespan of a product and the prevention of waste – all these types of impact chiefly

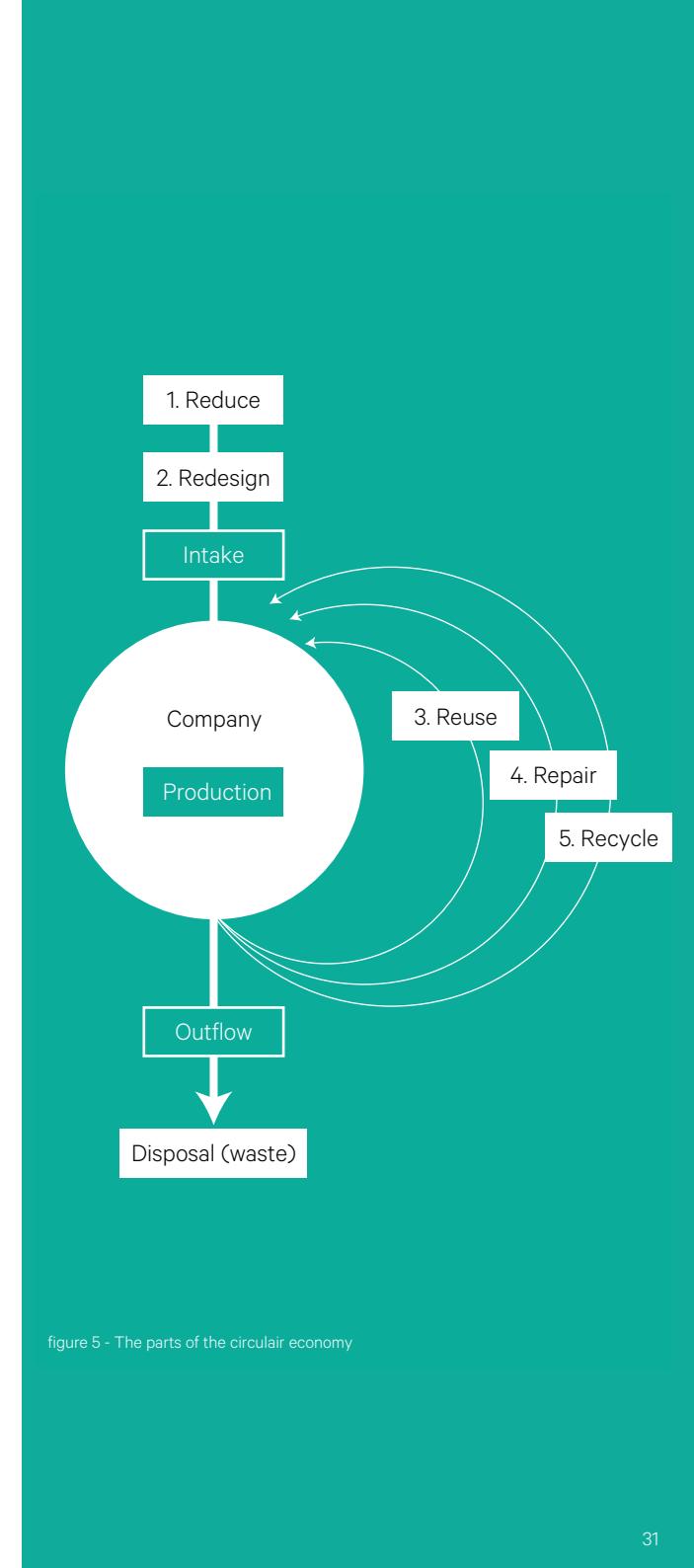
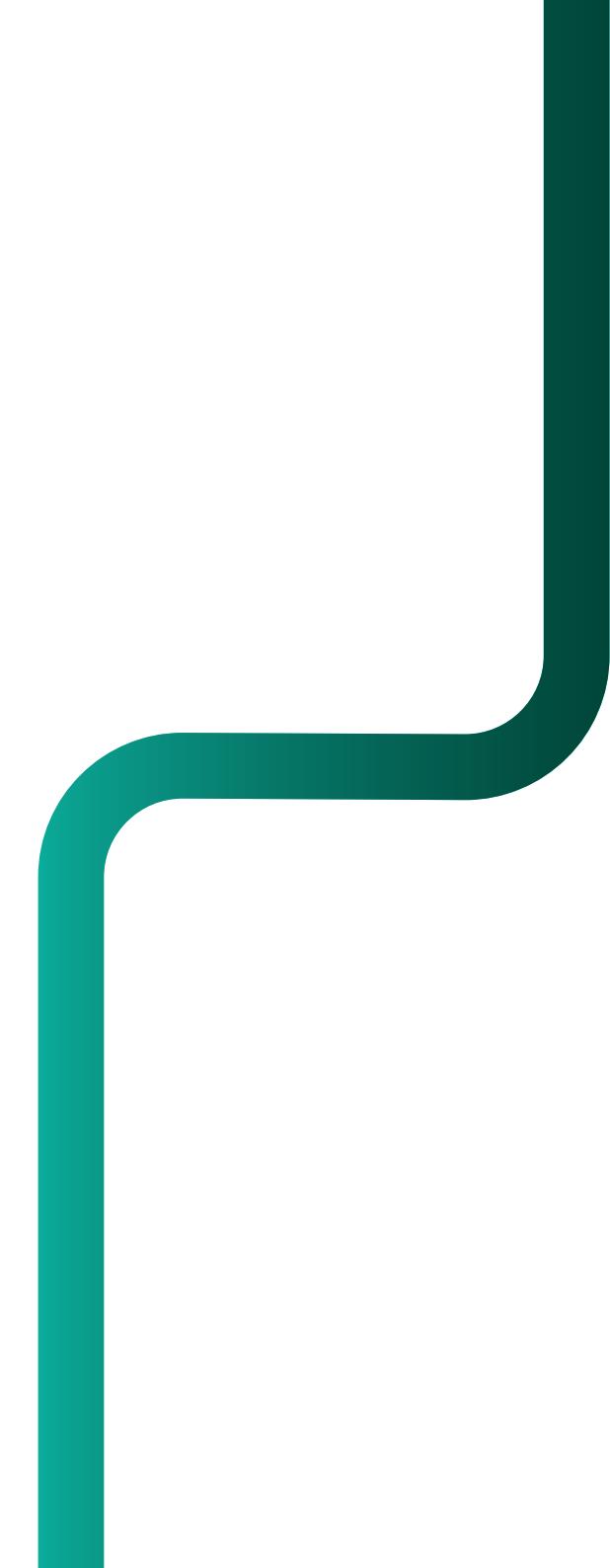


figure 5 - The parts of the circular economy



relate to the natural environment. As such, the environment is a key stakeholder of any company that has circularity as its mission.

Which types of impact can you expect? That depends on your business model (see box) or on the decisions that you make in terms of the five Rs and the corresponding activities you carry out. In general, you can expect the following environmental impact in relation to the application of Reduce, Redesign, Reuse, Repair and Recycle:

- reduction in CO<sub>2</sub> emissions;
- less waste;
- less water use;
- reduction in extraction of natural resources.

#### The five Rs

The list above deals with a reduction in negative impact, which can be achieved in various ways if you pursue one or more of the five Rs:

- **Reduce** If you are purchasing renewable energy for your production process, you will be able to calculate how much CO<sub>2</sub> you are saving as a result.
- **Redesign** Is your aim to save raw materials by offering consumers a modular or repairable product? Increasing lifespan and savings realised in terms of waste and new raw materials will count as types of impact.
- **Reuse** If you are primarily focusing on recovery and reuse of your materials or even of entire products, then you should consider paying a return fee, to ensure that materials and products return to your company. The impact will be the raw.
- **Repair**: If your business manufactures products that are easy to repair, the impact will be the savings on raw and other materials and energy, and a longer lifespan for your products.
- **Recycle**: If you would, for example, like to purchase the waste products of other companies to use to make new

products, you should consider drawing up agreements with these suppliers. As a result, you will be preventing a certain volume of waste.

In addition to reducing negative impact, we can also just list types of positive impact, such as an increase in employment, as the circular economy creates jobs. If your company dismantles products, reuses parts and separates materials, you can expect positive impact in terms of employment.

More impact is needed on other companies and consumers to achieve systemic changes. You might consider more intensive cooperation with a partner in the chain with regard to closing a shared cycle. Among consumers, in order to create sales, impact is required regarding their awareness and the demand for circular products.

### A ToC for manufacturer of designer furniture X (fictitious example)

Very few social entrepreneurs that focus on circularity have drawn up a ToC, although a number of regular companies have set out their circular business model. The diagram to the right illustrates what a change theory or part of a change theory might look like.

Company X creates modular designer furniture. This means that the pieces have been designed in such a way that parts can be repaired or replaced (redesign), with

smaller, more vulnerable components of the constructions being easy to repair or replace. As a result, products have a longer lifespan – after all, customers do not have to throw them out, nor do they depreciate in value significantly if a part is damaged. Company X remains the owner of the raw and other materials and organises recovery in-house by offering consumers a return fee. The larger replaceable components of pieces, such as chair or table legs, are made of renewable

wood and recycled materials. In the event of parts needing replacement, this will have a minimal impact on the environment (reduce).

Ultimately, this will result in fewer raw and other materials being required for the production process, and less waste being produced.

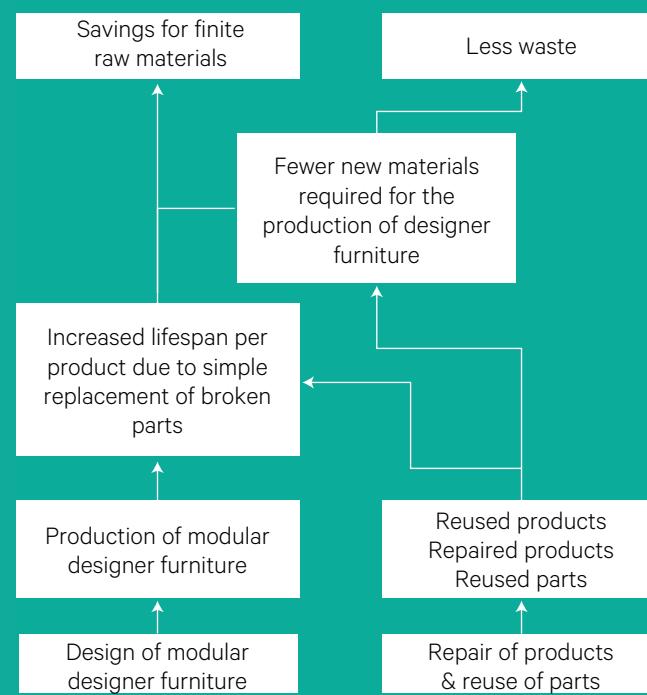
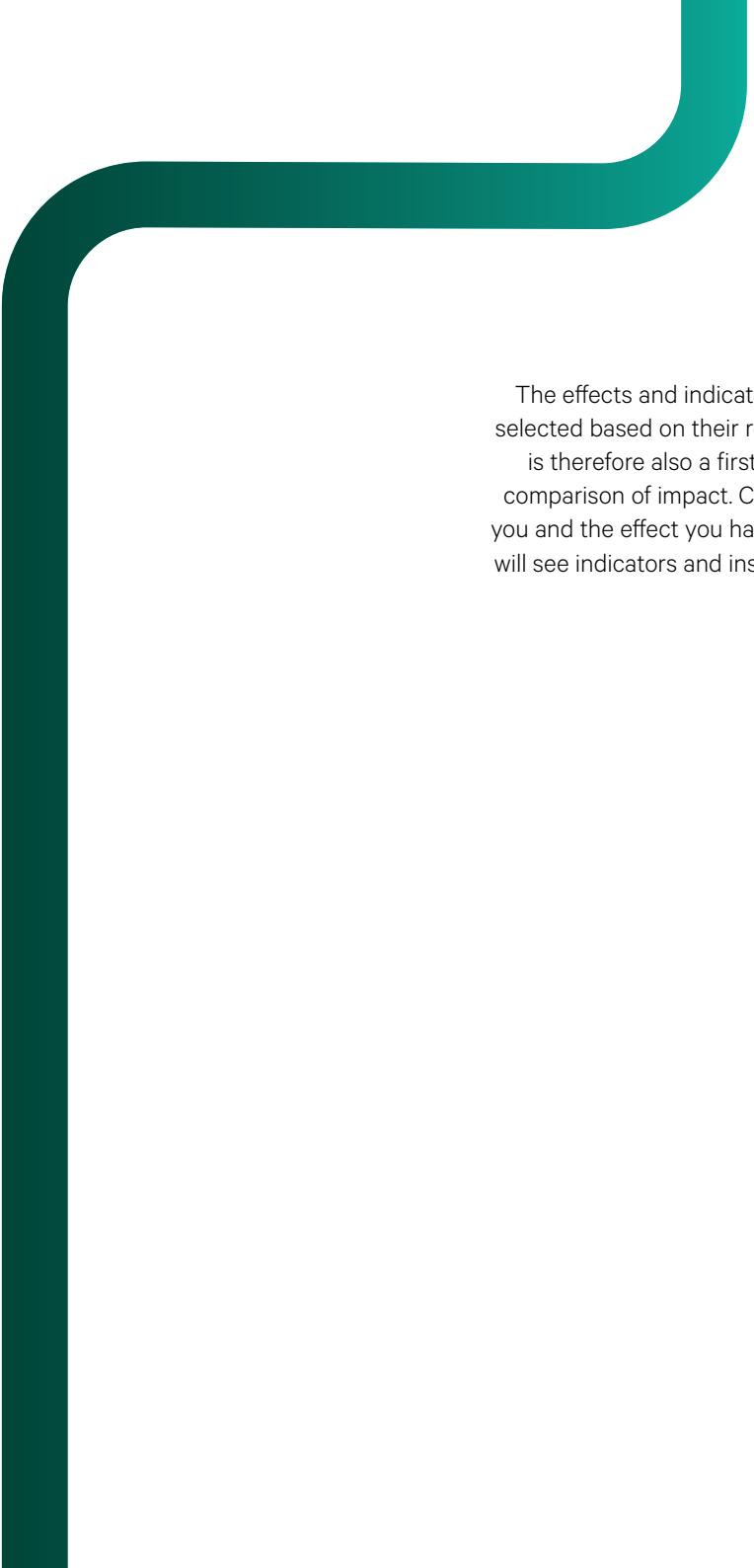


figure 6 - The ToC of enterprise X



The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have. You will see indicators and instruments to measure these indicators for each effect.



## Stage 3

Monitoring direct results (outputs)

## Monitoring direct results (outputs)

Having developed and validated your ToC, you are now ready for the third stage of impact measurement: monitoring outputs. Outputs are the concrete, quantifiable results of your activities. For example, if your operations are focused on preventing food wastage, you should record how many kilogrammes of food you have processed that would otherwise have been thrown away. Alternatively, if you provide a learning and working environment to people who are distanced from the labour market, you should record how many people you have placed, for how long and how many hours of training you have given them. If you sell sustainable products that prevent the wastage of plastic, you should record the number of products sold and the percentage of recycled plastic. If you operate in sustainable chains, you should keep an accurate log of how much extra you pay the farmers in the Africa. Kilogrammes, hours, number of products sold – these are all concrete, quantifiable and direct results of your activities, which makes them outputs. In most cases, it is simply a matter of monitoring and structured record-keeping with regard to components of your daily activities.

### Why monitor outputs?

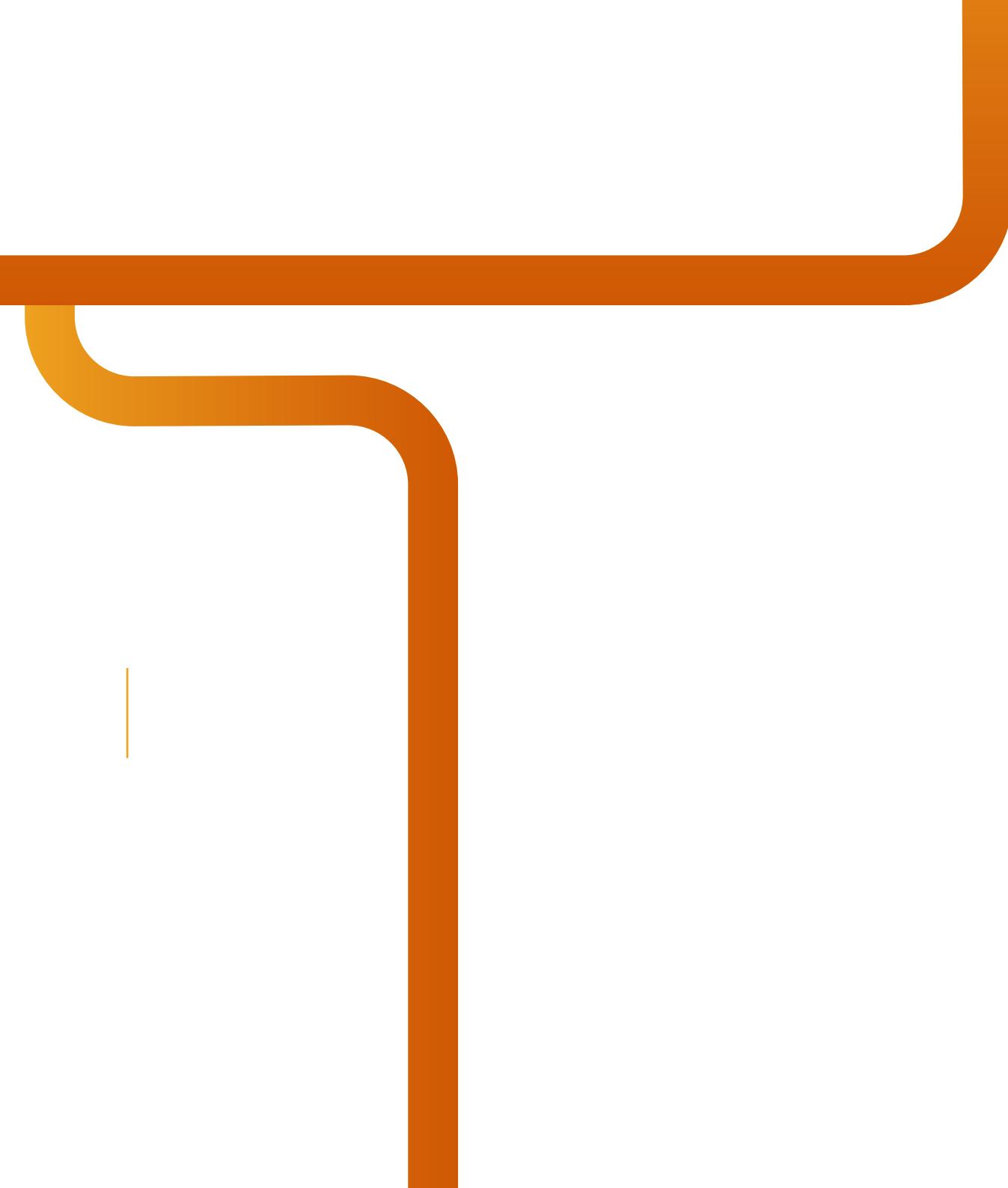
Outputs are an essential link between your activities and the impact of those activities. According to your theory of change, your outputs are directly linked to your intended impact; the impact is a result of the outputs. Monitoring outputs in itself is a very valuable endeavour, as it often results in new insights.

For example, if you keep accurate records of which people you have reached with your activities (such as based on age, place of residence and cultural background), you will be able to use that information to ascertain among which (mix of) target groups your model is most effective.

Finally, outputs are also very useful for external communication purposes. Instock, for example, is an organisation that focuses on preventing food waste, and it shows customers how many kilogrammes of food they have saved from the landfill by means of a counter in its restaurants. The monitoring of and communication about certain outputs can contribute to increasing motivation and commitment among employees internally as well.

### How do you monitor output data?

Outputs can mostly be retrieved from your own records, reports and financial accounts. Once you start monitoring outputs, it is vital that you save them to a place that is easily accessible – like a standard Excel spreadsheet. This is adequate for most companies, but if you already use more advanced management systems, you will also be able to monitor your outputs in those systems. These types of systems will probably offer more options in terms of analyses and reports. One tool that can be used to read data and use them as an input for management is a dashboard.



By setting up a dashboard, you will be able to compare the results you have achieved with your goals. You could create a dashboard for external communication on your contributions, or use it as an internal tool to keep your team on its toes and to create more commitment among your employees. Seepje, a detergent company, for example, has a dashboard at the office that displays the number of times Seepje products have been used. Find out more in the example on Seepje.

### Practical tools

Various practical tools are available to monitor outputs and to set up a dashboard. We will be showcasing two of these tools and have included more relevant tools in the tables.

#### Featured tools

1. [Knowhownonprofit \(EN\)](#): an output monitor framework. The Knowhow Nonprofit website offers three examples of frameworks that can help you build your own monitoring framework. These are the prison employment project, the Greener Devon Campaign and the Women Together membership organisation. In these frameworks, the activities have been worked out with corresponding output, output indicators and how, when and by whom the output is collected;
2. [Tutorialspoint \(EN\)](#): an Excel dashboard. If you simply want to monitor output data on a dashboard in Excel, the tutorial on Tutorialspoint can help you get started. It will teach you what options Excel offers and how they can be used to build a dynamic and interactive dashboard with output indicators.

#### Additional tools

##### [Capterra \(EN\)](#): dashboard software

Relevant to: Monitoring outputs on a dashboard

The Capterra website contains a list of 15 free software programmes that can be used to build an output dashboard.

# **Stage 3**

In-depth analysis per domain

From this point in the manual you will find specific advice, targeted tools and a selection of outputs for the themes labor participation, sustainable value chains and circular economy.

Click on the theme that applies to you.

## Stage 3: labour participation

In Stage 3, you will be focusing on monitoring your outputs, i.e. the concrete, quantifiable results of your activities that contribute to your mission. These outputs are also outlined in your Theory of Change.

As a company, you probably already do a lot of counting, such as the number of cappuccinos you serve, the number of bikes you manufacture or the number of lines of code that you write. This is already a key aspect of labour participation. After all, these production figures are to a large extent achieved by the people who work at your company and have the opportunity to develop their skills there. If you want to demonstrate your contribution in the field of labour participation, you will have to record personnel-related facts. That means starting with the number of employees with a target group profile, the number of hires and departures or the number of FTEs that is involved.

You will subsequently be able to monitor what you invest in these people, such as how many hours of job coaching they receive, how many training sessions they are offered and attend and how many hours of training that amounts to. In addition, you will be able to monitor how many people abandon certain pathways prematurely and how many people complete them successfully. If your company focuses on matching people with a suitable

traineeship or job, you should monitor how many people have been matched through your company, as well as how many employers you work with that offer a suitable range of jobs.

As you can see, monitoring output data can be quite simple, and you will likely be recording the relevant data already. If you find you are still missing a type of output that is associated with your impact, simply collect those data from the target group at the start of a programme. This is often a great time to ask employees or participants to complete a brief survey with a number of background details, such as name, age and living circumstances.

Monitoring outputs gives you an initial idea of your social contribution, but this is not enough to determine whether actual changes are taking place thanks to the participation of employees in a given training or work-study programme; specific questions should be put to those people and to other stakeholders to ascertain this. This is what you will be doing in Stage 4. You can still use output data, however, to communicate with municipalities and financiers on the number of people that you have reached with your activities, for example. In addition, you can get your team (employees, supervisors, job coaches, managers) more involved in what you are doing if you let them know about your direct results on a regular basis.

## **Specialisterren's outputs**

Specialisterren's mission is to provide high-quality IT services in a socially and economically sustainable way with a workforce of employees that have a form of autism. Employees receive a permanent contract (permanent contract following temporary employment) and many employees who joined the company at its establishment currently earn a salary that is above average. Specialisterren is economically profitable and does not receive any subsidies or donations. The social enterprise wishes to use that fact to inspire others to arrive at the large-scale and sustainable employment of people with some form of autism. Specialisterren was founded in 2008 by Sjoerd van der Maaden and, up to the start of 2018, had realised at least 40 paid jobs, whilst maintaining a reputation for high-quality expertise in the field of software testing (chiefly in e-commerce, online portals and mobile apps). Employees are offered full-time positions (permanent contract), and many employees who joined the company at its establishment now have an above-

average income. All aspects of the company are focused on optimally developing the personal attributes of the employees. This takes place by offering them more guidance, by keeping stimuli in the workplace minimal, by alleviating stress factors and by ensuring business operations align with the abilities and talents of the employees to the greatest extent.

### **Specialisterren monitors a large number of outputs related to its impact:**

- number of employees with a permanent contract;
- number of employees with a temporary contract;
- number of employees that joined over the past year;
- number of employees that moved on to other employment in the past year;
- years of service per employee;
- number of employees with ICT professional certification;
- number of employees following ICT professional training (paid for by

- Specialisterren);
- number of working hours per employee;
- salary level in euros per month per employee;
- percentage of revenue invested in secondary terms of employment;
- percentage of revenue invested in job coaching, guidance and training of employees;
- percentage of revenue realised by employees with autism;
- number of partners with job opportunities;
- background characteristics of the employees (such as level of education and employment history).

Specialisterren communicates with its stakeholders regarding this output, as well as on the associated impact, each year in a Social Impact Report.

### **Examples of outputs in the domain of labour participation that you can monitor include:**

- number of participants/employees following a programme in period x;
- number of training and/or work placements offered in period x;
- number of hours of guidance provided to participants/employees in period x;
- number of supervisors and/or coaches assigned to the programme in period x;
- number of months of guidance and/or coaching provided to participants/employees in period x;
- numbers of participants who attended the training programme or course in period x;
- number of training/course hours offered in period x;
- types of training programmes/courses offered in period x;
- number of partners that offered jobs to participants/employees in period x;
- number of newcomers on the job market as a result of activities in period x;
- number of persons who moved on to a subsequent work/training placement as a result of activities in period x.

## Stage 3: sustainable value chains

Stage 3 is all about monitoring the concrete and quantifiable results of your efforts: your outputs. In your ToC, you will have explained how those outputs will eventually lead to impact, which means they are crucial. Outputs are often easy to record and monitor – they do not require any complex measurements yet. Furthermore, they can be used in communications about your company's purpose and achievements.

As a social entrepreneur working on a sustainable value chain, you will have set out activities to make the chain more sustainable in your ToC. Now, you will be monitoring what the outputs are for each of those activities. Outputs at the beginning of the chain include:

- the number of farmers that directly benefit from your way of doing business, as a result of a fee you pay them or the type of contract that you offer (such as guaranteed purchase), for example;
- the number of women that participated in projects that you carried out to encourage women to generate their own income;
- the amount of certified products that you purchased;
- the number of factories or sites where you have implemented programmes to improve working conditions and the number of people you have reached with those programmes;

If awareness of the social issue that you want to tackle is also on your agenda, you can also monitor outputs in that regard, such as:

- the number and type of activities that you carried out and their reach;
- the number of people that read your newsletters on the problems in the coffee sector;
- the number of people that responded to your posts on social media about child labour in the chain.

Outputs aimed at other stakeholders in the chain include:

- the number of times you contributed to round table discussions to address illegal practices in your sector;
- the reach of your lobbying and campaigning activities;
- the number of policy makers you informed in order to get the necessary legislative amendment on the agenda.

You should keep a regular record of which outputs you have achieved and compare them with the goals you have set. If you are not achieving your outputs, this may be a pivotal indication that the intended impact may not occur. This will allow you to intervene without delay and adjust your strategy.

### **Seepje's outputs**

Seepje was founded in 2013 by two friends, Jasper Gabriëlse and Melvin Loggies, who had seen a programme on television about a Nepalese woman who made soap out of fruit shells from the Sapindus tree. These fruit shells contain saponin, a natural soap that is released when the shells come into contact with water. Inspired by what they saw, they decided to set up their own line of natural detergents and cleaners. They now also produce dishwashing liquid and household cleaner made from the fruit shells and both their popularity and the number of employees has grown since Seepje was founded. In order to keep everyone on the team up to-date on the results they have achieved, Seepje monitors output data live on a dashboard in the office. The dashboard includes the following information:

- the number of times Seepje products have been used;
- the number of recycled milk cartons that have been used for Seepje's packaging;
- the number of products packaged at the

- sheltered workshop;
- the number of Sapindus trees harvested in Nepal and India.

"The dashboard is a good way to help remind us of our goals and always motivates us to keep on going with what we're doing", says Jasper Gabriëlse. In addition, Seepje feels the output data are indispensable for the preparation of the first impact measurement: "The data contain key information on things like our various target groups and our reach."

#### **Examples of outputs in the sustainable value chain domain that you can monitor include:**

- the number of farmers that directly benefit from your way of doing business, as a result of a fee you pay them or the type of contract that you offer (such as guaranteed purchase), for example;
- the number of kilogrammes of certified products you have purchased;
- financial value of contracts concluded

- (expressed in dollars);
- the number of factories or sites where you implemented programmes to improve working conditions;
- the number of people participating in improvement programmes;
- the number and type of activities you have undertaken and their reach among your customers or among consumers in general;
- the number of people that read your newsletters in which you provide information on the problems in your chain;
- the number of people that respond to your social media posts on problems in the chain;
- the number and type of events to which you contributed in relation to the product and the issue you want to resolve.

## **Stage 3: the circular economy**

During Stage 3, you monitor the direct results of your efforts, i.e. your outputs. In your ToC, you will have explained how those outputs will eventually lead to impact, which means they are crucial. Outputs are often easy to record and monitor – they do not require any complex measurements yet. Furthermore, they can be used in communications about your company's purpose and achievements.

As a business, you probably already do a lot of counting, like the volume of materials you purchase for production, the number of products you produce and the amounts of energy and water you need. The first step towards targeted monitoring of output data is determining the business model that you use. This is done based on the five Rs (please see page 32).

If you use different types of business models, it is useful to record what proportion of your revenue comes from which business model. You will subsequently be able to monitor the results per business model, such as the proportion of recycled materials relative to your total material usage or the proportion of renewable energy compared to your total energy consumption. Information on your consumption of renewable energy is available from your energy supplier. Do keep in mind that you should also take into account fuels for vehicles and heating.

This will give you an initial idea of your results, which will not yet allow you to establish the effects of those results. For that, you will first have to study the implications of those results, which happens in Stage 4.

### **Instock's outputs**

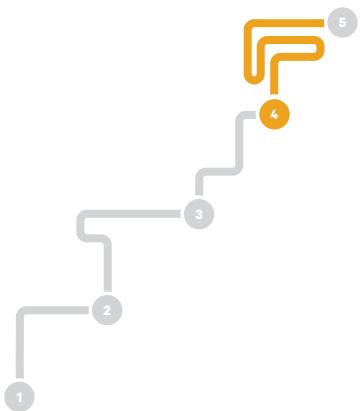
Instock's mission is to avoid food waste and to increase awareness about food waste. As assistant managers at the Albert Heijn supermarket chain, the founders spotted an opportunity to create a better destination for all the unsold supermarket products. As of 2014, they have given this food new value through their restaurants, products and catering services. Instock's ambition is to generate even more national and international impact.

The food that Instock saves is collected and sorted at their own Food Rescue Center, where, in addition to Instock chefs, other restaurants and catering companies can order products. Any food that is not ordered is donated to the food bank, Buurtbuik and various universities of applied sciences. Instock is currently collecting various types of output data. A number of examples of output data that Instock regularly or even continuously monitor in the field of food waste and awareness are:

- the amount of food rescued in kilograms;
- revenue derived from rescued food;
- the number of articles in the media on the problem of food waste;
- the number of visitors on the Instock website;
- the number of followers and comments on social media channels;

### **Examples of outputs in the circular economy domain that you can monitor include:**

- percentage of revenue derived from products and services with a closed cycle;
- percentage of energy consumption that comes from renewable sources;
- percentage of recycled materials used as input for the production process;
- (average) percentage of working hours per month used to affect policy;
- the number of consumers reached with awareness campaigns.



## Stage 4

Measurement of  
mission-related impact

# Missie-gerelateerde effecten meten

As a social entrepreneur, you want to effect change. In other words, you want your company to have an impact on your principal stakeholders. But how should you go about measuring your impact? Where do you even start? For your first measurement, it is vital that you make a careful selection using the following questions: what information do I need? What do I really need to know in order to understand my approach and increase my impact? These two questions go back to the heart of why we measure impact in the first place. In Section 5, we listed the following two reasons for measuring impact:

1. to give you an understanding of what works and why, allowing you to focus on increasing or even maximising your impact;
2. to substantiate and prove what you have achieved and communicate your social value to various stakeholders. Stakeholders might include financiers, consumers, government authorities, and the media. Your impact data will allow you to persuade stakeholders, strengthen your brand and stand out from the competition. Internally, those data can also help motivate a company's employees, by showing them that their work has had an actual impact.

## Selecting impact and target groups

It is time to consult your ToC yet again. Start with your key target group and the expected impact on that group in relation to your mission. For example, if you are promising greater awareness among

consumers, you should start measuring among the consumer target group. The information needs of others, such as financiers and investors, can also play a key role in the selection of the impact you measure first. In addition, the available resources, such as time, labour and knowledge, will also help determine which impact you choose to measure.

## Establishing measurement priorities: key questions

The most important tip we can give when setting up a measurement is to prioritise. You will not be able to measure every type of impact in one go. Prioritise using the following questions:

1. Which target groups and impact are/is the most significant in light of my mission?
2. Which part of my Theory of Change has already been studied and substantiated by previous research?
3. Which part of my ToC divided the experts?
4. What do we, as an organisation, want to learn about and improve as much as possible?
5. What do our principal stakeholders want to know and see substantiated?
6. What is feasible given our capacity and resources?

In this stage, you will be making a selection of types of impact per domain, which will help you establish measuring priorities.

### **Impact measurement plan**

A measurement plan is used to outline your priorities for your measurement, set out what you will be measuring and your approach. A measurement plan is made up of the following core components:

- What selection of types of impact will you be measuring, using which indicators?
- Where will you be measuring those indicators? Where possible, measure directly in the target group itself. This may not always be feasible or may not necessarily lead to the most reliable results. With regard to elderly people with severe dementia, for example, you may consider interviewing their close relatives.
- What method are you using to collect data? There are various ways to collect data on impact. In your measurement plan, describe your approach, including the method, when and who.
- How will you be organising the measurement? Who is responsible for data collection? How will the data be analysed? What is the end product of the measurement (e.g. a report)? For whom is the end product intended?

A measurement plan is usually drafted for multiple years and outlines how you intend to kick off (Stage 4) and what follow-up steps you envision for the future (Stage 5). The duration of your first impact study is determined by the scope of your research and the measuring methods you select.

### **Developing indicators**

In order to measure impact, you need to formulate one or more indicators per type of impact. Indicators show what you see or experience when the impact occurs and make the impact specific and quantifiable. A concrete example of an indicator for "health", for example, is how often someone visits their GP. An indicator for "social cohesion" could be the number of interactions between people in a given neighbourhood, or you could ask the users of a shared car about such interactions.

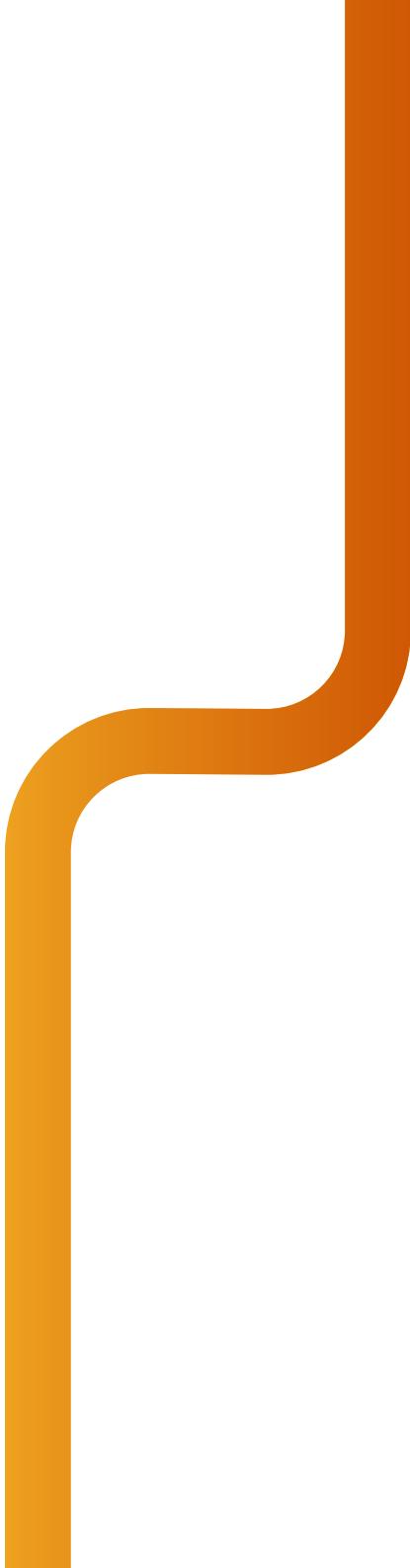
A good indicator meets the following requirements:

- 1. specific:** the indicator should be clear and specific. It indicates what you want to measure and what the target group is.
- 2. quantifiable:** the indicator should be connected with a benchmark, which makes the information comparable, such as the number, the percentage or the degree;
- 3. acceptable:** the indicator should preferably be drawn up in consultation with stakeholders, to ensure consensus and support for its use. It should also be feasible (financially feasible, ethically feasible, inoffensive, etc.);
- 4. relevant:** the indicator should match the type of impact that you want to measure and should be meaningful and comprehensive. Sometimes, multiple indicators are needed to measure a single type of impact, such as confidence;
- 5. time-based:** the indicator should contain a time period during which the measurements are to take place, such as a quarter or a year. The indicator can also be measured on multiple occasions, such as on a daily, monthly or yearly basis.

Ideally, you will be using existing – validated – indicators, to make sure that they measure the right things. The IRIS database [IRIS-database](#) or Global Value Exchange [Global Value Exchange](#), for example, contain a range of indicators that can be used.

### **Data collection tools and methods**

If you have selected indicators for which you cannot yet collect data using your current information systems, you should find or develop your own measuring instruments, such as surveys and interview guidelines. Developing methods takes time and money and translating the indicators into simple questions that can be answered by stakeholders requires specific expertise. We therefore recommend that you make use of existing (validated) surveys and questionnaires where possible. The Rosenberg Self Esteem Scale is an example of a validated measurement scale that is often used in sociological studies to measure the level of people's self-esteem and confidence. To the extent possible, we have already identified which measuring instruments are available for the three domains discussed in this manual.



Should you want to develop your own measuring instruments, you should design them in such a way that they can be used repeatedly and can become part of your business operations. Carrying them out should not take up too much time and should be a simple procedure. You can introduce a true measuring culture by having all new employees fill out a survey when they start and subsequently putting the survey to employees at regular intervals. This will allow you to track their development and will give you regular updates on your impact information, without this costing a great deal of time and money.

### **Qualitative and quantitative data collection**

There are numerous data collection methods that correspond to various types of research designs. They vary between highly qualitative (descriptive research, such as in participant observation methods) and highly quantitative research (studies that use control groups to produce cold, hard numbers about what works). The type of research and data collection method that is suitable to your needs depends on your research question (what you are trying to understand, prove, communicate) and on the characteristics of your target group and your activities. The Knowhow Nonprofit guide [knowhownonprofit](#) contains an overview of the various methods and their application.

A lot of social entrepreneurs use interviews and/or questionnaires, which can include both open questions, where people can share their experiences, and closed questions with answer categories. Closed questions are more easily analysed and translated into conclusions than extensive answers to open questions.

The questionnaires, which can be administered at various occasions to your target group or part of your target group, can easily be supplemented with case studies in which you share the story or the development of a unique person or unique organisation that you have supported. This makes the results more tangible, and much can be learned from case study analyses. In order for these case

studies not to simply be pieces of propaganda, you could ask specific questions about potential dilemmas that people or organisations experienced and what they did to overcome them.

### **Outsourcing or doing it yourself?**

Data collection and analysis requires research expertise. For that reason, you should try to find someone who has experience with research procedures, either inside or outside your organisation. The advantage of keeping things in-house is that, during the collection process, you have the opportunity to learn about the impact that is being achieved. The downside is that it can be a time-consuming process. An outsider's perspective can also be a key factor that prevents third parties from feeling your data are not credible – after all, you benefit directly from the results and were involved in the process. Data that are collected or analysed by an objective, external party will therefore be more credible.

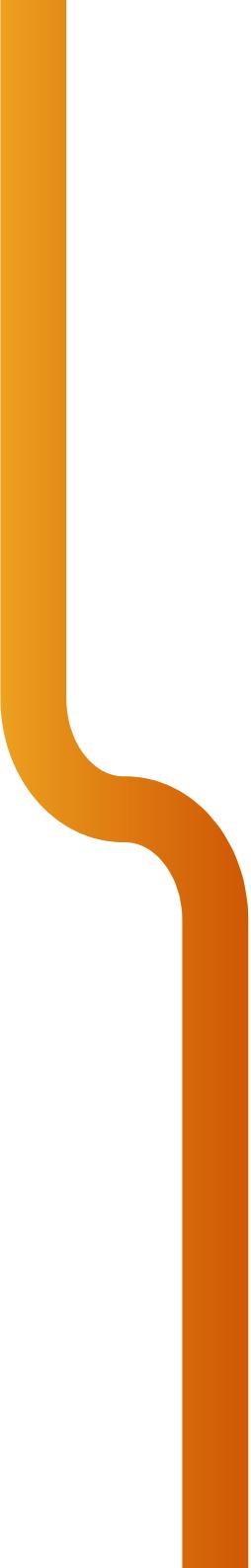
If you outsource the research, determining what your priorities are in advance and how much time, budget and expertise you can make available is vital. Finally, we recommend that you ascertain whether or not you can secure external funding for your impact measurement. Impact investors and/or funds are often interested in the impact of the initiatives that they support, and may be willing to help foot the bill.

### **Data analysis**

As soon as the collected data are available, you should establish your score for the various indicators, the extent to which the impact has occurred and with whom. Keep your ToC alongside the collected data and try to make connections between the activities you have carried out, the outputs achieved and the impact. This is how you gain insight into the impact that has occurred through your work.

### **Attribution: to what extent are you responsible for the impact measured?**

It is quite possible that a proportion of the impact would have also



occurred without you, either spontaneously or through external factors. For example, multiple parties could have contributed to a specific change, such as an amendment of government policy following joint lobbying activities. The proportion of the impact that can be attributed to your efforts is called your attribution. Your attribution can be determined by comparing your results to a benchmark, which can best be achieved by putting together a control group. This is a group of people that is comparable to the people that fall under your target group, but for whom you do not undertake any activities. However, control groups are difficult to organise, as you must somehow put together two identical groups that people usually wish to be assigned to at random. If you intend to work with control groups, it is advisable to hire the necessary expertise.

There are also other ways to create a comparison situation to gain more insight into your unique contribution to the observed impact, such as (comparing these methods might actually have the best effect):

1. Comparing your impact with the impact in the overall population. Is macro data available on your target group? What percentage of people with a visual disability have paid work? How many asylum permit holders hold a paid job three years after gaining citizenship? What percentage of coffee farmers live below the poverty line? How do those figures relate to the outcomes you have achieved?
2. Comparing the outcomes of your activities with the outcomes of another approach. For example, you might compare the effectiveness of various programmes to help people gain employment, or compare the material consumption of a traditionally manufactured bike with the material consumption of your sustainable bike.
3. Asking your stakeholders what proportion of the changes they feel occurred thanks to your activities. This information can be requested during your data collection, for example, by asking employees: has anything changed in the extent to which you need support in your duties? If so, to what extent has the work-study programme contributed to this? You could

also ask the municipality: what changes have you observed in the neighbourhood? Subsequently, continue to ask follow-up questions regarding your company's contribution to this.

### **Take into account drop-off and displacement**

Finally, your analysis should take into account the following two factors:

- To what extent do you expect the impact to decrease over time (drop-off)?
- Are there any negative – often unintended – side-effects to others (displacement)?

If you do not have a clear understanding of these factors and/or you are not able to account for them with clear figures, describe what your expectations are and explain them as best you can. Your impact may potentially be lower if you include these factors, but they will also be more realistic.

### **Reflecting on your impact measurement**

Once you have identified the results of your impact measurement, it is time to reflect on them. There are several key questions you can ask:

- Are any results higher or lower than I had expected? Why is that?
- Which changes are positive? How can I retain those positive changes?
- How can I optimise certain types of impact further?
- What would I like to know more about and what will I focus on in particular during my next impact measurement?

In Stage 5, we will be dealing with what you can subsequently do with the data in depth: what kind of conclusions you can draw, how to learn from them and make changes and how to design an impact report that lets you communicate your impact research.

### **Practical tools**

Various practical tools are available for carrying out an initial impact

measurement. We will be showcasing two of these tools and have included more relevant tools in the table below.

#### Featured tools

##### **1. Monitoring and evaluation framework (EN)**

This Knowhow Nonprofit publication outlines eleven steps you can follow to develop a measurement plan, from determining your measurement goal and measurement priorities and monitoring your outputs to selecting and/or developing effective indicators and selecting the appropriate method. In the final step, click through to find even more tips on using various measuring methods.

##### **2. Choosing collection methods (EN)**

This Knowhow Nonprofit page provides an overview of commonly used measuring methods, accompanied by an explanation. The page covers interviews, questionnaires, focus groups, participatory methods and secondary data collection. It is a useful page when choosing a suitable method when collecting information on how to use that method.

#### Additional tools

##### **Managing for learning and impact (EN)**

Relevant to: Developing a measurement plan:  
tips on how to select indicators and data collection methods

This comprehensive guide contains information on selecting suitable indicators – on pages 18 and 19 specifically. Pages 52 through 54 list examples of key performance indicators (KPIs) for topics such as initialising policy actions or forming attitudes. Information on various data collection methods is included on pages 20 and 21. If you plan to conduct a survey, please check out page 60 for more tips.

##### **Hivos Guidelines (EN)**

Relevant to: Selecting effective indicators

Pages 110 through 112 of the Hivos Guidelines outline how to pick effective indicators to measure an output or a type of impact. Hivos lists six selection criteria that an effective indicator must meet.

Subsequently, the guidelines set out how to make a selection of the most relevant and quantifiable indicators.

#### **Global Value Exchange (GVE) (EN)**

Relevant to: This is a fairly extensive database you can peruse for suitable indicators.

Users are given suggestions of indicators based on search terms. Clicking on the suggestions will provide information on the indicator, show which party has recommended the indicator and indicate whether a relevant benchmark exists.

#### **IRIS Metrics (EN)**

Relevant to: Collecting indicators

IRIS Metrics is an initiative of the Global Impact Investing Network (GIN) and was designed to measure the social and financial performance of investments, as well as their impact on the environment. The database allows you to search for relevant indicators per domain/sector. Creating an account, free of charge, will allow you to save your selection of indicators and create a comprehensive list.

#### **SDG Compass (EN)**

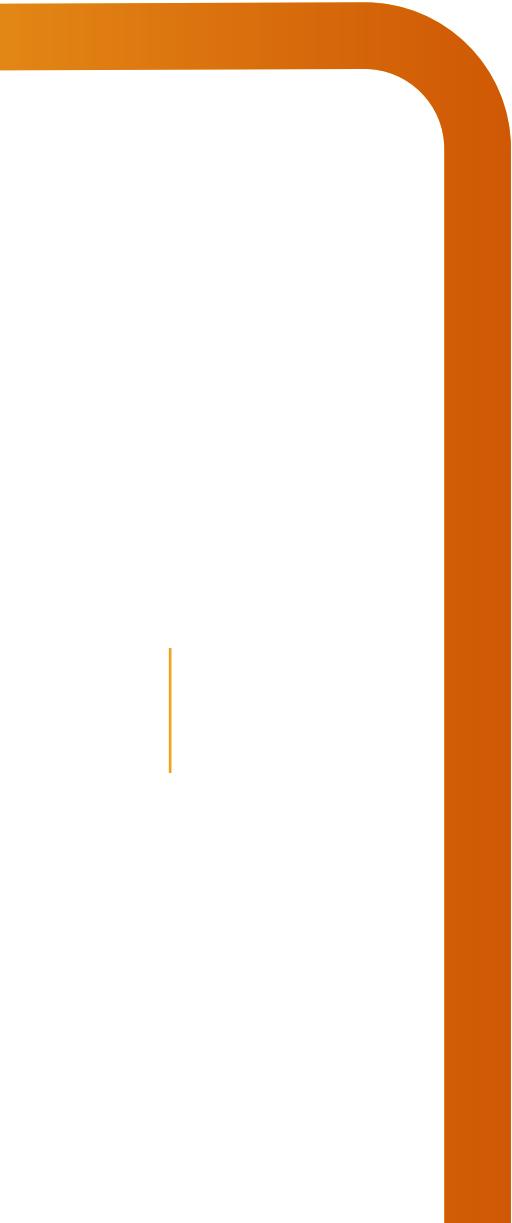
Relevant to: Selecting indicators that match SDGs (Sustainable Development Goals)

The SDG Compass provides companies with guidelines on how they can coordinate their strategies and measure and manage their contribution to the realisation of the SDGs. The website contains targets and indicators that have been developed specifically for businesses.

#### **Surveymonkey (EN)**

Relevant to: Conducting a survey

This is a useful tool for creating and distributing an online questionnaire. Users can register on the website free of charge. The software allows you to design questionnaires, collect data and get an overview of the answers of respondents. For a fee, SurveyMonkey also offers users a data analysis option or tools for the visual representation of data.



# **Stage 4**

In-depth analysis per domain

From this point in the manual you will find specific advice, targeted tools and a selection of outputs for the themes labor participation, sustainable value chains and circular economy.

Click on the theme that applies to you.

# Stage 4: labour participation

## Where to start measuring?

It goes without saying that the most significant stakeholder is the employee or participant that has been given a job or a traineeship within the company. For that reason, when conducting your first measurement, you should start by interviewing and monitoring this target group in order to determine what changes you have achieved for them by means of this placement. The exact outcomes you want to measure depend on your company's activities and the target group(s) you are focusing on, of course. Highly skilled newcomers have different needs to young people with social problems that were forced to give up senior secondary vocational education or people with a sensory disability.

## Measuring priorities

Your measuring priorities should be determined using your theory of change. For most entrepreneurs, the following types of impact form the basis of their measurements:

- better vocational skills;
- activation into participation;
- higher self-esteem;
- more and better social skills;
- a larger social network;
- more self-reliance and independence.

Generally, you will also have discussions with stakeholders, such as the municipality or a financier, about what they believe are the most significant types of impact to include in a measurement.

## Measurement plan

Once you have determined what your measuring priorities are, you should develop a measurement plan. For example, if you offer three different programmes or trainings, you will be able to detail:

- which types of impact you plan to measure per programme;
- your method;
- at which points measurements will take place;
- the responsible actors.

It may be that programmes 1 and 2 start sooner and that, consequently, you are forced to conduct a survey among these participants sooner than among the participants of programme 3. Start your first measurement when the programme begins and ask your participants about the skills that they already have and would like to develop, how large their social network is or how great their self-esteem is. The results of a second measurement will subsequently show whether employees or participants have grown.

## Which data collection methods can you use?

It is recommended that you use existing measurement instruments for the collection of your data, for which you will be able to draw from a relatively extensive reservoir of previous research. Good research instruments are already available that are accurate and reliable. Existing instruments that you can use include the [Rosenberg Self-esteem Scale](#), to measure self-esteem, or the [Ladder of Participation](#), the [Self-reliance Matrix](#) and the [General Tasks of Daily Living \(ADL\)](#) scale to measure self-reliance and independence.

### **Developing your own indicators**

For some types of impact, however, you will have to develop your own indicators. This might be the case, for example, if you intend to measure whether employees are developing specific vocational skills, such as being able to independently bake bread, repair a bicycle or package a product, or if you have drawn up personal learning objectives with your employees at the beginning of the programme, such as improving punctuality or better cooperation. You will first have to define your understanding of this objective and which indicator(s) would be best suited to measuring this. Next, you will be able to develop your own measurement instrument, such as questions for supervisors or co-workers in order to measure the growth in terms of personal goals.

### **Combination**

Using various measuring methods in parallel to one another will give you a more complete picture of the changes. In addition to the use of questionnaires, storytelling is an effective method for obtaining a great deal of information that you can learn from, such as success-failure factors. Storytelling refers to the collection of stories or the development of a case study of an employee. The stories collected through storytelling can subsequently be used effectively for communication purposes (quotes, for example). In addition, you can choose not only to use self-reporting with the target group, but also to combine this with surveys of managers, supervisors/coaches or parents/carers. Where these results overlap, this will provide a stronger substantiation of the fact that the measured impact occurs. Where these results differ, it is interesting to investigate and establish what the causes for this are, as well as the implications. Do employees, for example, find self-reflection difficult? Do they underestimate or overestimate their own development? Are cultural differences involved? Or is it the parents that underestimate their child? These are aspects that you can take into account in a subsequent measurement.

### **Keeping an impact measurement practical and manageable**

Once you have developed your questionnaires, you will be able to administer them to the target group itself. This can sometimes be tricky, as the language of the questions may be too difficult or some

questions may require a high degree of self-reflection, which can be difficult for some people. Respondents may also give socially desirable answers, because the target group might feel it is being evaluated or does not feel comfortable enough to answer the questions honestly. In these cases, it may help to have the questions asked by a trainer, supervisor or coach that has more frequent contact with the employee. If there is a language barrier, a solution might be to use pictograms (smiley faces as possible answers) or hire an interpreter.

The easiest thing to do is to integrate data collection with existing business activities, where you conduct your first measurement at the start of the programme, followed by a measurement every six months or every year. Whenever a participant registers for the first time, for example, you might ask them a number of questions about their skills, social skills and self-confidence. Those data can then immediately be used as a baseline measurement. Occasionally, results will surface that you might want to look into, for example if an increase or a decrease occurs in the degree of independence. Conducting a number of in-depth interviews in supplement to the data, for example with two current and two former participants, can then offer more insight. In this way, you will be able to keep expanding your data set. You also have the option of delving into the scientific literature available to find articles to substantiate the impact more robustly, with regard to the effects of obtaining a diploma on self-esteem, for example, or the effects of holding a suitable job on the independence of your target group.

Please take into consideration that any follow up of your baseline and interim measurement should take place no later than two to six months after the end of the work or training programme. As this period lengthens, your attribution will decrease, as it becomes increasingly difficult to demonstrate which changes are the result of your activities and which are due to external factors.

If you are a small organisation, all data collected can easily be stored in an easily accessible, central location in Excel or Google Docs. You should appoint responsibility for the storage and management of these data to one person and have another person conduct the surveys.

## **The Colour Kitchen's first impact measurements**

The Colour Kitchen (TCK) is a catering company that trains people who are distanced from the labour market to become certified catering professionals within one year. Each year, the organisation offers over 200 apprenticeships at one of the 23 corporate canteens and catering locations through its training and support programmes. The average age of participants is 21, with over 60% still living with their parents. The ultimate goal of the Colour your Dreams (CyD) programme is for participants to find a job or placement in further education. Theory classes are provided on site by TCK in partnership with its education partners (the Central Netherlands Regional Education and Training Centre (ROC Midden Nederland) and the Centre of Expertise on Vocational Education, Training and the Labour Market (SVO)).

### **Goals achieved**

TCK uses a number of methods to measure its impact, including through a structured quantitative interview conducted among participants. The key question of the interview

is: with regard to which aspects and to what extent has the programme had an impact on the personal development of its students? In the most recent independent impact measurement, carried out by an external party, nearly all TCK's students indicated that they had learned a lot, with particularly high scores in the fields of helping co-workers, meeting commitments and doing homework. The students who feel that they have improved in these skills almost all cite TCK as the reason for their improvement. In addition to the feeling of having improved in their employee skills, it appears that the interviewed students have become more confident over the course of the programme and have gained a stronger sense of self-reliance. Within TCK, it appears that the students have learned most from their practice supervisor and their coach. Over three quarters of the students were able to secure a job or traineeship following completion of the programme. Nearly half of these respondents felt that they would not have found the job or traineeship had they not attended the programme at The Colour Kitchen.

### **Determining indicators**

In addition to the quantitative interviews, TCK also used in-depth interviews, focus groups and participatory observation. This allowed the company to gain a better understanding of which improvements could be made. As a result, TCK was able to invest in the training of the practice supervisors.

In 2015, TCK entered into a Social Impact Bond with the Municipality of Utrecht, which brought an external stakeholder on board with decision-making input on which impacts TCK should measure. The municipality promised to refer 252 young people without basic qualifications to TCK. In turn, TCK committed itself to the following performance:

- to improve the labour market position of the participants by allowing them to obtain a diploma;
- an MBO2 diploma for 70% of the participants;
- participants moving on to paid work

more quickly;

- a job providing at least 24 hours of employment per week for 45% of the participants;
- participants keeping their job;
- 23% of participants being offered a follow-up employment contract of at least six months.

These indicators, and their associated targets, were included in the monthly management reports of TCK.

### **Ongoing learning process**

TCK systematically included these indicators in a student monitoring system that is part of the company's human resources processes. In addition, TCK keeps a basic register for all of its candidates that is updated every six months, containing information on level of education, duration of benefit allowance and reasons for their distance to the job market, alongside basic personal details. In addition, an intake and exit interview is conducted for each participant, in order to gain an understanding of their personal development.

The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.

# Stage 4: sustainable value chains

## Where to start measuring?

The foundation of any sustainable value chain is a commercial chain with sustainable value creation (entailing minimal negative environmental impact) and a fair distribution of value. Sustainable value chains deal with key aspects such as child labour, toxic substances and water consumption. When drawing up the ToC, you will have determined in what area you plan on making a difference: what parts of the chain do you plan to approach differently to regular companies? That is where you should subsequently start measuring the changes that you have realised.

For some entrepreneurs, environmental impact is among the key types of impact they wish to achieve. This field is very broad and can include carbon footprints, toxic substances, use of pesticides, water consumption and land degradation. In relation to this domain, however, we will only be dealing with social impact within the sustainable value chain. For the measurement of environmental impact in the chain, please refer to [Stage 5 of the Circular Economy domain](#).

Given the magnitude of the issue, many social entrepreneurs wish to make a contribution to a better life for small-scale producers or workers at the bottom of the chain. Some pay a premium on top of the global market price, whereas others secure agreements with regard to better working conditions for workers in factories, for example. Naturally, measuring what difference you make in this regard is not an easy feat, as the target group is a long way away and is difficult to interview directly. The following section, however, will help you get started.

## A living income or wage

A living income or wage allows people to get healthcare, send their children to school and put some money away for hard times. Ideally, you will be studying:

- to what extent your price (premium) leads to a living income for small-scale producers; or
- to what extent the factories you buy products from pay a living wage to their workers.

If your aim is to help determine the required level of a living income or wage in your chain, please consult the following sources:

- Anker & Anker (2017) have developed the Living income and living wage methodology: [Living wages around the world. Manual for measurement](#).
- The Netherlands Enterprise Agency (RVO) has developed a [guide](#) containing a concrete roadmap for entrepreneurs to help them pay a living wage.
- There are standard benchmarks for specific countries, primarily in relation to living income, rather than living wage. [Wageindicator.org](#) provides information on living wages in 55 countries spread across 5 continents.
- A lot of sector-specific studies have already been carried out, including in the cocoa sector, the clothing industry and the coffee sector. Wage levels are also dependent on context, as

indicated, for example, in this [study](#) on cocoa in Ivory Coast and this [study](#) on roses in Ethiopia and Zambia. Sources for such studies include [fairwear.org](#) (clothing industry and country studies); <https://www.living-income.com/>; <https://www.isealliance.org/about-iseal/our-work/global-living-wage-coalition>; and <https://asia.floorwage.org/> (clothing in Asia).

- The ISEAL Global Living Wage Coalition platform works in the field of knowledge development on living wages: <https://www.isealliance.org/about-iseal/our-work/global-living-wage-coalition>
- In the Netherlands, the Living Wage lab works on promoting the living wage and the development of a methodology: <https://www.livingwagelab.org/>

### Which data collection methods can you use?

As we discussed earlier, your contribution to the living income of small-scale producers may be very small, or it may be difficult to calculate if you do not have all the information and are forced to make a lot of assumptions. In any case, you should clarify what specific contribution you do make – for example, by calculating how much more you pay compared to other customers. How does your price for coffee beans, for example, relate to the local market price that farmers would receive otherwise? What premium do you pay? At this stage, you should always accurately verify what proportion actually ends up with the workers or farmers and does not disappear into the pockets of the cooperative or the owners of the factory. In addition, you might make quantifiable contributions to other factors that affect the living income or wage, such as the number of long-term contracts that you enter into or the impact of improvement projects for accident prevention that you helped set up at the factories with which you work.

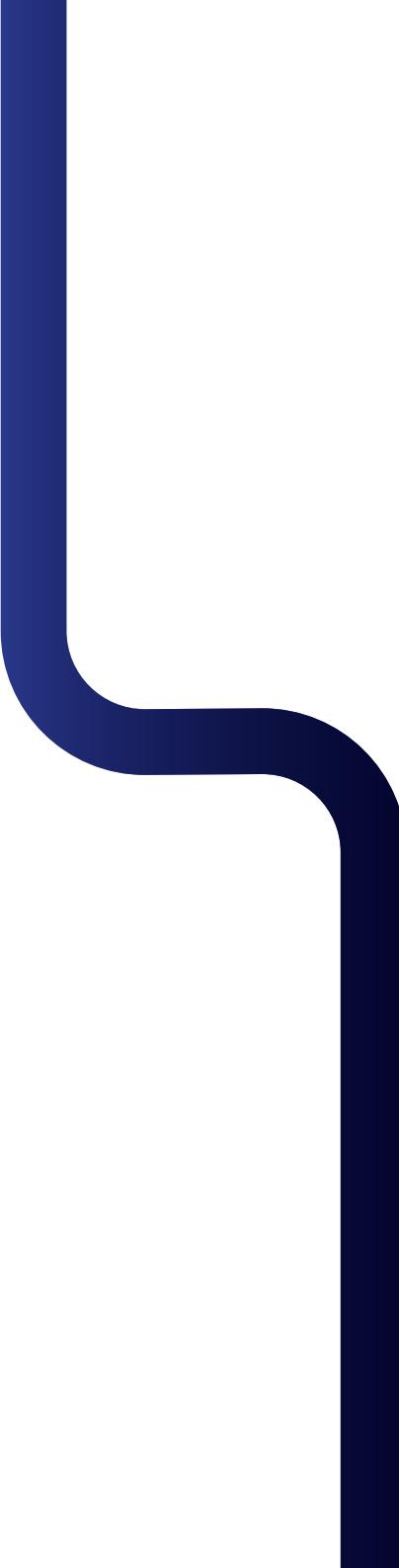
### Verifying working conditions

Ideally, you will be making use of the data already available and of the parties that have expertise in this field. This is because verifying working conditions in the chain can be a costly, sensitive and complicated process. For example, if you want to know what the working conditions are in the processing plants in China, you

could ask your intermediaries or ask the sites directly what records they keep in this regard – and discuss under what conditions you would be able to consult those records. Where possible, request any substantiation of such records, like a copy of the safety plan or the employee illness scheme your factory might refer to. Given the potential sensitivity of these data, it is vital that you foster a good relationship with these parties – this will also result in any data being shared more easily. A visit to the various sites will also be hugely beneficial in this regard and will allow you to effectively explain the key principles of your company, why they are so important to you and how you hope to contribute to resolving those problems.

### Use available standards

- Sedex offers a [Supplier Workbook](#), which is available for free and contains all relevant ILO conventions and Ethical Trading Initiative Codes. This can be used as a checklist for good working conditions and health and safety standards. In addition, Sedex provides a list of the UN Guiding Principles on Business and Human Rights. Although it is aimed at owners of production sites (farms and factories), it also offers guidelines for entrepreneurs that purchase products from these organisations in order to verify and improve existing policy.
- [SA 8000](#) is an international certification standard for sound working conditions. The standard lists all conditions and procedures that must be present in order to be in compliance with the UN Principles for Business & Human Rights and the ILO conventions. [The Business Social Compliance Initiative \(BSCI\)](#) is an initiative of businesses that are committed to fostering better working conditions in their global supply chain. BSCI provides businesses with a common code of conduct and a roadmap that is applicable to all sectors and producer countries.
- If you work with **NGOs or cooperatives** as intermediaries, ask them about what data they already have available – you may also be able to carry out research with other parties that operate in the same field or industry.
- Many entrepreneurs refer to **certifications** when purchasing their products, as these guarantee a minimum standard for



working conditions, such as regarding working hours and the use of toxic substances. Please note that these certifications guarantee certain (baseline) conditions, but do not affect the specific development or improvement that you contribute to. However, you could discuss whether the entrepreneur would be able to add any specific questions to the questionnaires for the certification that may be relevant to you – or ask whether you may be allowed to review the results periodically.

### **Fact-finding at the beginning of the chain**

As indicated previously, first-hand research is difficult to carry out and neither the target group nor the topics you want information about are especially suited to an online survey sent from the Netherlands. If you want to find out the income of a cocoa producer, you will have to conduct an in-depth interview “on the farm”. Even then, it will be difficult to get all the figures straight and allow a calculation to be made. The type of research you can do, as well as the necessary approach, is highly dependent on the local context.

If you are nevertheless considering carrying out research yourself, then it is recommended that you seek out specialist parties, such as Wageningen University & Research or specialised research firms – particularly in relation to topics such as slavery or child labour. These parties will, in turn, have to work with local researchers in order to ensure that the methods are well adapted to local problems. In addition, data collection must be conducted by local researchers due to language and cultural differences.

### **Data from other parties in the chain**

It may be possible to send parties in the chain (suppliers) a questionnaire each year, for example, in which you request data on key impact indicators (working conditions, environmental impact, etc.). However, you should consider that there may be reasons why cooperatives, suppliers or partners may not answer all of your questions honestly. For example, this might not be culturally acceptable or they might expect to gain an advantage or be disadvantaged by specific answers.

### **Keeping an impact measurement practical and manageable**

- You should attempt to use existing studies and expertise on living conditions, income, child slavery, environmental impact or other types of impact relevant to your research as much as possible. For that reason, you should carry out a thorough literature review – this will give you a clear idea of key issues within your chain, and these examples can serve as comparison for your contribution.
- You should determine which agreements or covenants are in place in your sector and whether they would assist in making the impact of your company transparent and quantifiable. MVO Nederland, for example, does good work in the leather industry and has developed tools that can be useful with assessments.
- During your work visits, make sure to collect stories and impressions. If you make certain visits on various occasions, your own observations in respect of changes may also be a relevant source of information. Photos of a factory before and after an improvement programme was implemented can help make clear what your contribution to certain changes was. You should speak to as many people as possible about the issues, about your contribution and about what you could still improve.

## Moyee Coffee's first impact measurements

### Impact goals

Moyee Coffee is committed to achieving a FairChain coffee industry in which the economic value is distributed and shared equally between producer and consumer countries. Moyee sets a good example in its own chain by adding as much value as possible in the country of origin, Ethiopia. In its efforts, Moyee focuses on three impact goals:

1. creating high-quality local jobs that support the transition from a primary to a secondary sector;
2. providing a living income to small-scale farmers;
3. limiting the environmental impact of the cultivation of coffee

Moyee carries out measurements with regard to these three goals. For the first goal, for example, the company measures:

- how much employment is created in and around the coffee roasting plant in Ethiopia;
- what share of the profits of coffee remains in Ethiopia by working with local companies.

To measure the first goal, Moyee began calculating its carbon footprint and the impact of coffee production on soil fertility. Below, we will be covering the measurements relating to the second impact goal.

### Do smallholders have a living income?

In order to map out the income of the farmers from whom Moyee purchases coffee, Moyee experimented with various measuring methods. The International Wealth Index (IWI) created by Radboud University in Nijmegen measures the prosperity of households based on aspects such as possessions and access to electricity and water. Given that the income of the farmers may fluctuate throughout the year, Moyee considered the IWI to be a better benchmark for the prosperity of farmers than a measurement of income itself.

A disadvantage of the IWI is that it offers a very rough idea of prosperity. For that reason, Moyee has recently shifted to measuring living income. After having reviewed several methods, the company ultimately selected its own method with a number of broad assumptions. To carry out the calculation, they made an estimate of

the farmers' current income based on their own field work and compared it to the living income as calculated by WagelIndicator[1]. The principal reason in favour of this method was that calculating the necessary living income is a time-consuming process. In addition, the exact level of the necessary living income is not hugely relevant, given that it is very far from the current income of farmers. This in-house method allowed Moyee to make a calculation and set a goal for itself in far less time.

Based on the research, Moyee began paying a 20% premium on its price, thus increasing the disposable income of farmers by 65%. However, their income is still only roughly a third of the living income necessary for farmers in Ethiopia. For that reason, Moyee intends to increase the farmers' incomes to 35,880 birr gradually over the next four years, until they reach their target of a living income of 41,442.

### Income sustainability

In addition to paying a premium, Moyee is attempting to increase farmers' incomes and make them more sustainable by providing farmers with training programmes on modern farming techniques. Alongside higher

production yields, this enables the farmers to obtain credit more easily, for example. Moyee measures the impact of these training programmes through a variety of indicators, one of which is soil quality, which is measured by taking soil samples at the farms of the smallholders and subsequently conducting a biochemical analysis of its composition. To accomplish all this, Moyee enlisted the help of a student from Wageningen University & Research.

### A tip from Mark Kauw (Impact Officer – Moyee Coffee)

"It's all about knowing your supply chain and knowing your suppliers! In our case, that not only means looking into the figures at the office, but also going out there, speaking to farmers during the harvest and gathering information through local field work."

The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.

# Stage 4: the circular economy

## Where to start measuring?

The circular impact that you can expect from your company can be divided across the various business units:

- the intake of raw and other materials;
- what you then do with those raw and other materials (production);
- the outflow of those raw and other materials.

The decisions you make regarding your business model and the five Rs (see Stage 2) determine the impact you can expect for each of the three components.

Below, we will briefly be examining the various business units and the corresponding impact you can expect. We will be providing advice on methods to collect data and about the practical side of the measuring process.

## Inflow of raw and other materials

A large proportion of your impact is already embedded in the materials that you purchase. In other words, the impact takes place even before the materials reach your company. As such, purchasing the right recycled or renewable materials already allows you to make a substantial step towards reducing your environmental impact (Reduce) and increasing your circularity.

A number of raw materials are so scarce that extracting them can best be avoided, such as the scarce minerals contained in mobile phones and computer chips. The EU has a list of critical scarce minerals that can be used as a guide to your purchases. If their use is unavoidable, it is essential that these minerals can be recovered and

that they flow into a new production process (Reuse). If this is your principal focus and you want to measure impact, then you should review the percentage decrease of your use of scarce minerals and compare it to a comparable (baseline) product.

Not all forms of reuse are desirable. In fact, it would be better for some reusable materials to be taken out of the loop, as is the case for foam plastic – a material that cannot be broken down and that sooner or later ends up in nature. Other reusable materials may, for example, contain toxic substances. The REACH framework of the EU provides two lists of materials that must be avoided:

- The list of Substances of Very High Concern (SVHC) shows substances that are to be banned in the near future.
- The REACH Annex XVII list contains substances that are already banned.

You can choose to put together your products in such a way as to preclude use of these materials (Re-design). The impact of your company in this regard can be measured by comparing the percentage decrease of these materials in your product to a baseline product (please see the box).

It is more difficult to measure the recycling of nutrients. Nutrients can be kept in a cycle through various recovery processes, such as fermentation or composting. The nutrients that are regained through these means are used for plant cultivation and (indirectly) for animal feed. If you wish to measure the recovery of nutrients, you should review the percentage of the purchased biomass that was produced using reclaimed nutrients.

### **What is a baseline product and how do I determine one?**

It might be interesting to compare your impact with the "old" system. What volume of raw materials and what percentage of emissions and pollution are you saving compared to a comparable product in the linear economy? How much longer does your product last? A baseline product is a functional equivalent of your own product; this makes it good reference material for your circularity. For example, you could look at the carbon footprint of your product compared to a similar alternative. Only calculating the impact of your product (even compared with the previous year) would not result in any valuable insights into how the product performs in respect of the market. As such, it is useful to establish and designate a baseline product. The baseline is partly for your own reference, but also serves to persuade customers and consumers of the extent to which you have more impact than other alternatives. You should select an average product or a very well-known product as your baseline. Please note that it is against the law to explicitly mention the brand name of the product with which you are comparing your own product.

### **Production**

In addition to the raw and other materials that you use, it is also vital to review the operational side of your company. The efficiency of your activities can be evaluated in terms of the amount of emissions you generate and the volume of material consumption per output unit (such as the number of products or kilograms of product).

If you want to measure your carbon efficiency, then review the percentage decrease in CO<sub>2</sub> emissions per kilogramme of product or per number of products. This calculation, however, requires you to first calculate your overall carbon footprint by adding up your energy consumption, fuel consumption and heating and multiplying the figure with the greenhouse gas emissions per unit of the energy source (e.g. litres, kWh, etc.). You should then compare your carbon footprint per product or kilogramme of product to a baseline product.

In general, you will already be aware of the volume of materials used for production or be able to easily extract this information from your records. The material efficiency is:

- the volume of material used;

- divided by the quantity of product in kilograms or the number of products;
- over a given time period (usually a year).

For example, this will be the number of kilograms of bicycle parts you purchase to produce your circular bikes. In this instance, there should also be a comparison with a baseline product that enriches your insight into your impact.

### **Outflow of raw and other materials**

This component involves reviewing the processing of used raw and other materials. What proportion flows back into your organisation or flows on into other production processes? What proportion is waste? If you want to determine your impact as a result of waste treatment, then you should look at the percentage change of the waste that is recycled, that is downcycled and that is lost. In order to get a clear picture of impact on waste treatment, you will have to speak to your waste management company and have them explain to you what exactly they do with the various types of waste streams. On that basis, you will be able to calculate how much waste is recycled and how much is lost.

### **Recycling is defined as:**

- the product or material being reduced to (approximately) the original economic value; or
- the product or material being reused directly.

Downcycling refers to the reuse of the product or material, but it is now of lower quality.

Depending on your goals, you can also carry out measurements of your impact on other stakeholders, such as:

- the contribution to the development of the sector;
- the increase in consumer awareness of the circular economy;
- the creation of employment opportunities.

We will be examining these types of impact further in Stage 5.

### **Roetz's first impact measurements**

Roetz focuses on a variety of activities. The company trains people who are distanced from the labour market to become bicycle mechanics, manufactures bicycles with as many circular materials as possible and is developing the design of a circular and modular bicycle. Roetz uses a combination of Redesign, Reuse and Reduce principles (see box).

It is with the latter two activities that Roetz intends to tackle the problem of at least one million bicycles ending up in landfill sites in the Netherlands each year – despite key components still being usable. By cleaning and modifying components that are still in good condition, Roetz is able to construct a completely new bicycle. How did they go about measuring these circularity goals?

### **Circularity of components**

With regard to Reuse and Reduce, Roetz began measuring the mass of the components that were reused one to one, meaning they retained their full value. They compared the mass of these components to the total weight of the bicycles in order to determine how circular the bikes were.

At present, Roetz bikes are 30% circular, with the

OV-fiets models manufactured by Roetz for NS being 70% circular. This percentage is higher among OV-fiets models because, in a homogeneous fleet of thousands of bicycles, Roetz was able to invest more in specific processes to modify components for reuse.

### **Environmental impact of circularity**

Roetz has chosen not to calculate the material savings that it realises in terms of environmental impact such as carbon emissions, given that there are various types of calculations for carbon savings that result from material savings. The company feels that such conversions would therefore muddle their accomplishments. In addition, they divert attention from the ultimate goal, which is circularity.

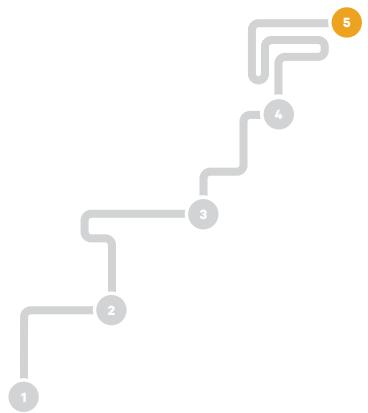
Roetz does, however, apply the knowledge on reducing emissions through material savings in another way. Based on the Reuse principle, the materials that cause the highest emissions<sup>[1]</sup> in production are reused first. In this way, Roetz uses existing data to increase its impact in the field of the circular economy.

### **Life cycle of components**

For the foreseeable future, Roetz intends to focus on developing and designing an entirely circular bicycle. This illustrates the company's Redesign business model; the design itself will already take into account how the parts can be reused for a number of new bikes successively. In order to get things right, Roetz wants to gain an understanding of the circularity of all components, including the number of times they can be used in a new bicycle. Roetz also wants to ascertain what the life cycle of each part of the bicycle is – even if they can no longer be reused in bicycles. For more information on life cycle assessments (LCA), please turn to page 80.

The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.



## Stage 5

Development of comprehensive insight and more robust substantiation

# Development of comprehensive insight and more robust substantiation

In Stage 5 of the growth path, you will be expanding your impact measurements. There are several ways to do this. First of all, you can try to make your existing **measurements more robust** using new methods of data collection, for example by conducting in-depth interviews in addition to the surveys, or by holding a focus group discussion on the results of your survey. You could also choose to expand the sample of people to whom you send the survey to make your results more reliable. These methods will help you gain more insight and more solid evidence of your impact. For more information on creating stronger attribution, such as through control groups, please refer to Stage 4. The use of various measuring methods to study the same impact is referred to as triangulation. This method enhances the reliability of your research.

In addition to giving the measurements for your principal target group greater depth, you might also **conduct measurements among multiple stakeholders** regarding the key impact that they experience. If you are an entrepreneur that contributes to social cohesion in your neighbourhood, then you may choose to start measuring what working at your company means to the volunteers that are involved. This may not relate exactly to your mission, but is nevertheless relevant and is part of your ToC.

In contrast to the previous stages, there is no clearly defined upper limit to Stage 5; it is simply about expanding the number of

target groups and types of impact or deepening your knowledge per target group. In this way, you will be working towards gaining a comprehensive understanding of the key impact of your ToC.

## Using the results of your impact measurement

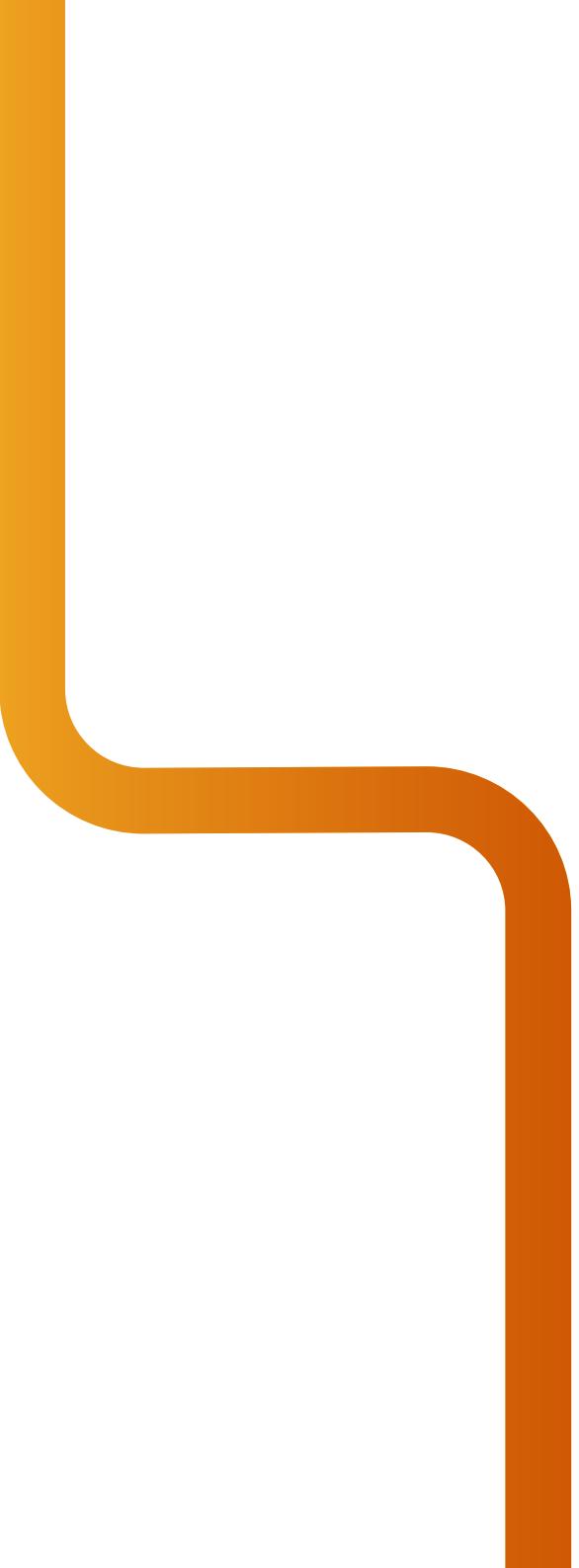
At the beginning of this manual, we outlined the two main reasons for measuring impact: **management and communication**. Below, we have set out what your possibilities are with regard to these two directions. With regard to communication, this manual will only deal with a specific type of communication, namely the impact assessment.

## Management for impact

The results of your impact measurement should be compared to your impact goals. Periodic reflection is key and allows you to make changes and re-focus your efforts if necessary. It makes sense to use existing planning and reflection sessions to do this, so as to ensure that measuring and increasing your impact truly becomes an integral part of the management of your company, instead of a separate process.

Questions that you should ask yourself during these sessions are:

- Do we have enough substantiation for an analysis and for conclusions? On which aspects do we still need to collect more information?

- 
- In what field(s) are we lagging behind, are we behind schedule or are we progressing faster than expected?
  - Do the results mean the goals should be adjusted?
  - What do we need to improve and what will that take?

It is crucial that you not back away from any uncomfortable questions. You should refer back to your strategic decisions and your theory of change on a regular basis – annually, for instance. In other words, you should go through Stages 1 and 2 again. Could our approach be more effective? Are there any other activities or strategies that we could use to increase our impact? Should we halt certain activities? Should we focus on other target groups? Should we be offering people jobs ourselves instead of guiding them on to the labour market? Does our recycling model actually work? It may hurt to ask these questions, but it is a necessary step if you really want to maximise your impact.

Based on your analysis and conclusions, you will be able to adjust your impact goals or even your strategy and theory of change if necessary. In summary, you can take the following steps:

- Continue and scale up the activity or business.
- Adjust your approach or elements of your approach and implement these changes in your theory of change.
- Cease one or more activities due to the fact that they were not significant enough or something else needed to be prioritised.

### **Reporting on impact**

When reporting on your impact, you have the option of selecting a standalone impact report or choosing what is called integrated reporting, in which you report on what you have done (activities), the impact that you have achieved and your financial results. In other words, an integrated report is an annual report.

If you do not choose integrated reporting, you can opt to develop a standalone impact report, which is the most common practice

to date among social entrepreneurs. This report can then be distributed to potential partners and financiers separately and can be published on your website for interested parties. Unlike an annual financial report or integrated annual report, you are free to publish an impact report two or three times a year

### **Getting inspired**

Before you start writing, it is always a good idea to look for inspiration by reading a number of impact reports of social entrepreneurs. Feel free to consult the annual impact reports of [Tony's Chocolonely](#); [Museum Plus Bus](#); [Thuisafgehaald](#); [Specialisterren](#); [Seepje](#); [Bakkerscafé Brood op de Plank](#); [Moyee coffee](#) and [Dopper](#).

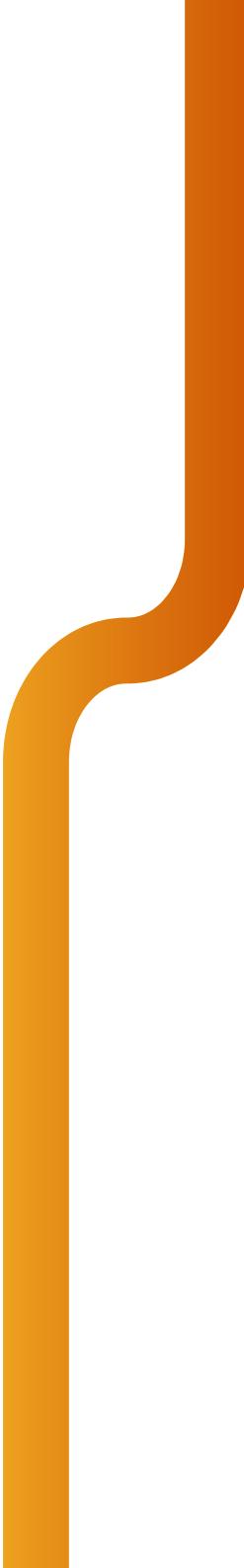
Determining the goal and the target group of the impact report To whom will you be making the impact data available? The first thing you need to consider is who your readers are – what do they want to know and what do you want to achieve with the report? Are you writing an internal report or is it meant for partners outside your company, or for your stakeholders? Do they want to be inspired by you or are they only interested in a summary of the facts and figures?

It may be that your financiers are very interested in a summary of the concrete impact results that you have achieved using their investment. Your own team might stand to benefit more from a summary of the lessons learned and a substantiation of decisions that you intend to take to improve your strategy.

Based on this information, you will be able to come up with a design and determine what and how much information should be included in the report. After all, the format should match your purpose. If you are writing a report for a wider audience, then the information should be accessible and tools such as inspirational impact stories, for example, may be highly effective.

### **The content**

The Social Reporting Standard (SRS) is a format that you can



use to write an impact report. The SRS was developed by the Social Reporting Initiative (SRI), which was founded in 2011 by a group of scientists, social investors and non-profit organisations. The SRS is improved each year based on input provided by users. The most recent version is available [here](#).

The SRS is made up of three parts: A, B and C. Below is a brief summary of the content of the various parts:

- **Part A** describes the purpose of the report. This is where you inform the reader why and for whom you have written the report, the subject of the report, the reporting period and who the point of contact is for questions on the report.
- **Part B** is the central component of the impact report. After reading this section, the reader should be aware of all the ins and outs of the issue that you are trying to solve, what your goals are, what resources you are using, what activities you are undertaking and what short and long-term impact you measured for those activities. In addition, you will be outlining the plans for the future.
- **Part C** contains the general profile of your organisation. This section provides an overview of your company's details and key figures.

#### Conversion into monetary value

Everyone is familiar with the value of a euro. Communicating your impact in a language that investors and funding bodies understand – money – can be useful. It is a good way to make so-called "soft" types of impact, such as preventing social isolation in communities, more tangible. In addition, the impact is easier to compare when you use a universal measure like money. Assessments of the investment or comparisons with other programmes or activities can also be substantiated in this way. It allows investors and funding bodies to consider weight matters and decide where the most impact is created per euro of their investment.

There are various ways to express impact in monetary terms. For example, you might choose to look at saved costs or the

shadow price: what would otherwise have been spent to achieve this impact? You might also ask people to value a given good (in euros). In many cases, expressing "soft" results in monetary terms has no relevance, as it has no added value and blurs the results due to the large number of assumptions you are forced to make to come to price calculations.

For example, if a target group were to indicate that having a lot of friends was very important to them, there would be little added value in expressing this in money – on top of that, the related process would be subjective and complex. To make a calculation, you would need to speak to the target group to determine how much money friendship would be worth to them and subsequently determine how many new friends they made. This would detract from the discussion on your actual impact and also lead to questions as to the way in which the value was determined. After all, if you are not using the exact same monetary values for impact as the projects you are using for comparison purposes do, then no real comparison can be made.

You should only express impact in monetary terms if this can be done without too many assumptions – and if this is specifically requested by a stakeholder, such as for cost savings of municipal authorities relating to benefit allowances and care costs. As regards other types of impact, you should try to find out how significant that impact is to your target group by asking them and by situating the information in a suitable context. In addition, you should present an honest account of what you have achieved without adding too many complicated calculations. That way, stakeholders can each form their own opinion.

## Practical tools

Various practical tools are available to help you broaden your impact measurement. We will be showcasing two of these tools and have included more relevant tools in the table.

### Featured tools

- 1. Social Reporting Standard (SRS):** This guide was developed by the Social Reporting Initiative for social organisations that wish to report on their impact. The SRS is a template that you can follow in order to report on your impact results in a transparent way. The guide describes how to build an impact report step by step, dividing the process into three parts: Part A, B and C. The guide is available for download [here](#).
- 2. The impact calculator: social price list:** The effecten-calculator.nl social price list is an instrument that can be used to express the social added value of new approaches in the domains of healthcare and welfare in monetary terms. The prices are estimates that are generated based on various sources. When calculating cost savings, you should therefore always take into account the context in which your activities take place. Development of the social price list is ongoing, and it will be expanded in the years to come. The manual is available for download [here](#).

### Additional tools

#### **Knowhownonprofit:** Creative reporting formats for impact (EN)

Relevant to: Communicating about impact

The Knowhow Nonprofit website offers entrepreneurs tips on various types of creative reporting formats that can be used to communicate about impact. It deals with infographics, data dashboards, podcasts and videos. The most suitable format will depend on the target group you want to communicate your impact to.

## **Social Return on Investment (SROI) (EN)**

Relevant to: Monetising social impact

SROI is a method to link financial value to social impact. This guide, published by the SROI Network, outlines the method and explains how you can apply the method step by step.

Pages 38 through 52 set out how to link a financial value to a specific type of impact.

## **Social Value UK: Maximise your impact (EN)**

Relevant to: Impact management

This guide tells entrepreneurs how to maximise their social impact in simple steps. The guide is divided into four stages, Plan, Do, Assess, Revise, and asks a series of impact-based questions at each stage.

## **EVPA: Impact Management Principles (EN)**

Relevant to: Impact management

This framework describes five different phases of impact management: setting goals, analysing stakeholders, measuring impact, assessing impact, monitoring and reporting. During each phase, the framework provides a number of corresponding tools and questions that can be answered to help navigate the phase.

# **Stage 5**

In-depth analysis per domain

From this point in the manual you will find specific advice, targeted tools and a selection of outputs for the themes labor participation, sustainable value chains and circular economy.

Click on the theme that applies to you.

## **Stage 5: labour participation**

In Stage 5, you have the opportunity to keep making impact measurements more comprehensive and more thorough by:

1. substantiating impact studied previously more robustly with additional measurements;
2. expanding the research you conducted previously with measurements of other types of impact and stakeholders from your theory of change.

### **Additional measurements in your target group**

When deepening your measurement further, you can opt to provide more robust substantiation for the data of your target group, and to study the indirect impact further. This can be done easily by refining the questionnaire that you developed previously based on the results of your initial impact measurement and conducting the survey again among your employees. Indirect impact can often best be studied by conducting interviews in your target group. Ask them about any key changes in their lives as a result of participation in your programme or training. What does it mean to them to have a work or training placement? It can be very useful to study where the most changes took place and what might have been potential success factors. Did these employees benefit from more attention with regard to strengthening their social skills, for example? Were they more motivated to develop certain skills from the start? Did they have a better idea of what the programme entailed before they

had even begun? All of these insights will allow you to refine or improve your activities further.

### **Expanding to include other stakeholders**

Depending on your theory of change and what you would like to know, you will be expanding your measurement to include other stakeholders. Those in your target group's immediate environment, such as parents/carers and local residents, are often the most relevant, in addition to key stakeholders, such as the municipality, financiers or employers with whom you collaborate. You could interview them about key changes that they observe or experience as a result of your activities, or you could organise a focus group session to gain more insight into the changes for these target groups.

### **Expanding to include other stakeholders**

Depending on your theory of change and what you would like to know, you will be expanding your measurement to include other stakeholders. Those in your target group's immediate environment, such as parents/carers and local residents, are often the most relevant, in addition to key stakeholders, such as the municipality, financiers or employers with whom you collaborate. You could interview them about key changes that they observe or experience as a result of your activities, or you could organise a focus group session to gain more insight into the changes for these target groups.

Different stakeholders are interested in different types of impact:  
:

- An important direct type of impact relevant to the **municipality**, for example, may be that your activities contribute to a decrease in the costs of benefit allowances and care. The municipal authorities will generally request a translation of your impact into the amount of money that has been saved.
- An example of an immediate change to **parents/carers** may be that they have fewer care tasks in respect of their child, with the indirect impact being that they experience more happiness.
- In relation to **local residents**, more contact with other local residents due to the presence of your company in the neighbourhood may be considered a direct change, leading to a greater sense of community as an indirect effect. In addition, a type of direct impact may be that people become more aware of the issues surrounding the target group your company works with. The associated indirect impact you are probably aiming for in this context is for people to develop more compassion for these people and that their behaviour in respect of them changes.

If you use your activities to heighten awareness of the problems and the value of your target group, then it may be interesting to study that in a second measurement. This can be accomplished by interviewing a number of customers and local residents on their perceptions of the target group and whether something has changed in this regard as a result of your activities.

#### **How do you determine what changes you can claim?**

The more indirect the impact that you want to measure is, the harder it is to determine:

- what impact can be attributed to your activities;
- what other contributing factors were in play.

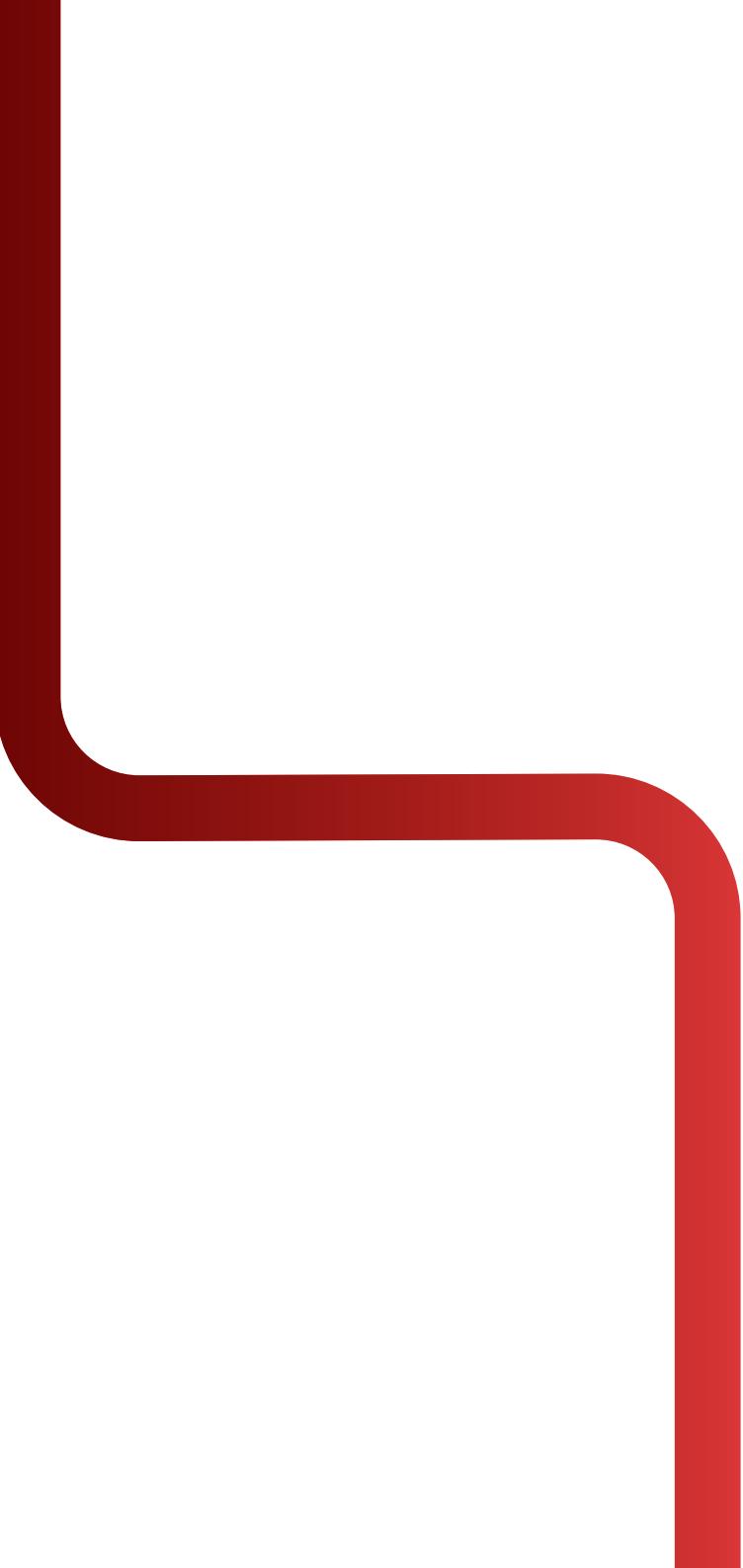
This also determines the case you can make to support your claims. In order to investigate this aspect, you might first want to make an estimate of the probability that people would have found a job or a placement without your activities. How many other organisations are there in the area that these people could have turned to? What makes your company unique compared to those other organisations? For example, do you work with personal learning goals, or do you offer intensive supervision or a work placement during the training programme? To a large extent, this determines the merit of your claim.

#### **Direct query**

One additional approach involves querying the target group directly as to what proportion of the changes occurred due to your activities. This should be incorporated into your questions. Example: "Has anything changed in terms of the support that you receive from your social network as a result of your participation in the programme?" You might follow up that question with: "Can you explain how the programme contributed to this change?" Please note that you should take into account when the measurement is taken. For example, when measuring immediately after the conclusion of the programme, there will be fewer factors in play that affect changes in the target group than when measuring one year after the programme has ended.

#### **Baseline measurement**

If you want stronger evidence, you might want to add a baseline measurement to your data set. This involves measuring a number of indicators in participants before the start of the programme. To stick with the previous example, you could compare the degree of social network support experienced at the beginning of the programme to that at the end of the programme, in which the degree of support is quantified (1 = none to 5 = a lot). If that support has increased significantly, you can state that your programme has contributed to more support from participants' social networks. There are, however, still external factors that may affect this, so please be cautious with the claim you make.



### **Control group and literature review**

If you make use of a control group or underpin your data with results from literature reviews, that allows you to make fairly assertive, bold claims. However, in most cases, it will be very difficult to make use of a control group, and even getting a baseline measurement may be a challenge. In such cases, you may only be able to do a number of case studies. As a result, the claims that you make should be more cautious.

### **Expressing your impact in money**

In some cases, you might want to express social value in monetary terms, such as the cost savings of the municipality as a result of your activities or the wage value increase of the target group after having obtained a diploma. There are many different ways to calculate cost savings, which is why there might also be a variation in the results, depending on the method you choose. Please be aware that you are dealing with an estimate and that you should make very cautious claims on that basis. For example, you could make an estimate based on the social price list of the effectencalculator. Another method is to carry out a value study among your stakeholders, for which you could organise a focus group and ask people how much they think a product or a service is worth. The Value Game is a useful tool to do this. It allows people to give a valuation based on drawings of similar products and services, which are then ranked from high to low value.

Try to end up on the lower bound of your estimate, and make sure to demonstrate what calculations you have made to substantiate the value. If you offer people a temporary place to work, for example, you must always take into account what happens to them when that work comes to an end. If these people end up back at home, the cost savings for the municipality will be significantly less (zero) than if these people continued to work.

### **The continuous impact measurements of Hét Bakkerscafé**

Hét Bakkerscafé (Brood op de Plank & De Bakkerij) was founded in 2009 and consists of an organic bakery with two shops and cafés in Nijmegen. Its mission is to create those conditions in which people are able to develop towards the most optimal form of social participation. At Hét Bakkerscafé, people at a distance from society and/or the labour market are able to fully develop their skills at their own level in the field of:

- social activation;
- self-reliance;
- personal skills;
- specific vocational and trade skills.

Key partners of Hét Bakkerscafé include healthcare institutions, municipalities, work centres and schools.

### **Making the impact measurement more robust**

Hét Bakkerscafé carried out its first impact measurement in 2014. In 2017, the company

carried out a second impact measurement that was intended to supplement and continue to expand the results of 2014. This led to a reliable picture of the company's impact. In addition, the company was able to learn from the results, adjust its course and use the results in its account to its stakeholders

#### **Measurement methods**

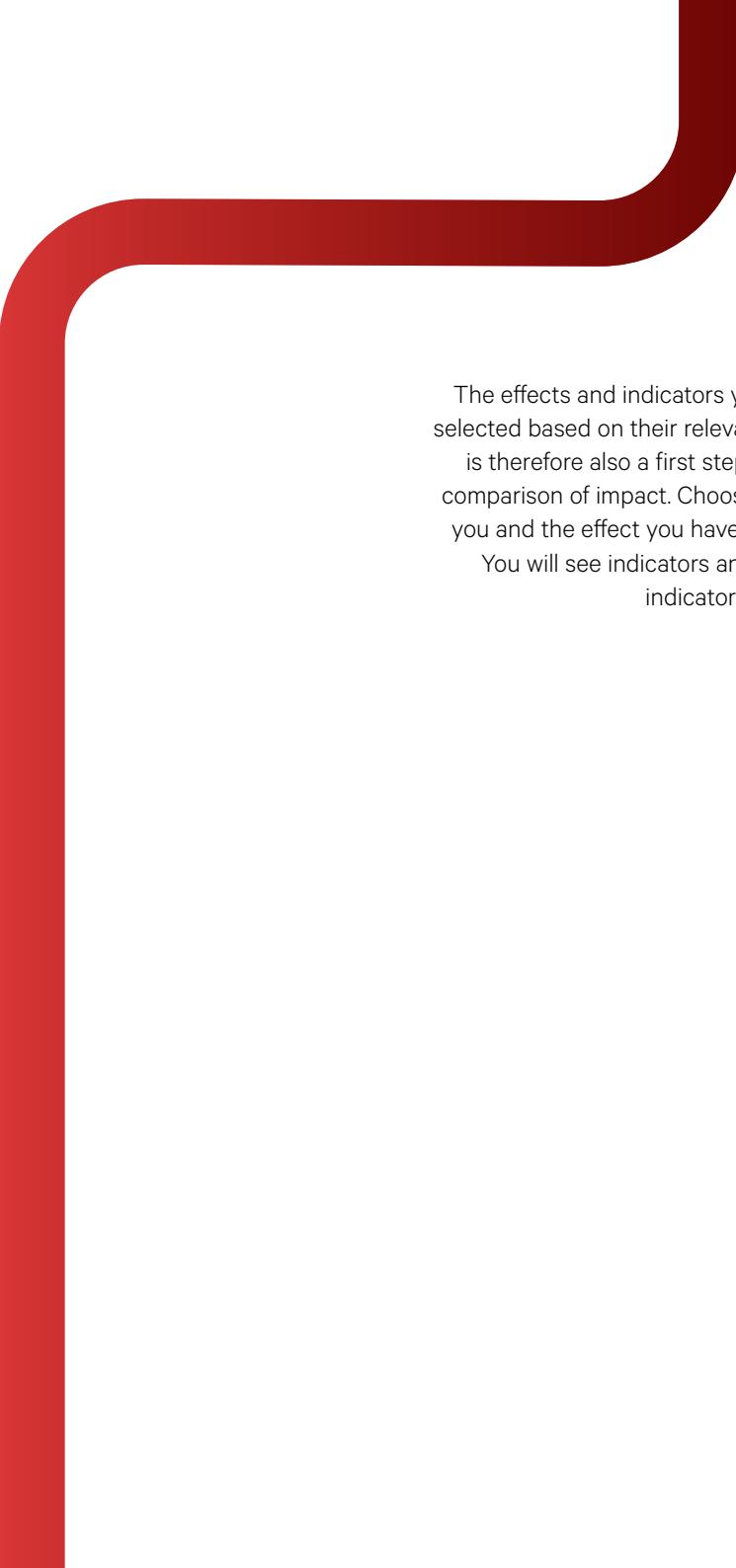
The key stakeholders of Hét Bakkerscafé include the programme staff, local residents, customers, the government and other social entrepreneurs that may be inspired into taking on (parts of) the approach by Hét Bakkerscafé. The impact on programme staff and other social entrepreneurs fell within the scope of the second impact study. Hét Bakkerscafé made use of multiple data collection methods (mixed method approach). In the period of 2014 – 2016, programme staff were surveyed each year, either through an actual survey (21 current employees) or by means of a phone interview

(14 former employees). Those data were then supplemented with other records, such as the score on the ladder of participation. The programme staff completed the questions independently, assisted by a supervisor where necessary. Hét Bakkerscafé made use of existing tools, such as the Rosenberg Self-esteem scale, the self-reliance matrix and the ladder of participation in the development of these questionnaires. Finally, Hét Bakkerscafé undertook the following activities:

- It conducted open interviews in the autumn of 2017 at four social enterprises.
- Three umbrella parties in the social sector completed an online questionnaire, which was sent to them by email.
- Hét Bakkerscafé counted and made a list of the parties with which it had shared knowledge/recommendations on social entrepreneurship.

### **Conclusions and implications**

Hét Bakkerscafé carried out the data collection in-house and was assisted with the analysis of the results by a research firm. The results showed that the activities of Hét Bakkerscafé had a positive impact on increasing the social participation of its programme staff. Programme staff became more self-reliant, gained more confidence and rose on the ladder of participation, and over 80% of individual development goals were realised in the period between 2014 and 2016. Hét Bakkerscafé was able to draw its first tentative conclusions regarding its impact on other social entrepreneurs, given that the case studies revealed that Hét Bakkerscafé appears to be an inspiring example to other social enterprises.



The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.

## Stage 5: sustainable value chains

In Stage 5, you have the opportunity to keep making impact measurements more comprehensive and more thorough by:

1. supplementing the research you did previously with measurements of other types of impact and stakeholders from your theory of change;
2. substantiating impact studied previously more robustly with additional measurements.

### Taking the next steps in measuring your impact?

In addition to measuring the impact in your key target group, you will now start measuring what your company means to other stakeholders. For example, if you sell tea produced in developing countries, you would usually have started Stage 1 by identifying the income of the producers of your tea and how you contribute to this. During Stage 5, you will also be examining what you have realised for your customers with regard to information and awareness of the issues in your chain. To this end, you might set up a panel to be questioned or conduct a survey via your online media channels. In the event that you have inspired other companies to follow your example, you could interview them about how you contributed to their decision. By adding ever more target groups and objectives to your impact measurements and by collecting additional data, you are working towards gaining a comprehensive insight into the most significant impact of your company.

At this stage, it is all about trying to get the most comprehensive overview of your impact. For that reason, you should also take into account negative impact or any side effects. For example, how do the production methods that are used affect soil quality? Has your specific demand for a certain product resulted in people neglecting other sources of income? In general, you will discover these kinds of patterns by engaging with your partners, with the producers you work with and with experts.

Finally, you should not only examine direct impact, such as income or awareness, but should also try to get an understanding of the effects of that impact. In relation to income, for example, you might look at the effects on welfare and prosperity: is your target group really better off, are more children going to school, for example, and does your target group have better access to health care that is of adequate quality? Naturally, your contribution will be indirect and any changes will not be directly attributable to your organisation. The objective is to analyse what your contribution was, in order to increase it in a positive sense.

In order to ascertain your contribution, you will have to conduct research *in situ*. We previously described what a complex process this can be in Section X. An alternative may be to seek out existing studies that demonstrate that this indirect impact may occur, which you can subsequently refer to.

### **Using the results of your measurements**

It is essential that you ensure a good feedback loop is in place in which you collect evidence that you can use to refine your mission and your ToC and adjust your activities. For example, if it has come to your attention that instances of harmful forms of child labour still take place within the certification programmes at the cooperatives you purchase products from, then you can take action and engage the buyers or speak to the cooperatives directly. Furthermore, if you detect little improvement in the field of health and safety at factories, for example, then you should be able to ascertain why such improvement is absent together with the owners or via audits. The findings of this research can subsequently be used to adjust your actions or agreements.

It often helps to reflect on what you plan to do with the results in advance. At what point will you be satisfied? What would it be possible for you to actually change? Try to be realistic, as this will help you put the results of your measurement to actual use.

### **Continuous impact measurement:**

#### **Tony's Chocolonely**

Tony's Chocolonely aims to have all chocolate be produced 100% free of slavery. The company uses various methods to achieve this:

- making consumers more aware of the issue;
- providing a living income to the cocoa farmers they work with;
- encouraging other parties in the cocoa industry to follow their example.

#### **Awareness of the issues**

In order to measure whether consumers were aware of the issues, Tony's drew up a number of indicators, including the percentage of chocoholics who are aware of the existence of slavery on the cocoa plantations in West Africa and the percentage of Tony's consumers that spread Tony's mission to their family and friends. Recently, Tony's has begun measuring this impact more robustly by surveying people with regard to these indicators throughout the year using the Brand Tracker system. Until recently, this measurement was only carried out twice a year, making the results of the survey sensitive to external influences such as

campaigns and advertising. By conducting measurements more regularly, the results of the research became more reliable and developments with regard to these indicators became easier to track.

#### **Ending slavery practices**

The principal impact that Tony's has been working towards achieving is ending slavery and child labour practices in cocoa production. In order to study this impact, the company has partnered with the International Cocoa Initiative (ICI). All farmer groups that supply cocoa to Tony's fall under the implemented Child Labour Monitoring and Remediation System (CLMRS). Under this system, farmers from local communities are specially trained by Tony's, after which the farmers engage in a dialogue with their peers about child labour. In this way, they are able to monitor partner farmers and their families to reduce the risk of child labour and remediate any instances.

The farmers collect relevant socio-economic data using a questionnaire on a smartphone. As a result, Tony's has a better understanding of the risks and of the prevention of child

labour in the regions where they purchase their cocoa, and the company is able to take targeted action. Using the CLMRS system not only gives them more insight into child labour in their chain, but also helps them affect the impact goals of other chocolate producers. After all, the system was developed by ICI in collaboration with Nestlé. By getting involved with an existing initiative of authorities within the cocoa industry, Tony's has made it easier for other parties to follow their example.

#### **Identifying externalities**

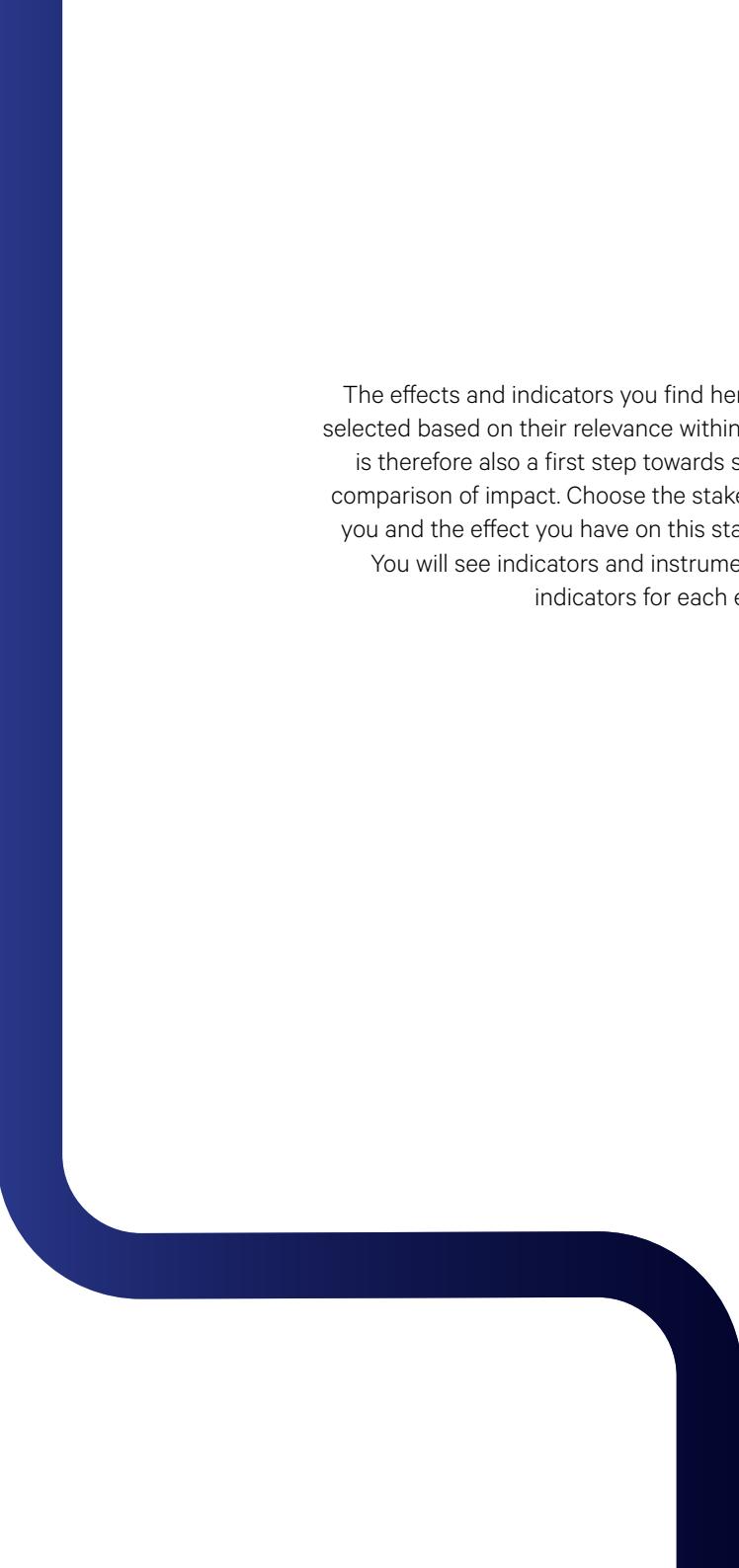
In order to gain greater insight into the impact that Tony's has on farmers and the environment, Tony's had an external party calculate the true value of their chocolate bars in 2013 and 2017. This means that externalities in Tony's chain were identified based on the research results of independent organisations. Examples include environmental damage and social harm caused by child labour. The potential harm to humans and the environment is converted and added to the market price, resulting in the "true" price of a Tony's bar. This is the price that should be paid for the damage that is caused by the production of the chocolate

bars to be prevented or repaired. This gives Tony's insight into where the highest external costs are in the chain, allowing the company to tackle these externalities. In addition, the "true price" is compared with the "true price" of chocolate bars of other chocolate producers that buy cocoa in West Africa, allowing Tony's to measure its performance over the years and in relation to the rest of the industry.

#### **A tip from Paul Schoenmakers**

#### **(Impactus Prime – Tony's Chocolonely)**

"Team up with the right partners and experts! We've worked with many different external experts, who all had different methods and expertise that matched the stage of impact that we were at. Now, we mainly work with parties that have a lot of expertise on the cocoa sector, and we keep gaining more and more knowledge that allows us to conduct measurements ourselves."



The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.

## Stage 5: the circular economy

In Stage 5, you have the opportunity to keep making impact measurements more comprehensive and more thorough by:

1. substantiating impact studied previously more robustly with additional measurements;
2. carrying out substantial measurements on other types of impact and stakeholders in your theory of change.

in finding new collaborative partners in the chain to achieve your refined goals.

Whereas Stage 4 involved looking into the direct impact of your purchasing, production and outflow, Stage 5 will involve measuring the impact throughout the life cycle of your product or service. You will be stepping outside of your company and looking at the entire chain. In this way, you will be able to fully map out the indirect impact that you have achieved.

### Taking the next steps in measuring your impact

After having measured the initial impact of your circular business model, you will now be carrying out more robust measurements and studying more types of impact. The direct and indirect impact of your material consumption can be specifically mapped out using a Life Cycle Assessment (LCA). Whereas you were still examining certain (single) types of impact resulting from your activities in Stage 4, such as CO<sub>2</sub> savings or material efficiency,

using an LCA will involve looking at the entire life cycle of your product and the environmental impact that occurs. An LCA shows you where and what type of environmental impact takes place in the chain. The points at which the environmental impact is significant are referred to as hotspots. In the box below, we will be looking at an LCA in greater detail and discussing how it can be used.

In addition to carrying out a more robust measurement of your impact using an LCA, Stage 5 also involves examining the impact on other stakeholders. For example, if you want to inspire other companies to follow your example so they will adopt a circular business model as well, one option is to interview them on how you contributed to their decision to do so. By gathering ever more and better data and adding impact to your impact measurements, you are working towards gaining a comprehensive understanding of the principal impact of your company.

In addition, unexpected impact may occur, which you may want to study in your follow-up measurements. An example of positive unexpected impact is job creation as a result of materials being separated or products being dismantled with a view to reuse. This process can result in the creation of jobs, in many cases even for people who are distanced from the labour market. In relation to the various types of positive impact you might

have on these groups of people, we would kindly refer you to the Labour Participation domain sections in this manual. Unexpected negative impact may also occur, an example being bikes in a bicycle-sharing system that are vandalised by the users or parked in the wrong location and subsequently become a nuisance. You should try to be critical of the impact you have actually achieved with a circular business model. For example, if you have a product that can be recycled, that product will only add value if it is actually collected and subsequently recycled. This is something you could measure.

### Better substantiation following your first measurement

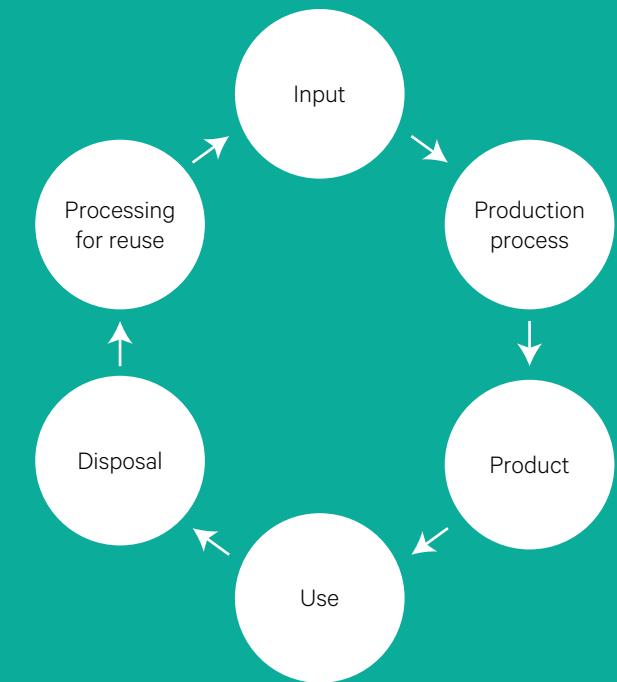
When considering the Circular Economy at a higher level, it is all about guaranteeing that the so-called planetary boundaries are not exceeded. These boundaries relate to nine essential ecosystems that keep the biosphere of our planet liveable. As such, they are absolute boundaries that cannot be exceeded. A well-known example would be the greenhouse gas emissions and the impact on climate change, another being nutrients contained in fertilisers, such as nitrogen and phosphate, that can push the ecosystems out of balance if they flow into the natural environment from production processes. In order to safeguard these planetary boundaries and take the pressure off the essential ecosystems, it is vital that you review the impact of your entire chain and close the cycles where possible. That is why the circular economy plays a key and innovative role in this regard. Substances that are used in fertiliser, for example, can very easily be kept within a loop. If you want to carry out measurements regarding your impact on these boundaries – meaning the impact you have as an entrepreneur in relative terms – you will have to carry out in-depth measurements, for which you can use an LCA (see box). Pick an LCA that applies to your business model. At this stage, the measurements become very technical and complex and we recommend that you hire external expertise to assist you.

### LCAs and how to carry them out

LCA stands for Life Cycle Assessment. An LCA is a comprehensive method that was developed to measure the ecological (and occasionally social) impact of a specific product. It takes into account the entire life cycle of a product, from the inflow of raw and other materials and production to the processing of any waste streams. These were the three components that were introduced at Stage 2.

Various tools are available to help you get started with using an LCA. [The Product Social Impact Assessment](#) manual, for example, is there to help entrepreneurs get started with carrying out an LCA. MVO Netherlands also offers a selection of LCA tools. The National Institute for Public Health and Environmental Protection (RIVM) has a [list](#) of available LCA tools, categorised according to industry and consequently into types of impact. [OpenLCA](#) is a free open source software that allows entrepreneurs to carry out professional LCAs. Databases such as [Ecoinvent](#) and [SimaPro](#) contain thousands of generic products and processes that can help you get an idea of the impact of your specific product. The current standards for LCA are documented in ISO 14040:2006 and ISO 14044:2006. In

In LCAs, results are usually expressed in relation to output units, such as products or kilogrammes of product. Use the LCA databases listed above to calculate your impact on the planetary boundaries.



Below, we will be discussing a number of specific examples of how to carry out measurements at this stage. These measurements will be carried out using an LCA. The box outlines the fact that there are different types of LCAs and also sets out how you should pick an LCA that matches your business model.

- **Global Warming Potential (GWP)** is the impact of a greenhouse gas on the global climate system. This is one of the best-known indicators within this domain, but not

necessarily the most significant indicator. It is, however, easy to communicate, in contrast to the indicators of some other planetary boundaries. This impact is measured by dividing the amount of carbon dioxide equivalents in kilogrammes in your chain by the number of output units of your company. A carbon dioxide equivalent is a unit of measurement that is used in LCAs in order to provide a standardised unit for greenhouse gases. After all, there are several greenhouse gases and they each have a different impact per kilogramme. In order to standardise this aspect, all greenhouse gases are converted into the amount of CO<sub>2</sub> that they would be equal to. A kilo of methane, for example, is equal to 25 CO<sub>2</sub>eq, since methane is 25 times as powerful as CO<sub>2</sub>.

- **The material footprint** provides insight into how much you contribute to the exhaustion of raw material reserves. This impact is measured by taking the intake of consumed raw materials per output unit. The indicators of the [Wuppertal Institute](#) encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product. Take steel, for example: the material footprint will be ten to twenty times greater than the nominal weight, due to all the iron ore and the energy that is used to produce the steel. Multiplying the RME with the weight of the product will yield the material footprint, also referred as the material intensity.
- **Water consumption** is not an issue in the Netherlands; all over the world, however, water is a very important and sometimes very scarce resource. For that reason, monitoring the water consumption in the chain is crucial to understanding your impact. Use LCA databases or specific LCAs (see box) to measure this. Measure the total water consumption per output unit.

- **Eutrophication** is the phenomenon in which the supply of an excess of nutrients (such as nitrogen and phosphate from fertiliser) into the ecosystem brings about significant growth and proliferation of certain species. In general, this results in a sharp decrease in species diversity and biodiversity. Eutrophication tilts the ecosystem off balance, resulting in other valuable nutrients being lost. A kilogramme of nitrogen equivalent (N-eq) is one of the standard units that is used in LCAs to measure various nutrients that can cause eutrophication.
- **Ozone depletion** is the planetary boundary that gained a great deal of attention in the past, which resulted in a number of successful changes to policy. International governance led to nearly all substances that deplete or harm the ozone layer being banned. As a result, the holes in the ozone layer have been gradually closing. CFC11-equivalent, a common refrigerant, is used in LCAs as a standard unit for the measurement of various gases that deplete ozone.

### Measuring additional impact

For a relatively small company, looking only at the absolute impact as expressed in an LCA and described above can be discouraging. A large corporation is able to achieve more CO<sub>2</sub> savings with a small measure than a small company can with a radically innovative approach. For that reason, it is useful to think of your alternative contributions to the transition towards a circular economy. The principal idea is that, if a company helps change the mindset of the general public or helps inspire key actors, this can be crucial to facilitating the transition to a circular economy. For example, you could measure the increase in the percentage of your consumers that are aware of the importance of a circular economy or of consumers that make conscious choices in favour of circular products.

Your aim may be to advocate a system change in the direction of circularity. If you want to measure this component of your ToC,

then you should first look at the weekly working hours that you use (lobbying, speaking, writing) to bring certain issues to the attention of your peers in the industry or chain partners. You should then measure the increase of these hours over a period of time. In addition, you could measure the increase in the number of alliances or partners in the chain. After all, partnerships in the chain, particularly with a view to closing cycles, are a vital part of circularity.

### **Using the results of your measurements**

It is essential that you ensure a good feedback loop is in place in which you collect evidence that you can use to refine your mission and your ToC and adjust your activities. For example, if you detect little improvement in the field of material recovery, then you should be able to ascertain why such improvement is absent with your chain partners. The findings of this research can subsequently be used to adjust your actions or agreements.

It often helps to reflect on what you plan to do with the results in advance. At what point will you be satisfied? What would it be possible for you to actually change? Try to be realistic, as this will help you put the results of your measurement to actual use.

### **Continuous impact measurement:**

#### **Fairphone**

Fairphone was founded in 2013 with the aim of bringing about a fair electronics movement from within the industry itself. With the production of their modular smartphones (Redesign), Fairphone attempts to change the way in which products are manufactured and make the value chain more sustainable. The development and marketing of the Fairphone is meant to expose the abuses that take place in the electronics industry, to tackle them and to foster a broader debate on fair value chains.

#### **Improving impact measurement**

Fairphone has been measuring indicators at the project level since its inception and more recently began carrying out measurements at the level of the company. In this way, the company made the measurements and indicators more consistent. The indicators are based on the five goals of the company: increasing the lifespan, fair materials, good working conditions, reuse and recycling, and enlarging the market for sustainable phones. Indicators for the latter goal, for example, include the number of Fairphones that have been sold and the company's profit. Until 2016, this information was only used at an internal level to improve projects and strategies. At present, there is a growing

demand for this information from the outside world, from investors, shareholders and consumers. Measuring impact helps a company be "accountable".

#### **Data collection**

Data collection, such as conducting surveys at the factories, is often carried out by external parties and runs parallel with other implementation activities insofar as possible. The results of the measurements lead to changes in strategy and the design of projects and products. In 2018, Fairphone will be publishing its first publicly accessible report, in which it outlines what direct and indirect impact it is achieving. Although the ultimate goal is to create more awareness and change the entire sector, measuring impact is a challenge and Fairphone has not yet done so in great detail – however, this is a key ambition moving forward.

A tip from Eva Gouwens (Managing Director – Fairphone)

"Have your impact measurement checked by a professional auditor. This will tighten up your definitions, measurement and processes and will really make achieving impact a part of everyday management."

The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

You will see indicators and instruments to measure these indicators for each effect.

## Conclusion

Impact measurement is a process in which you can grow and for which tools are available. That is The Impact Path's overriding message. This manual is intended as a guide for social entrepreneurs who are engaged in that process – a way to give them the right tools and inspire, motivate and encourage them to take action. In this way, we hope to lower the threshold to taking the next step in their impact measurement.

As mentioned earlier in this manual, The Impact Path focuses on three key domains: Labour Participation, Sustainable Value Chains and the Circular Economy. Our ambition is to be able to expand this manual to include other domains in the future – different fields where impact measurement is just as crucial. The selection of indicators that we provide for each domain is meant as a first step toward standardisation and impact comparison. We intend to expand the manual to include more indicators and more tools in this regard as well.

We wish you the very best of luck in using the Impact Path!

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"Maximising the positive impact you make – that is the overriding challenge for organisations in this day and age. As an impact-driven organisation, you want to know if you are doing the right thing, and you want to be able to communicate your impact to your stakeholders. It's all about setting impact goals, measuring and continuously making improvements"

**Edith Kroese,  
Managing Director  
Avance**

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## Indicators and effects

The effects and indicators you find here are very common and selected based on their relevance within this theme. The selection is therefore also a first step towards standardization and the comparison of impact. Choose the stakeholder that is relevant to you and the effect you have on this stakeholder or aim to have.

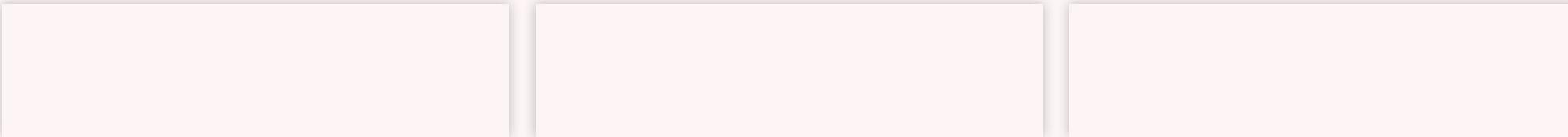
You will see indicators and instruments to measure these indicators for each effect.

## Indicators and effects

### Labour participation

Choose the stakeholder that is relevant  
to you and the effect you have on  
this stakeholder or aim to have.

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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More productiv

Obtaining  
a diploma

Having  
self-efficacy

## More productivity

### Indicators

#### Productivity

- Score for the wage value of employee;
- Score for the wage value of employee compared to six months ago;
- Degree to which emp is able to finish work on time;
- Degree to which emp works efficiently

### Tools

#### Wage value tool (NL)

The Wage value tool is a reliable, fast and affordable way to determine the wage value for everyone who is eligible for wage cost subsidy or wage dispensation. The instrument is used after the employee has worked for some time, for example on the basis of an internship or a test placement. Because wage value is always situational and can not be separated from people, the circumstances and the function. The tool generates insight into the work-related competencies of the employee, and thus also in his or her development possibilities.

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skills

Obtaining  
a diploma

Having  
self-efficacy

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### **Ability to work more independently**

#### Working independently

- Degree to which emp is able to carry out activities independently;
- Degree to which emp is able to find a solution to a problem;

#### Learning ability

- Degree to which emp is able and willing to ask questions;
- Degree to which emp is able to adapt to new situations;

#### Stress resistance

- Degree to which emp is able to cope with stress;
- Degree to which emp is able to deal with setbacks;
- Degree to which emp is able to prevent stress;

#### Responsibility

- Degree to which emp is able to honour agreements;
- Degree to which emp takes on responsibilities;
- Degree to which emp completes tasks

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More participation  
in society

Obtaining  
a diploma

Having  
self-efficacy

## Obtaining a diploma

### Indicators

- Number of employees that obtained a diploma or certificate;
- Degree of increase/decrease of score on Ladder of Participation

### Tools

#### Ladder of participation (NL)

This measuring instrument is used to measure the extent to which a person participates, or participates, with society. The ladder consists of 6 levels, where someone at level 1 is socially isolated and someone at level 6 does paid work. The intermediate steps are: Social contacts outside the door, Participation in organized activities, Unpaid work and Paid work with support. The instrument can measure the growth in the degree of participation of a person, for example before and after an intervention. The advice is to measure this semi-annually. The instrument is easy to use and takes little time.

More  
participation  
skills

More  
working  
one's own future

More  
independence  
ADL

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the menu

More productivity

Meer zelfstandig kunnen werken

More specialist skills

Obtaining a diploma

#### **Higher/more stable income**

- Degree of income increase (last six months) in wages or remuneration (per month)

More time spent working on individual's own future

Having higher self-esteem

Betere sociale vaardigheden

More independence in ADL

←  
Click here to return to the menu

More productivity

Obtaining  
a diploma

Having higher  
self-esteem

**More time spent working on  
individual's own future**

- Degree to which emp has the ambition to find a job;
- Degree to which emp takes steps regarding further learning/training or following a course;
- Degree to which emp takes action with regard to finding a job(writing a CV/cover letter, orientation/vacancy search, application, going to job interviews)

More  
specialist skills

More time spent working  
on individual's own future

More independence  
in ADL

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## Having higher self-esteem

### Indicators

#### General self-esteem

- Degree to which emp is able to deal with criticism and compliments;
- Degree to which emp is able to have pride in something;
- Degree to which emp feels as competent as others;
- Degree to which emp is satisfied with themselves;
- Degree to which emp is able to forge (new) relationships;
- Degree to which emp can select topics of conversation within a group

### Tools

#### [Rosenberg self-esteem scale \(RSES\) \(EN\)](#)

This validated measuring scale was developed by sociologist M. Rosenberg (1965) and is frequently used in sociological research into the degree of self-confidence. The scale consists of 10 statements (closed questions) with a scale of 1-4 that the person must fill in himself. It measures the level of self-confidence at that moment.

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**Better social skills**

Social relationships

- Degree to which emp forges new relationships;
- Number of new relationships of emp;
- Degree to which emp maintains relationships;
- Number of contact opportunities with friends/family/neighbours/acquaintances;
- Degree of quality of those opportunities;

Communication skills

- Degree to which emp is able to ask for help within their own network;
- Degree to which emp feels comfortable showing their disability within their own network;

Collaboration

- Degree to which emp is able to explain their disability to others;
- Degree to which emp can empathise with others;
- Degree to which emp is able to understand others;
- Degree to which emp shows understanding of the circumstances of others

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## **More independence in ADL**

### Indicators

#### Activities of daily living

- Degree to which emp is able to do groceries independently;
- Degree to which emp is able to open post themselves;
- Degree to which emp is able to travel independently;
- Degree to which emp is able to make ends meet financially (income);
- Amount of debt of emp;
- Number of ongoing proceedings relating to emp;
- Extent of substance use of emp

#### Personal hygiene

- Degree to which emp is able to independently carry out daily grooming tasks;
- Degree to which emp is able to cook/wash/dress/use the lavatory;
- Degree to which emp is able to clean/tidy their own living space;
- Degree of stable housing of emp.

### Tools

#### Vilans self-reliance meter (NL)

This tool consists of a questionnaire that questions self-reliance in 10 areas of life. It is a useful measuring tool to discuss difficult topics about this theme and to go deeper into someone's personal situation. The instrument is mainly used in healthcare.

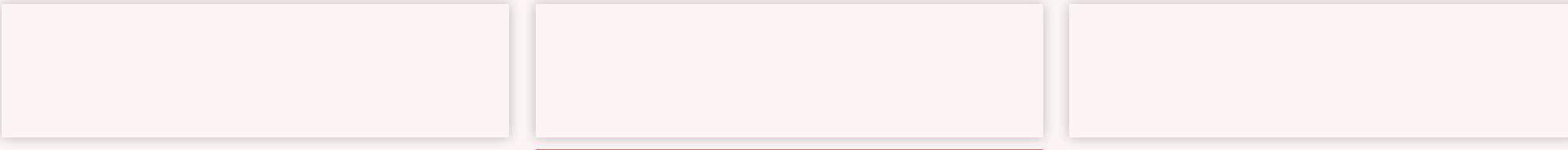
#### ADL Katz scale (EN), ADL Katz scale (NL)

This measuring instrument comes from care and indicates the extent to which a person can perform the basic activities of daily life independently or independently. These are self-washing, dressing, toilet visit, moving indoors, continence and feeding.

#### Self-sufficiency matrix (EN)

This instrument measures the degree of self-sufficiency in 17 different areas, or domains, such as finance, housing, education and physical care. The instrument was developed in 2010 by GGD Amsterdam and the Municipality of Rotterdam and is still being developed on the basis of new scientific research and feedback from users. With the ZRM you give an assessment based on observations about the degree of self-reliance of someone at that moment. So to what extent someone now possesses the skills, expertise, resources and capabilities of others to function normally. The instrument and accompanying manual can be downloaded for free.

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.



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## Decrease in labour cost subsidies

### Indicators

- Number of € in decrease of labour costs subsidy due to higher wage value
- Number of people with a job that at first did not have a job\*

### Tools

#### [Wage value tool \(NL\)](#)

The Wage value tool is a reliable, fast and affordable way to determine the wage value for everyone who is eligible for wage cost subsidy or wage dispensation. The instrument is used after the employee has worked for some time, for example on the basis of an internship or a test placement. Because wage value is always situational and can not be separated from people, the circumstances and the function. The tool generates insight into the work-related competencies of the employee, and thus also in his or her development possibilities.

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## **Decrease in benefit allowance costs**

### Indicators

- Amount in € saved due to employees moving on to paid work;
- Degree of increase of the wage value of an employee (decrease in benefits)

### Tools

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## **Decrease in participation costs**

### Indicators

- Degree of decrease in hours of care with regard to participation programme (e.g. by employment agencies)

### Tools

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## Care costs

### Indicators

- Amount in € in AWBZ (Exceptional Medical Expenses Act) or medication costs saved due to decrease in healthcare or care costs

### Tools

#### [Wage value tool \(NL\)](#)

The Wage value tool is a reliable, fast and affordable way to determine the wage value for everyone who is eligible for wage cost subsidy or wage dispensation. The instrument is used after the employee has worked for some time, for example on the basis of an internship or a test placement. Because wage value is always situational and can not be separated from people, the circumstances and the function. The tool generates insight into the work-related competencies of the employee, and thus also in his or her development possibilities.

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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## **More positive image of the target group**

### Awareness

- % of people who are familiar with mission and vision of social enterprise
- % of people who are familiar with target group's problem

### (Intention to) behavioral change

- % of people who support the target group by buying a product or service
- % of people who indicate to have more compassion for target group

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## Indicators and effects Sustainable value chains

Choose the stakeholder that is relevant  
to you and the effect you have on  
this stakeholder or aim to have.

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**Living income**

Indicators

- # and/or % of producers that earn a living income

Tools

[Anker & Anker \(EN\)](#)

Anker & Anker have developed a methodology to calculate a living income, which includes factors such as production volume, costs, price and other sources of income:

More security due to long-term agreements with customers

Better representation by producers' organisations

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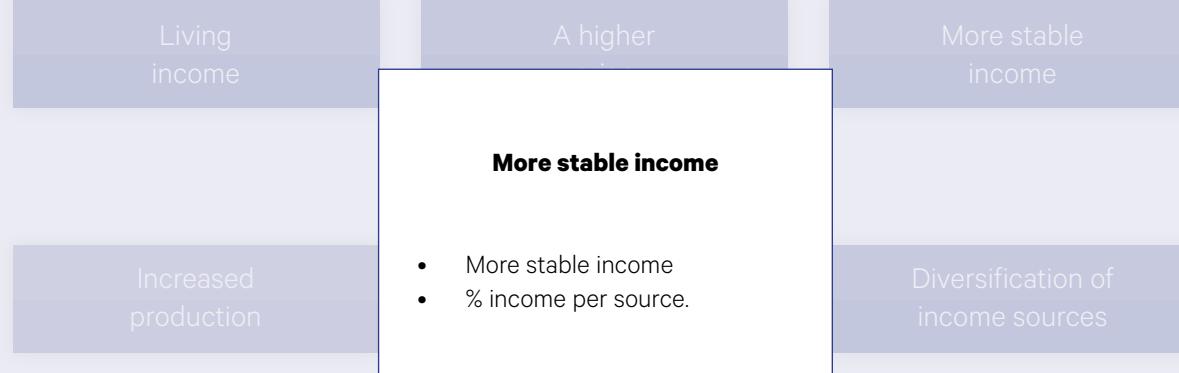
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More security due to long-term agreements with customers

Better representation by producers' organisations

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## **Increased production**

### Indicators

- Total number of kg/litres produced
- # of kg/litre produced per hectare

### Tools

#### [One Acre Fund \(EN\)](#)

Producers often have no complete records of their farming business, making it difficult to get an idea of the facts and figures of the producer's production. One Acre Fund has published an insightful White Paper entitled "Measuring Farm Profit" on the various ways in which social enterprises can get an understanding of the productivity of farmers.

#### [GPS Mapping \(EN\)](#)

If you require precise data on the productivity of your producers and the land area, then GPS mapping can be very useful. Various organisations offer this service, including Meridia and Source Trace.

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## Living income

## Increased production

## More ag

### Diversification of income sources

#### Indicators

- % of income of product that your company purchases in relation to total income of producer

#### Tools

##### [Making Markets Work Better for the Poor \(EN\)](#)

Making Markets Work Better for the Poor offers various tools and methods to help determine the impact of a Value Chain or the income of smallholders. The key focus is on alleviating the level of poverty of actors in the chain. Tool 7, from page 111, describes how to measure the diversification of income sources.

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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**A living wage**

Indicators

- € difference between wage received and the required living wage

Tools

[The Wageindicator \(EN\)](#)

The Wageindicator database contains current information on the level of wages per country, sector and type of work.

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## A safer working environment

### Indicators

- # of accidents per year
- # of work-related absences due to illness, per employee per year
- # of sites that have an illness or occupational disability scheme in place that meets an international standard, such as ILO guidelines

### Tools

#### [ILO \(EN\)](#)

ILO publishes all standards (conventions and recommendations) on its website

d labour  
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## No/less child labour and forced labour

### Indicators

- Measures taken to implement ILO guidelines against child labour and forced labour
- Number of identified cases of forced labour/child labour

### Tools

#### [ILO \(EN\)](#)

ILO publishes all standards (conventions and recommendations) on its website

#### [ILO conventions and recommendations in the field of child labour \(EN\) & ICI Child Labour Monitoring and Remediation System \(EN\)](#)

The ICI has developed the Child Labour Monitoring and Remediation System for the cocoa sector, a comprehensive system that focuses on detecting cases of child labour and seeking out solutions to such cases.

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A living  
wage

#### **Better representation by trade unions**

- #/% of workers that are represented by a trade union
- % of workers that participated (voted) in the democratic election of representatives

No/less child labour  
and forced labour

Better representation  
by trade unions

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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Awareness  
issues

Consciously  
product

### **Awareness of the issues of the SE**

- % of customers/consumers that has knowledge of your company's mission
- % of customers/consumers that has knowledge of the specific issues in the chain.

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Awareness issues

Consciously choose SE's product

**Consumers consciously choose SE's product**

- % of consumers that purchase more sustainable products/services
- % of market share of your sustainable product or service

Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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Other companies follow  
example of SE

- # of companies that adopted the approach/parts of the approach of your company

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**New or tightened sector  
agreements**

- # of agreements, policy changes or other cross-sector agreements that have been implemented due to a contribution from your company.

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## Indicators and effects Circular economy

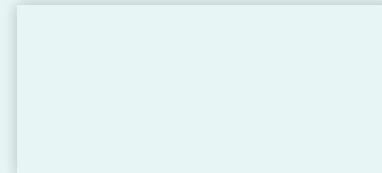
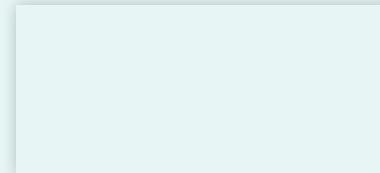
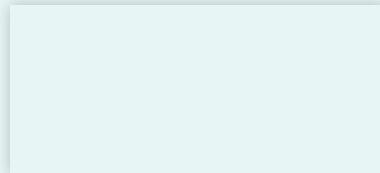
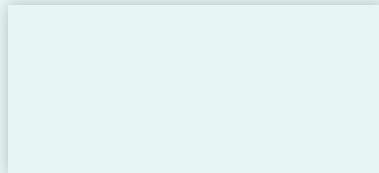
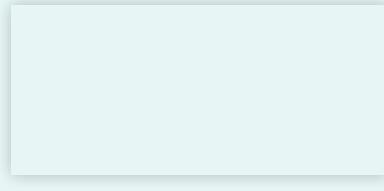
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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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**Renewable energy**

<u>Indicators</u> <ul style="list-style-type: none"><li>• % of the energy consumption that comes from renewable sources</li></ul>	<u>Tools</u> <p><a href="#">Cradle-to-Cradle certification (EN)</a></p> <p>C2C is an international quality mark that consists of five achievement levels: Basic, Bronze, Silver, Gold and Platinum. In the Netherlands, the quality mark is used for paper, solar panels, office furniture and building materials. The philosophy behind Cradle-to-Cradle is that all materials in a product can be reused in another product in a useful manner after use. The five aspects that C2C assesses are the composition of the materials, the possibilities for reuse of the materials, use of renewable energy, sustainable water management and social justice.</p>
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Recovery

covery

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#### Indicators

- % of material intake that is recycled

#### Tools

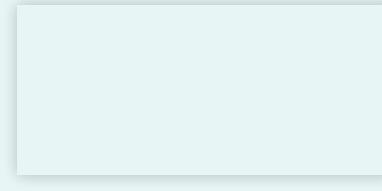
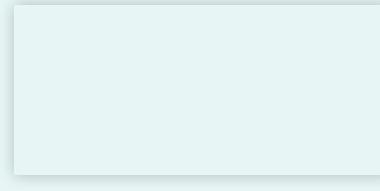
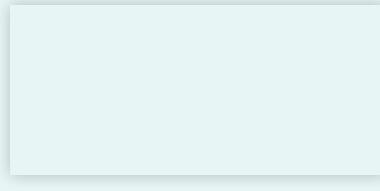
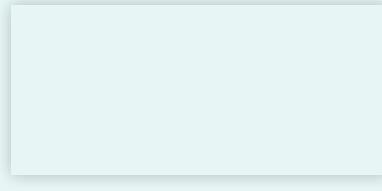
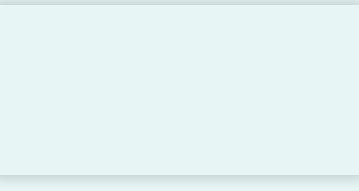
##### Cradle-to-Cradle certification (EN)

C2C is an international quality mark that consists of five achievement levels: Basic, Bronze, Silver, Gold and Platinum. In the Netherlands, the quality mark is used for paper, solar panels, office furniture and building materials. The philosophy behind Cradle-to-Cradle is that all materials in a product can be reused in another product in a useful manner after use. The five aspects that C2C assesses are the composition of the materials, the possibilities for reuse of the materials, use of renewable energy, sustainable water management and social justice.

Re

covery

## **Recycled materials**



### Indicators

- % of purchased biomass that is produced using reclaimed nutrients

### Tools

#### Cradle-to-Cradle certification (EN)

C2C is an international quality mark that consists of five achievement levels: Basic, Bronze, Silver, Gold and Platinum. In the Netherlands, the quality mark is used for paper, solar panels, office furniture and building materials. The philosophy behind Cradle-to-Cradle is that all materials in a product can be reused in another product in a useful manner after use. The five aspects that C2C assesses are the composition of the materials, the possibilities for reuse of the materials, use of renewable energy, sustainable water management and social justice.

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## **Prevention of toxic substances**

### Indicators

- % of reduction in hazardous substances compared with baseline product

### Tools

[Cradle-to-Cradle certification \(EN\)](#)  
C2C is an international quality mark that consists of five achievement levels: Basic, Bronze, Silver, Gold and Platinum. In the Netherlands, the quality mark is used for paper, solar panels, office furniture and building materials. The philosophy behind Cradle-to-Cradle is that all materials in a product can be reused in another product in a useful manner after use. The five aspects that C2C assesses are the composition of the materials, the possibilities for reuse of the materials, use of renewable energy, sustainable water management and social justice.

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## **Prevention of use of critical raw materials**

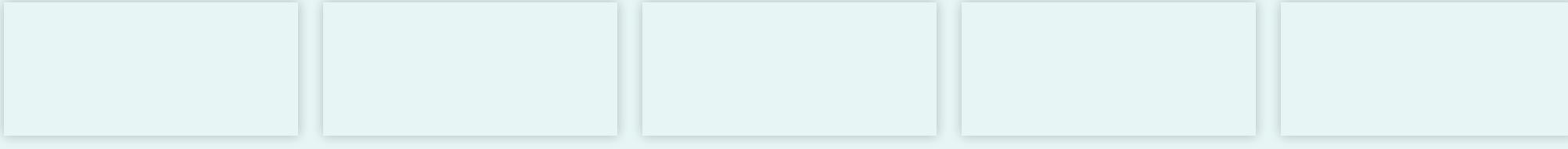
### Indicators

- % of reduction of critical raw materials compared with baseline product

### Tools

[Cradle-to-Cradle certification \(EN\)](#)  
C2C is an international quality mark that consists of five achievement levels: Basic, Bronze, Silver, Gold and Platinum. In the Netherlands, the quality mark is used for paper, solar panels, office furniture and building materials. The philosophy behind Cradle-to-Cradle is that all materials in a product can be reused in another product in a useful manner after use. The five aspects that C2C assesses are the composition of the materials, the possibilities for reuse of the materials, use of renewable energy, sustainable water management and social justice.

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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## CO2 emissions

### Indicators

- % of reduction in kilogrammes of CO2-eq/# of products or kilogrammes of product, compared with baseline product

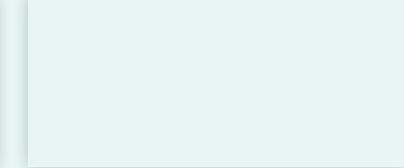
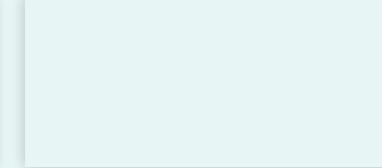
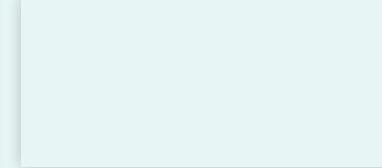
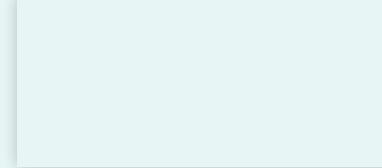
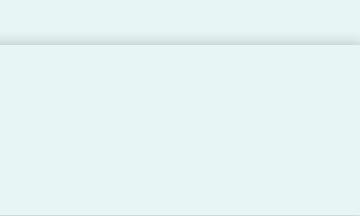
### Tools

#### [CO2 Performance Ladder \(NL\)](#)

The CO2 Performance Ladder is a certifiable CSR instrument in the Netherlands. The CO2 Performance ladder is intended to inform companies of their own energy consumption and CO2 emissions to achieve reductions in this regard. The demonstrable effort to reduce energy consumption and CO2 emissions may be rewarded in the field of procurement in the form of a (fictitious) discount on the tender price. In addition, cost savings can be achieved on the company's own energy bills based on the insight gained through the the CO2 Performance Ladder.

product  
claimed  
lifespan

## CO2 emissions



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the menu

## CO<sub>2</sub> emissions

### **Material efficiency**

#### Indicators

- % reduction in kilograms of material consumption/# products or kilograms of product, compared with baseline product

Innovation of product and process, aimed at increasing lifespan

CO<sub>2</sub> e

### **Innovation of product and process, aimed at increasing lifespan**

#### Indicators

- Increase/decrease of average lifespan of product (in years)  
number of years/months of life longer than regular product

#### Tools

[Wuppertal Institute overview of material intensity \(EN\)](#)  
The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

product  
aimed  
lifespan

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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## Recycling

### Indicators

- % of waste that is recycled

### Recycling

### Tools

#### Lansink's Ladder

Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.

#### Wuppertal Institute overview of material intensity (EN)

The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

product

materials

## **Downcycling**

### Indicators

- % of waste that is downcycled

### Tools

[Lansink's Ladder](#)  
Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.

[Wuppertal Institute overview of material intensity \(EN\)](#)

The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

Recycling

Reuse or  
composting

product

materials

Click here  
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the menu

## **Repair of product**

### Indicators

- Increase/decrease in recovery of defective product due to repair (#/year/product/service)

### Tools

#### Lansink's Ladder

Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.

#### Wuppertal Institute overview of material intensity (EN)

The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

Recycling

Reuse or  
composting

product

materials

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the menu

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to return to  
the menu

## Reuse of product components

### Indicators

- Increase/decrease in reuse of product parts (#/year/product/service);
- Increase/decrease of material savings through reuse (kg/year/product/service)

### Tools

#### Lansink's Ladder

Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.

#### Wuppertal Institute overview of material intensity (EN)

The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

product

materials



**Separation of materials**

Indicators	Tools
<ul style="list-style-type: none"><li>Increase/decrease of x kilogrammes of materials separated (kg/year/product/service);</li><li>Increase/decrease of x% of total materials separated (x%/year/product/service)</li></ul>	<p><u><a href="#">Lansink's Ladder</a></u> Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.</p> <p><u><a href="#">Wuppertal Institute overview of material intensity (EN)</a></u> The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.</p>

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**Reuse of materials**

Indicators	Tools
<ul style="list-style-type: none"><li>• Increase/decrease of x kilogrammes of reused materials (kg/year/product/service);</li><li>• Increase/decrease of x% of total materials (x%/year/product/service)</li></ul>	<p><u><a href="#">Lansink's Ladder</a></u> Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.</p> <p><u><a href="#">Wuppertal Institute overview of material intensity (EN)</a></u> The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.</p>

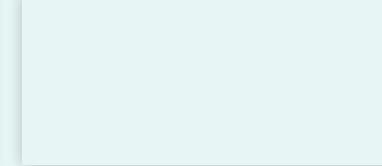
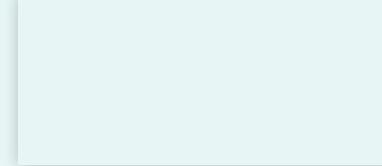
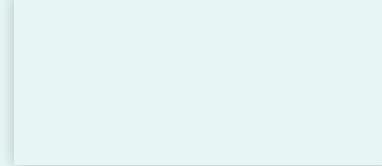
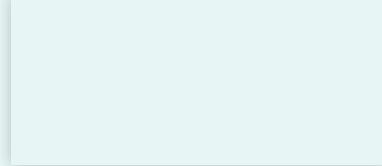
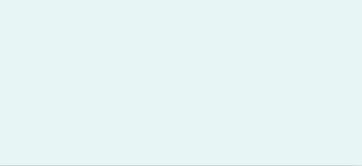
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### Maximum utilisation of waste

Indicators	Tools
<ul style="list-style-type: none"><li>x kilogrammes of prevented waste compared to baseline year/previous year (kg/year/product/service)</li></ul>	<u><a href="#">Lansink's Ladder</a></u> Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.
<u><a href="#">Reuse of materials</a></u>	<u><a href="#">Wuppertal Institute overview of material intensity (EN)</a></u> The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

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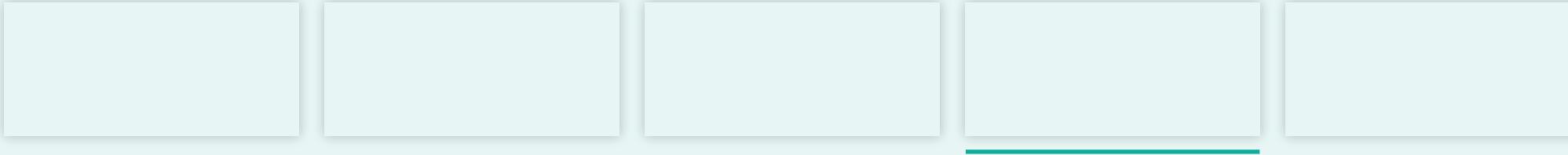


### **Loss of materials**

	Indicators	Tools
Recycling	<ul style="list-style-type: none"><li>• % of waste that is lost</li></ul>	<a href="#"><u>Lansink's Ladder</u></a> Lansink's Ladder is a well-known instrument in the waste management industry and uses six steps to outline how to most efficiently deal with the waste streams in your company.
Reuse or composting		<a href="#"><u>Wuppertal Institute overview of material intensity (EN)</u></a> The indicators of the Wuppertal Institute encompass the consumption of all activities in the supply chain expressed in kilos of Raw Materials Equivalents (RME). An RME is a set of factors that describes the full material footprint of a given product.

product  
materials

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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

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## Greenhouse gases

### Indicators

- Greenhouse gases per # of products or kilogrammes of product (kg CO<sub>2</sub>-eq/# products or kilogrammes of product)

### Tools

#### LCA (EN)

Life cycle assessment (LCA) is a method to identify the impact of products and production processes on the environment. This involves the collection of data on emissions and material consumption during the life cycle of a product or activity. The result of an LCA is a kind of environmental profile, a list of results for environmental impact. Various LCA software tools are available.

#### ISO standards for LCAs

The current standards for LCA are documented in ISO 14040: 2006 and ISO 14044: 2006. ISO standards for life cycle assessment to promote sustainable development.

## Raw material consumption

### Indicators

- Raw material consumption per output unit (kg RME/# products or kilogrammes of product)

### Tools

#### [LCA \(EN\)](#)

Life cycle assessment (LCA) is a method to identify the impact of products and production processes on the environment. This involves the collection of data on emissions and material consumption during the life cycle of a product or activity. The result of an LCA is a kind of environmental profile, a list of results for environmental impact. Various LCA software tools are available.

#### Indicators

- Eutrophication per # of products or kilogrammes of product (kg N-eq/# products or kilogrammes of product)

#### Tools

##### LCA (EN)

Life cycle assessment (LCA) is a method to identify the impact of products and production processes on the environment. This involves the collection of data on emissions and material consumption during the life cycle of a product or activity. The result of an LCA is a kind of environmental profile, a list of results for environmental impact. Various LCA software tools are available.

## **Eutrophication**

## Greenhouse

**Ozone-depleting substances**

<u>Indicators</u> <ul style="list-style-type: none"><li>• Kilogrammes of CFC11-eq/# of products or kilogrammes of product</li></ul>	<u>Tools</u> <p><a href="#">LCA (EN)</a></p> <p>Life cycle assessment (LCA) is a method to identify the impact of products and production processes on the environment. This involves the collection of data on emissions and material consumption during the life cycle of a product or activity. The result of an LCA is a kind of environmental profile, a list of results for environmental impact. Various LCA software tools are available.</p>
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## Greenhouse

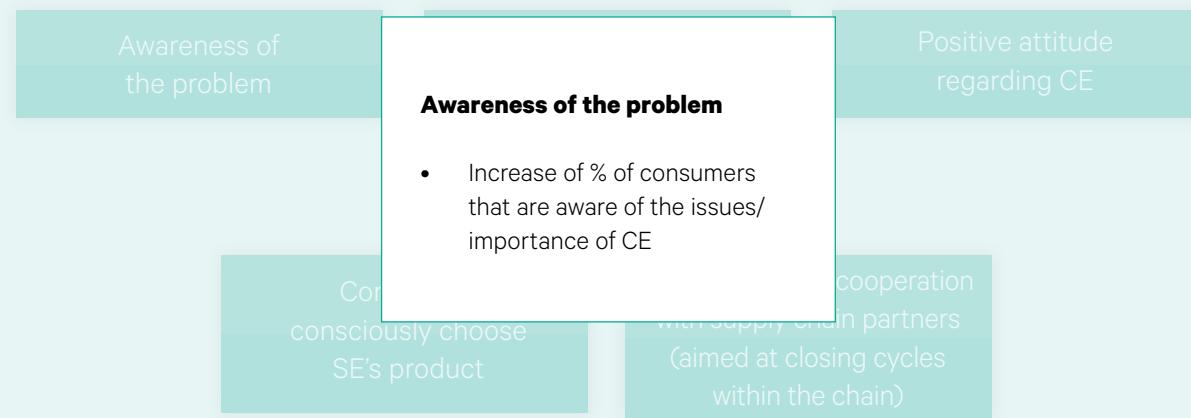
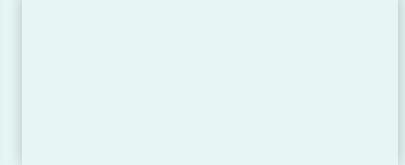
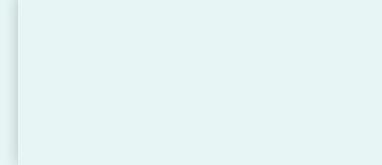
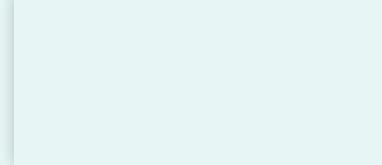
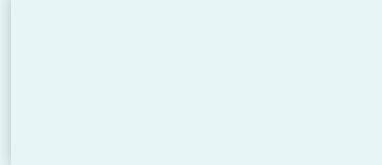
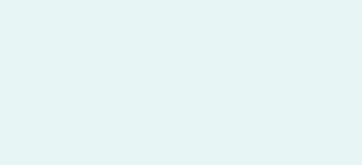
**Water consumption**

<u>Indicators</u> <ul style="list-style-type: none"><li>• m<sup>3</sup>/# of products or kilogrammes of product</li></ul>	<u>Tools</u> <p><a href="#"><u>LCA (EN)</u></a></p> <p>Life cycle assessment (LCA) is a method to identify the impact of products and production processes on the environment. This involves the collection of data on emissions and material consumption during the life cycle of a product or activity. The result of an LCA is a kind of environmental profile, a list of results for environmental impact. Various LCA software tools are available.</p>
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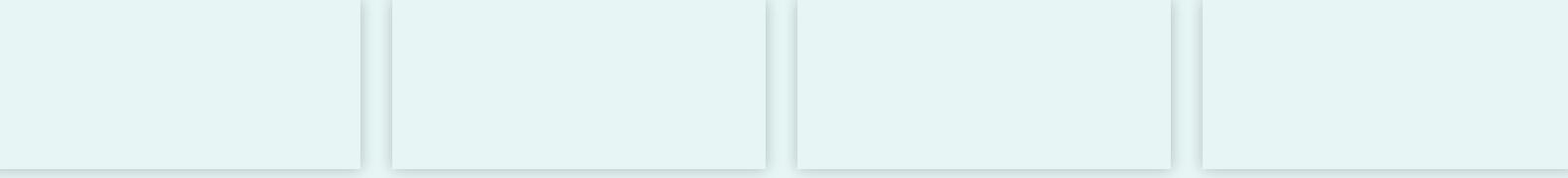
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Choose the relevant stakeholder above. You will see a selection of effects, indicators and instruments for each stakeholder to measure these indicators.

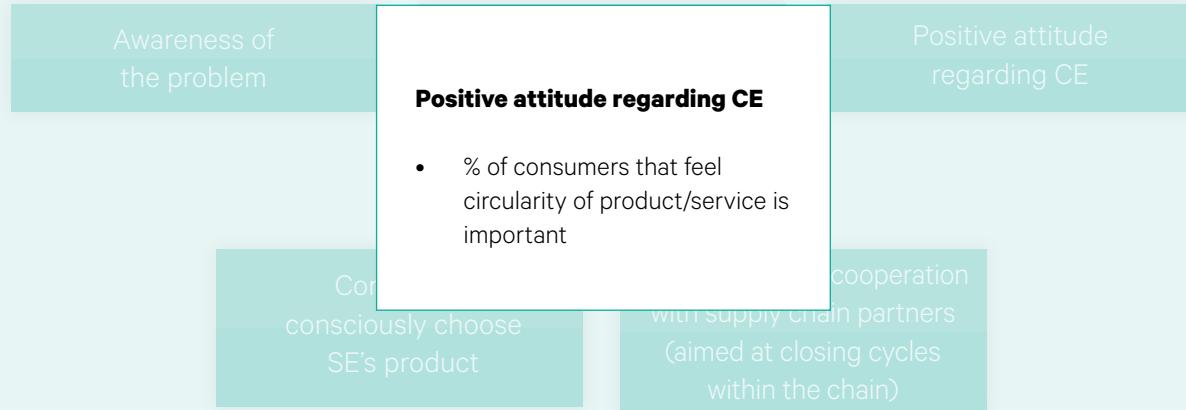
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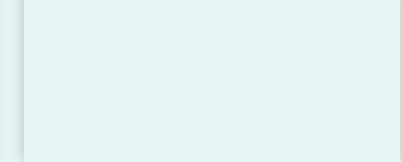
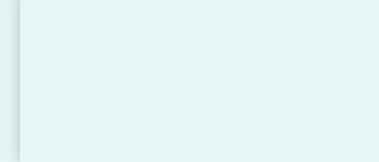
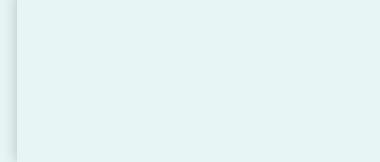
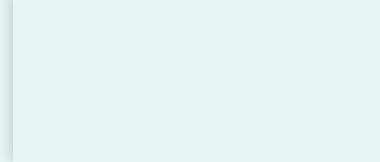
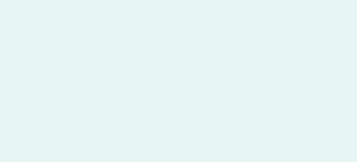
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Awareness of  
the problem

Con-  
scious-  
SE's

Positive attitude  
regarding CE

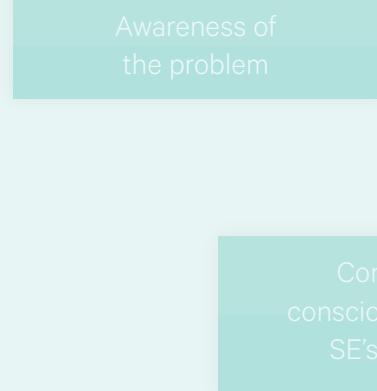
cooperation  
in partners  
ng cycles  
(chain)

**Consumers consciously  
choose SE's product**

- Increase of % of consumers that regard circularity of product/service as normal
- Increase/decrease of x% in market share of circular products/services
- Increase/decrease of x% in market share of circular products/services compared to baseline year/previous year

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Internet sources were consulted during the period from January 2018 to May 2018.

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- [The Impact Management Project: Set goals.](#)
- [Wageningen University \(2012\) Managing for sustainable development impact.](#)

### Stage 2

- [ISEAL Alliance: Reports.](#)
- [PBL \(2016\) Raw material for the circular economy.](#)

#### Recommended and additional tools

- [Better evaluation: Stakeholder mapping.](#)
- [Center for Theory of Change.](#)
- [Changeroo](#)
- [Es. M., Gijt, I. & Vogel, I. \(2015\) Hivos ToC Guidelines. Theory of Change Thinking in Practice: A stepwise approach.](#)
- [MVO Nederland: Step-by-step plan for stakeholder management. Materiality matrix.](#)

### Stage 3

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- [Hoppe, G. \(2017\) 15 free dashboard software programs to make BI easy. Capterra Business Intelligence Blog.](#)
- [Knowhownonprofit, NCVO \(2016\) Examples of Monitoring and evaluation frameworks.](#)
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#### a-monitoring-and-evaluation-framework

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- [Vilans \(2018\) Vilans self-rescue meter.](#)

#### Circular economy

- [BRE & DGBC \(2018\) Breaam NL Assessment tool. CDP \(2018\).](#)
- [Carbon Disclosure Project.](#)
- [Cradle to cradle \(2018\) Cradle to cradle certification. Framework \(2017\) CO2 performance ladder.](#)
- [National waste management plan \(LAP\) \(2002-2012\). Ladder from Lansink,](#)
- [CSR Performance Ladder \(2010\)](#)
- <http://www.mvoprestatieladder.nl> and <http://www.lrq.nl/Images/63140-fact-sheet-and-step-plan-CSR-performance-ladder.pdf>
- [Netherlands Enterprise Agency \(2015\) The Energy Index.](#)
- [RIVM \(2016\) Life Cycle Assessment.](#)
- [SNAP BV \(2010\) Ladder of Moerman.](#)
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#### Sustainable Value Chains

- [ACIAR \(2012\) Making value chains working better for the poor: a toolkit for practitioners or value chain analysis](#)

#### the poor: a toolkit for practitioners or value chain analysis

- [Anker, R. & Anker, M. \(2017\) Living wages around the world. Manual for Measurement.](#)
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#### Recommended and additional tools

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## About us

**Avance** has been a full service impact expert since 2002: we translate social goals into tangible results. We support social entrepreneurs, NGOs and government agencies in making their added value visible. We do not only do this with thorough impact measurements; we also set up systems so that measuring impact becomes a logical part of business operations.

**Impact Centre Erasmus (ICE)** is the only scientific center specialized in measuring impact and the development of methodologies. ICE was established in December 2015 and is a formalisation of the work carried out by Karen Maas, Academic Director of ICE, since 2007.

**Social Enterprise NL** has been the national network of social entrepreneurs since 2012, in which all leading companies are connected. As a national network, Social Enterprise NL has a strong relationship with impact financiers, governments, large companies and other networks such as MVO Nederland. Social Enterprise NL is a member of the Global Social Entrepreneurship Network and has strong international connections.

