

# **SOCIAL VALUE**

**INTERNATIONAL**

Standard on applying Principle 2:

## **UNDERSTAND WHAT CHANGES**

Part 1



# About Social Value International

## About

Social Value International is the global network for social value and impact management. Our members share a common goal: to change the way society accounts for value.

All too often key decisions about resources and policies are made using a limited economic concept of value, which fails to consider important effects on people and the environment. As the gap between rich and poor increases and the effects of climate change become more apparent, our work has never been more urgent.

Social Value International works with our members to embed core principles for social value measurement and analysis, to refine and share practice, and to build a powerful movement of like-minded people to influence policy. This pioneering community contains members from 45 countries, drawn from a huge range of different sectors and disciplines.

Our goal at Social Value International is to support, connect, and represent our members through training, knowledge-sharing and networking. Social Value International is much more than a professional network.

**Together, we are building a movement for change.**

## Our Vision

A world where decision making, ways of working and resource allocation are based on the principles of accounting for value leading to increased equality and well-being and reduced environmental degradation.

## Our Mission

To change the way society accounts for value through principles, practice, people and power:

**Principles:** Our principles will lead to the inclusion of social, environmental and economic value in decision making.

**People:** We will build and support a network of like-minded individuals who want to work with us to put these principles into practice.

**Practice:** We will develop guidance, tools, and support to help put the principles into practice.

**Power:** By connecting these individuals and supporting their learning, growth and influence we will build a movement to change the way society accounts for value.

# Contents

Context for this Document .....	page 3
<b>How to use this standard</b> .....	page 5
<b>Definitions</b> .....	page 6
Technical Guidance: Creating well-defined outcomes .....	page 8
<b>Stage One: Establish the level of detail and rigour required for the audience and purpose of the analysis</b> .....	page 9
<b>Stage Two: Define scope and relationship between inputs and outputs</b> .....	page 10
<b>Stage Three: Gather information about outcomes</b> .....	page 12
<b>Stage Four: Analyse the information</b> .....	page 14
<b>Conclusion</b> .....	page 17
<b>Acknowledgements</b> .....	page 17

# Context for this Document

This is a standard that accompanies “A Guide to Social Return on Investment” (2012)<sup>1</sup>. A Guide to Social Return on Investment (from here on referred to as “the Guide”) outlines the Seven Principles of Social Value and the six stages of an SROI analysis. Since the publication of the guide in 2012 standards have been subsequently written to expand upon each of the Principles.

Within the context of all of the Principles of Social Value, “understand what changes” is pivotal. It is so

closely intertwined with many of the other principles, it is essential that this principle is applied well. Understanding what changes is a fundamental building block for any attempt to measure (and account) for social change.

The Principle ‘Understand what changes’ has been broken into three parts. This document addresses the first part only and is titled: ‘Creating well defined outcomes’. The table below explains the other parts to this principle. These will be dealt with in subsequent guidance documents.

Principle 2: Understand what changes		
Part One: Creating well-defined outcomes	Part Two: Designing indicators (metrics) to measure the Outcomes	Part Three: Measuring the Outcomes
<p>Decide what outcomes to measure:</p> <ul style="list-style-type: none"> <li>- With representatives of each of the stakeholders (where possible) explore all of the outcomes that are occurring - positive and negative. Going beyond just the intended outcomes.</li> <li>- Explore the links between all of the outcomes. Using causality to develop a narrative of the change. Creating Chains of Events.</li> <li>- Develop an understanding of the outcomes that hold value and thus need to be managed. Create a well-defined outcome.</li> </ul>	<p>Decide how to measure the outcomes.</p> <p>Indicators are designed for each of the well-defined outcomes. These indicators must be able to measure whether the outcome has occurred and how much of the outcome has occurred.</p> <p>They can be a combination of objective and subjective indicators.</p>	<p>Decide how to collect data.</p> <p>The indicators designed in Part Two are used to measure how much of each outcome has happened; including the number of people experiencing the outcome and the amount of the outcome they experience.</p> <p>This part involves collecting data on how much change has or is expected to occur.</p>

Information about Parts Two and Parts Three can be found in the Guide from page 36.

For more information about the Seven Principles of Social Value, you can download Social Value International’s Principles (SVI) document [here](#).

This document also includes a statement in the appendix that outlines SVI’s position on understanding change and the environment.

<sup>1</sup> <http://www.socialvalueuk.org/resources/guide-to-sroi/>

## So what are we aiming for?

By trying to understand change, we are not suggesting that it is possible to form a complete and accurate statement of all changes that people are experiencing. People's lives are complicated, and people are often experiencing a variety of different changes all at the same time and also may not be able to make others aware of the changes they are experiencing. A complete and accurate assessment of all change is therefore impossible. However, it is possible to capture a reasonable representation of all of the material changes caused by an activity. This supplement focuses on these changes although there are references to materiality. Materiality is SVI's fourth Principle: 'Only include what is material' and there is further guidance in the 'Standard on Applying Principle 4: Only include what is material' published in 2012. A reasonable representation of change, for the purpose of this standard, is set at the level to satisfy the assurance criteria (as explained in the section below; "Important things to consider", page 7).

This document provides guidance on how to collect the information you need about 'changes' and how to analyse this information in order to produce a set of well-defined outcomes.

## Why do we need a set of well-defined outcomes?

If you start thinking about the changes that are caused by your activities, and involve those experiencing the changes, you are likely to end up with a long list of different changes. Some changes will be unique. Other changes, you will realise, are dependent on others in the list. In fact every change will lead to other changes creating a chain of events.

So we will need to decide which of these changes we will manage, what the chains of events are and how far down each chain of changes we will travel. This guidance will help you with this step.

Once these chains are constructed, as part of materiality, you will need to sort out which are relevant. You will then arrive at a set of well-defined outcomes, which you can use to inform decisions about where to direct resources in order to optimise your social value.

This approach is in contrast with other techniques which focus on intended outcomes and create logic models for how activities lead to these intended outcomes. By working from your activities to your stakeholders' experiences of what has changed in their lives, you will be able to uncover other outcomes, including negative and unintended outcomes.

# How to use this standard

## What level is this guidance aimed at?

This standard is designed to enable the reader to understand the level of detail and rigour that is required (for an analysis) to meet the SVI Assurance Standard. The Assurance Standard is designed to test for a good understanding and application of the Social Value Principles.

## Is this level of detail suitable/ 'right' for me?

The level of detail and rigour required to meet the Assurance Criteria is deemed (by Social Value International) to:

- a) Provide a complete account of all of the social value created
- b) Provide an understanding of change that can support decisions to increase social value

For some readers the level of this standard may be more than required and for others it will not be high enough.

## Who is this standard for?

Anyone who wants to produce an analysis that meets the assurance criteria.

Anyone who wants to gain a deeper understanding of how to determine understand the outcomes of an activity regardless of the framework being used.

## The use of examples

It is not possible to provide detailed examples to support all the guidance points and it is also not the intention of this document to provide examples of levels of detail and rigour that are either higher or lower than the level required to meet the assurance criteria.

Throughout this standard we will be using an example project called 'Wheels to Meals' to explain the various concepts. This example is more thoroughly explained in

the Guide and the Supplementary Guidance on Using SROI (2013).

In brief, Wheels to Meals is a luncheon club provided by a charity to eligible older and disabled local residents. The luncheon club is delivered with the same resources as a meals-on-wheels service, except that residents are transported to meals, rather than the other way round. The service includes provision of hot, nutritious lunches, transport, opportunities to socialise, and to take mild exercise. The service is available for up to 30 residents, 5 days a week and 50 weeks a year.

Some other examples have also been included.

## Starting point

This standard is written from the perspective of starting to understand change for the first time. In subsequent years the same level of stakeholder involvement may not be necessary as the aim will be to confirm that last year's understanding is still relevant. In addition if the first year is a forecast and this is then updated for actual results, the understanding of change may also develop. An example of how this could work in practice is set out in the Supplementary Guidance on Using SROI.

## What is the relationship between a set of well-defined outcomes and a theory of change?

There are numerous definitions for a theory of change. In the box below there are more definitions and information about this. However, generally it is used as a planning tool which sets out an aspirational pathway for an organisation to achieve its intended objectives. It does this by starting with the 'intended end goals and working back to identify the required outcomes and enablers / conditions that need to be in place for the goals to occur.'<sup>2</sup>

In contrast to a theory of change, this approach starts with the activities and considers the changes that result from activities. These changes would include positive and negative, and unintended and intended changes. This will result in a more complete picture of material changes for all stakeholders.

Both approaches are useful but in different situations. Theory of change is best used as a planning tool and a set of well-defined outcomes is a way of informing decision making in order to maximise social value.

<sup>2</sup>This quote was taken from <http://www.theoryofchange.org/what-is-theory-of-change/>.

# Definitions

It is important to clarify some terms and provide some definitions before providing technical guidance.

As stated in the Guide to SROI, the ultimate aim of SVI is to 'reduce inequality and environmental degradation and improve wellbeing'. In order to improve wellbeing (and reduce inequality and environmental degradation) it is necessary to understand all of the changes that people are experiencing that contribute towards levels of wellbeing.

## What do we mean by wellbeing?

A person's wellbeing changes as a result of the changes they experience in their lives.

The New Economics Foundation define well-being as: "Well-being is most usefully thought of as the dynamic process that gives people a sense of how their lives are going, through the interaction between their circumstances, activities and psychological resources or 'mental capital'."<sup>3</sup>

## How do we deal with environmental change?

The Social Value Principles is an anthropocentric framework for accounting for value. Environmental changes will be included when they lead to changes experienced by people.

## What do we mean by 'change'?

Within this document the word 'change' refers to the changes that people experience in their lives. This also includes changes experienced by groups of people; sometimes an 'organisation' is used as a proxy for a group of people. The changes are always of value to people.



<sup>3</sup> <http://www.nationalaccountsofwellbeing.org/learn/what-is-well-being.html>

## Language Point: 'Change' or 'Outcome'

Throughout this document it is possible to interchange the words 'change' and 'outcome'. The remainder of this guidance uses the word 'outcome' because this is a commonly understood term within social value measurement and practice.

## What is a well-defined outcome?

A well-defined outcome describes a specific change for someone (or a group of people) that provides the best opportunity to increase or decrease value. Once identified, the well-defined outcomes lead to better resource allocation decisions being made to maximise social value.

## What are inputs, outputs and outcomes?

Inputs are the resources, financial and in kind, that are necessary for the delivery of the activity.

Outputs are a quantitative summary of an activity. It is important not to confuse outputs with outcomes. (see below)

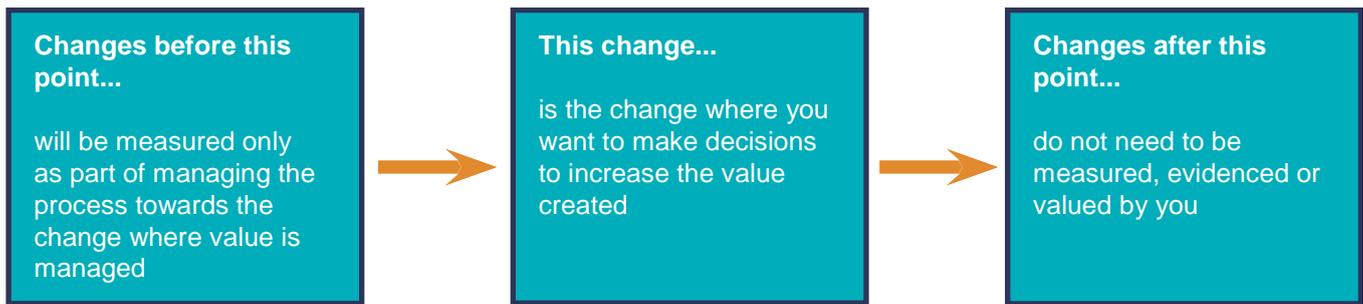
Outcomes are changes that stakeholders experience as a result of the activity. We will be referring to outcomes as 'changes' for the rest of this guide.

There are lots of different ways in which people can experience change. The taxonomy in this guidance recognises five main types of change that people can experience. These are changes in:

- a) Circumstance
- b) Behaviour
- c) Capacity
- d) Awareness
- e) Attitude

## What is a chain of events?

Changes occur as the result of other changes, and as you collect information about change you will realise that one change leads to another. Remember, we are trying to produce a well-defined change. This is the point in the chain where you want to make decisions to increase the value being created.



In order to understand the changes, it is necessary to construct a 'chain of events'. Below is an example chain of events for Wheels to Meals:



NB: this is a linear example but the chain can branch out with multiple changes emerging from one change. In the detailed example above, the fact that the elderly residents ended up in hospital less actually leads to three outcomes:

1. Residents avoided pain
2. Residents avoided anxiety
3. Residents maintained their independence and dignity

NB: it is possible for a change experienced by one stakeholder to lead to a change for another stakeholder. For example, building on the above example of Wheels to Meals, residents who fall less and end up in hospital less could lead to a change for a family member of not needing to take time off work to visit hospital.

## Language about chains of events and logic models

Different terms are often used to talk about the relationships between outcomes. Sometimes, the same term can even be used for different approaches. 'Logic models' or a 'theory of change' are terms often used to describe the relationship between your mission and your positive intended outcomes. As described earlier in the document theory of change is often used as a planning tool used as strategic devices to express what an organisation is 'aiming at'. They include the link between inputs, activities, outputs and outcomes. Logic models can though also be used to include unintended and negative outcomes.

This standard refers to 'chains of events' (can also be called 'chains of change'). These are diagrams that describe the wide range of changes that occur as a result of your activities by linking together outcomes that are probably causally related.

# Technical Guidance: Creating well defined outcomes

Deciding on a well-defined outcome involves four different stages:

1. Firstly you should establish the right level of rigour and detail required for your analysis. This guidance works to the level required to meet the SVI assurance criteria (pdf).
2. Before exploring outcomes it is necessary to define the activity that is causing the outcomes. This involves identifying the inputs and outputs. Clarity on this is required to provide context for the outcomes.
3. The next step is then gathering information about the outcomes that are occurring. This process is stakeholder led but can also include information from third party research staff/management experiences.
4. Lastly, the information gathered needs to be analysed and interpreted in order to create a well-defined outcome. This involves analysing the causality between outcomes by creating a chain of events and then identifying the outcome (point on the change) where value is being created.

# Stage One: Establish the level of detail and rigour required for the audience and purpose of the analysis

Like all of the Principles of Social Value, the Principle of understanding change can be applied with different amounts of rigour. The level of rigour and the level of detail must be appropriate the audience and purpose of the reporting. This document provides guidance to a level of detail and rigour that is required to meet the Assurance Standard (see section above for more detail on this).

Here are some examples where the levels of detail and rigour may vary due to the different audience and purpose:

Example A	Example B
<p>A social enterprise may want to redesign a service to maximise the social value being created.</p> <p>For this purpose the delivery organisation has an internal audience (staff) and the level of detail required is high but the rigour required may be quite low.</p>	<p>A business needs to report to an investor whether a specific outcome has been achieved.</p> <p>For this purpose the delivery organisation is doing an analysis for an external audience (the investor) and the level of detail about the outcomes are low but the rigour required is fairly high.</p>

There is always a purpose and audience for an analysis of social value. “Measuring impact” is not a purpose in itself. There must be a reason for measuring impact – for example is it to inform internal decisions or is it to encourage future investment?

This document does not provide guidance on what level is appropriate. This standard has been written to the level required to meet SVI Assurance Standard. However it is recommended that the requirements of the audience are fully understood before starting work analysing or accounting for outcomes.

# Stage Two: Define scope and relationship between inputs and outputs

To understand what changes it is essential to be very clear on the scope of the activity that is being analysed. Firstly it is necessary to establish the activity that is being analysed (e.g. Is it the activity of one project or is it the activity of the whole organisation?) and the duration of the activity. Secondly, it is necessary to establish the inputs (things needed to make the activity happen) and the outputs (how the activity is measured).

An output from one activity can be an outcome or change for another. For example an output from a training programme is number of people trained and the number who get a job could be an outcome. However in a programme to provide employment as part of an activity the job is an output.

You can represent the relationship between the activities, outputs and outcomes in a table, for example:

<b>Description of the activity:</b> A luncheon club that provides healthy meals for elderly residents combined with some mild exercise and therapeutic sessions.				<b>Duration of the activity:</b> 1 year
<b>Stakeholders</b>	<b>Inputs</b>	<b>Outputs</b>	<b>All outcomes placed in a chain of events</b>	<b>Well defined outcomes</b>
Residents without dementia	Time	Attendance at the luncheon club	The mild/therapeutic group exercise sessions made residents fitter > they had fewer falls > ended up in hospital less >	residents avoided pain residents avoided anxiety residents maintained independence and dignity
			The sessions by the nurse helped residents manage their health and symptoms better >	residents were slightly healthier
			Residents made new friends and spent more time with others through the group activities > socialised more >	residents felt less isolated
			Residents have less contact with neighbours >	residents are more isolated
Residents with dementia	Time	Attendance at the luncheon club	The mild/therapeutic group exercise sessions made residents with dementia fitter > they had fewer falls > ended up in hospital less >	residents avoided pain and anxiety and maintained independence and dignity
			Structured group activities increased communications > less agitated >	increased ability to carry out day-to-day tasks independently
Local Hospital			Residents were fitter > more mobile > had fewer falls >	residents ended up in hospital less

In the above example, the table includes the experiences of different stakeholders. It has also divided stakeholders into subgroups (residents with dementia and residents without dementia) because there are different changes being experienced. (See more about subgroups on page 16).

As you can see in the table a chain of events is provided for each outcome. This provides a context for the well-defined outcome (See pages XXX for more information about Chain of Events).<sup>4</sup>

<sup>4</sup>This is still a relatively simple example. In practice, it can be less linear and involve multiple interactions between different stakeholders and outcomes. See NPC's [Creating Your Theory of Change: NPC's Practical Guide](#) for more examples of more complex expressions of stakeholder and outcome relationships.

# Stage Three: Gather information about outcomes

You can gather information about the outcomes that happen as a result of your activities from three main sources; stakeholder involvement, third party research and management experience. Understanding change should start with stakeholder involvement and can be supported and validated using the other approaches.

NB: Sometimes direct stakeholder involvement may not be possible and reliance on the other sources may be required, however this would not be best practice and is unlikely to meet requirements of the [Social Value International Assurance Criteria](#).

NB: There may also be situations where stakeholder's perceptions are developed or even excluded based on these other sources. However, if this happens a full rationale should be provided in the interest of transparency.

## Observed and reported outcomes from direct stakeholder involvement.

Direct stakeholder involvement should always be the preferred starting point. There is a separate document published in 2013 titled Standard on Applying Principle 1: Involve stakeholders.

Key to successful stakeholder involvement is an open questioning approach. This lowers the risk of excluding outcomes that are material or an outcome that is possibly creating negative value.

This will result in information about a lot of different outcomes that are occurring. It is impossible to manage all of these outcomes and the aim is to focus on those that are material. For more information about how to decide which outcomes are material in this way, refer to our [Standard on Applying Principle 4: Only include what is material](#).

In the initial consultation more information on outcomes can be generated by asking 'so what happens next?'

A well-defined outcome is often likely to be a change in behaviour or circumstance, however in some instances it can still be a change in attitude, awareness or capacity. This could happen, for example, if you accept the stakeholders' view that it is specifically this change in awareness that is creating value and there are no related behavioural or circumstantial change arises as a result. It could also happen where a change in behaviour is followed by a change in attitude.

 <p>What changed for you?</p>	<p>"I decided I wanted to start my own business" (change in attitude) </p>
<p>So what happened next?</p>	
<p>So what happened next?</p>	<p>"I went on a course and learned how to start a business" (change in capacity)</p>
<p>So what happened next?</p>	<p>"I started working full time on my own " (change in behaviour)</p>
<p>So what happened next?</p>	<p>"The business started earning money so I stopped receiving any welfare benefits" (change in circumstance)</p>
<p>So what happened next?</p>	<p>"I felt really good about life - I felt independent and successful!" (change in feeling)</p>

 ...so what happened next?  So what happened next?	“I was working 16 hour days to keep the business going” (change in circumstance)   “I felt very tired, stressed and isolated” (change in feeling)
---	--

 ...so what happened next?  So what happened next?	“Then I received more business advice” (change in circumstance)   “My business started to grow again and I felt more confident and less stressed” (change in feeling)
---	--

These are simplified examples. In reality the answers, from different people, will often be more varied.

In the Meals on Wheels case study Mary had been receiving meals-on wheels for 2 years. She enjoyed the meals but commented that she always ‘wished the staff could stop and chat a while’. She was in reasonable, but slowly deteriorating health. A year later, Mary reported ‘not ending up in hospital as much for a start!’ when asked about her experience. Her health was improved in some areas and deteriorating less in others. She also reported feeling less isolated.

Defining outcomes and deciding which ones are material are interlinked. Materiality covers two issues, relevance and significance. Significance would not be considered during the process of determining well defined outcomes. However this is the point at which relevance can be considered and some of the outcomes may be excluded as not being relevant. For more guidance refer to the [Standard on Applying Principle 4: Only include what is material](#).

It is also possible that stakeholders refer to changes experienced by other stakeholder groups. These can be used when considering the outcomes experienced by that group.

Supporting information can also be obtained from other sources. These sources can mean overriding the information obtained from stakeholders, however care should be taken when doing so and the rationale should be explained.

### Third Party Research

Understanding change can also be achieved from third party research if it is based on other similar activities and similar stakeholders. If you are using third party research, make sure that:

- a) The original questioning approach was open, i.e. didn’t use leading questions.

- b) The stakeholders in the third party research need to access a similar service and have similarities to your stakeholders with respect to personal characteristics, socioeconomic background, geography etc.

### Management Experience

Lastly, do not discard your own experience and knowledge as project managers or as social accountants or impact analysts in the process of understanding change. If you have a close understanding of the project’s activities and the stakeholders, you may be well placed to use your own experience and observations to help understand the changes.

Social value reports can be both evaluative and forecast. All of the above sources of information are suitable for both.

NB: For a forecast you can involve stakeholders who are likely to experience the outcomes, previous stakeholders who have already experienced similar outcomes, other organisations who have experienced the forecasted outcomes and potential stakeholders who might experience the forecasted outcomes.

<h3 style="color: #00A69F;">Example</h3> <p>In Meals to Wheels the organisation started out working with existing stakeholders to understand change. However one year later it was able to involve previous stakeholders as well as current stakeholders, and had also had time to explore the available research. This led to developments in the organisation’s understanding of change both in terms of the outcomes and the stakeholder groups that were included.</p>
--

# Stage Four: Analyse the information

Having gathered information about change in stage three, the next step is analysis. Remember, this is not yet evidence for how much change happened but still the process of establishing a well-defined outcome.

NB: Establishing outcomes is a qualitative process, i.e. people are describing their experiences in their own words. This process, in which qualitative data is collected first, then analysed and used to construct a theory, has parallels with grounded theory. Grounded theory begins with data collection and analysis, and generates an interpretation or theory from this data. Grounded Theory fits well with the principle of involving stakeholders.

## 4.1 Group Similar Outcomes

You may find that outcomes have been described in slightly different words by different people. This initial step is therefore about grouping outcomes together which have a similar meaning.

### Example

In Wheels to Meals one stakeholder said that leaving the house once per day for her meal meant that she 'felt more independent.' Another stakeholder described the feeling as 'more able and confident to manage by myself.' These could both be grouped together as a similar change in 'feelings of independence.'

## 4.2 Create a chain of events

A chain of events shows dependencies between outcomes. There are five steps to creating a chain of events. But before we provide guidance it is important to understand why they are important.

### 4.2a Look for dependencies

The first step in creating a chain of events is to link your outcomes based on an initial assessment of dependency. For example "not going to hospital" (a change in circumstance) may be dependent on "becoming fitter" (a change in capacity). This initial assessment will be based on a combination of available research, your experience, the views of your stakeholders and resources such as the Global Value Exchange. Whether the linkages you determine are reasonable will later be tested as data on

the change itself and on causation is gathered.

### 4.2b Consolidate your chain of events

Once you have a chain of changes that are linked together, the next step is to ensure that your chain is covering a full story of change. This involves considering the following three steps (though you will not necessarily need to use all of them):

#### i. Fill in the gaps in the chain

This step is about making a judgement about whether your current chain of events is complete, or whether there are any gaps in the logic. If there are jumps in the logic you may want the chain to include other outcomes so that it is more explicit or it may undermine the claim that a change has occurred.

#### ii. Extend the chain

It can be appropriate to extend the chain to consider subsequent outcomes that did not arise from initial stakeholder involvement, for example where stakeholders are not aware of outcomes that may happen.

NB: Some stakeholders may not be able to identify all of the changes that have occurred (or if it's a forecast, they may not be able to predict all of the changes). Stakeholder involvement therefore is a key part of understanding change but can be supplemented with other research and with your experience. This is why SROI is a stakeholder informed framework, not a stakeholder led framework.

#### iii. Going back up the chain

Sometimes your stakeholders will have provided information on outcomes that goes further than is considered necessary in order to make decisions. In this case you will go back up the chain of events, and set aside the changes that come later.

### 4.2c Know when you can stop extending the chain

Changes in people's lives are on-going and never-ending and, over time, very different for different people, so it is important to consider when, for your purposes, you can stop extending the chain of events.

One way of doing this is to consider when the outcome is absolute enough. Some positive outcomes can result in

negative outcomes, and some negative outcomes can lead to positive outcomes. The risk of stopping your chain of events too early is that you stop the chain before the 'positive outcome turns to a negative' or the 'negative turns to a positive outcome'. For example an alcoholic stopping drinking could go on to replace drinking with a different addiction and it may be considered that there is a high risk of this. In which case it would be necessary to go further than reducing or stopping drinking to understand what happens next.

If you do stop the chain to value a positive outcome which for a high proportion of stakeholders is followed by a negative outcome, it means that you haven't gone far enough along the chain.

Stakeholder involvement is key to informing this judgement. However you can also draw on third party research and your own experience to judge this risk.

## 4.2d Making the chain representative for the group

A final factor that will help you know how far down the chain to go is to recognise that it is unlikely to be manageable or practical to have a separate chain of events for each single stakeholder, especially when some chains of events will show a similar story of change. Therefore we need to do some summarising or 'aggregating' of people's experiences. The aim of this 'aggregation' exercise is to arrive at the minimum number of groups which will enable us to manage the maximum value.

There is no ideal number of chains and this will be influenced by the purpose of the analysis. For example a management team wanting to make some decisions about service delivery may need grainy and more detailed chains of events. An organisation reporting to the general public may decide that fewer stakeholders with fewer chains of events may suffice.

For the purposes of this supplement, as stated earlier, the level of rigour is in line with the assurance criteria of Social Value UK. This means that outcomes will need to be included for all of the stakeholders in a group so that it is clear what happens to any members of a given group.

## 4.3 Check that your chain of events is 'complete'

You now have a number of chains of events including positive and negative outcomes where each link (outcome) is dependent on the one before. Once you have this, you need to go back and check for completeness. A 'complete' chain reduces the risk that

you have excluded the negative outcomes experienced by some of your stakeholders.

The best way of checking for 'completeness' is to make sure you have covered all stakeholder groups.

Outcomes for all stakeholders should be considered. For example if there are ten stakeholders and eight are experiencing an outcome, it is necessary to consider what the other two have experienced. It may be a negative outcome or it may be that they have experienced no outcome at all. All of this must be captured otherwise the chain of events will be incomplete. If there are any stakeholder groups whose outcomes have not been covered, it is necessary to explore further and include these extra outcomes.

Each time a chain is extended it is possible that not everyone in the group experiences the same outcomes. For example going further with the group that reduce drinking some could become healthier and some may not.

You should ensure that all stakeholder groups are covered in a forecast as well.

### Example

As a result of considering outcomes, Wheels to Meals residents were separated into two groups: those with dementia and those without. However the analysis will need to be developed further to check that the outcomes for all those in each group have been considered.

## 4.4 Review your Chains of Events and decide where there are opportunities to increase value

In order to check that your chain of events is representative of what has occurred for your stakeholders, you can ask them directly what they think. You could ask them "at what point in this chain of events do you experience the most value?" or "what is the most important change for you?" However, you may find that your stakeholder's perceptions of the important point on a chain can vary. In this instance you will need to:

1. Reach a consensus and make a judgment for the group as a whole or
2. Segment the stakeholder group into two or more sub-groups if there is a noticeable difference between their experiences that also might reveal a shared characteristic, such as age, gender or circumstance.

## Segmentation of stakeholder groups

One of the main ways to increase the value created is by

- Developing services to reflect needs to specific stakeholders that share a characteristic
- Focusing services on those for whom more value can be created

Whether it is useful to split stakeholders into separate groups depends on a number of factors including

- The capacity of the organisation delivering the activity to develop more targeted services
- The financial viability of new services both in terms of cost and possibly income
- The ability to target any services to identified subgroups

These considerations lend themselves more to a way of thinking about whether and how more value can be created than to a formal analysis.

You will now have a number of chains of events which stop at the point where you can possibly increase value and have made judgements on what will be 'well defined outcomes'. The rest of the work, on managing value, measuring, assessing relative importance, assessing causality and making decisions on significance depend on starting with well-defined outcomes and will provide an understanding of material changes. Further guidance on materiality is available in the [Standard on Applying Principle 4: Only include what is material](#).

Although this guidance is based on showing an understanding of the principle of understanding change, in reality there are situations where decisions about scope are based on capacity and resources and this may result in material outcomes being excluded (there is also the risk that outcomes are included where more evidence on causality and value would lead to conclusion they are not material).



Organisations should be aware that the risk of excluding material outcomes means that less value is being created than may be possible. This is especially the case where there is a focus on the intended (positive) outcomes of the organisation.

## 4.5 Other things to consider

### Don't lose focus – beware of generic outcomes

It is often tempting to include things like "change of wellbeing or life satisfaction" in a chain of events. Whilst a change in wellbeing is an outcome, it is not well defined. Changes that are relevant to stakeholders will contribute to well-being. It's not that a change in independence leads to a change in well-being it's that a change in independence is an aspect of well-being. You may realise that your change is not well defined when you move onto selecting the right indicators for your outcomes. Selecting indicators isn't covered in this supplement as it is part of the next stage "measuring change".

#### Example

Thinking through these issues for Meal to Wheels resulted in the outcomes: maintaining independence and maintaining dignity. Both of these outcomes on the chain contribute to changes in well-being but it is the outcome 'maintaining dignity' that answers the 'so what question', is 'absolute enough', represents the group and is the outcome that can be used to manage value.

### Systemic change – reviewing scope

As you involve stakeholders and ask 'so what?' you are likely to go further and further down a chain of events. This will often lead to the inclusion and identification of other organisations and activities that contribute to the outcome.

If these other organisations have not previously been included in the initial stakeholder analysis and involvement then they should now be included. If you cannot include them as a new stakeholder, their contribution towards the outcome you are measuring should be estimated and therefore reflected in the attribution your activity can claim.

Alternatively, this could be a trigger for a change in the scope for the analysis. If there is a collection of organisations working with the same stakeholders,

perhaps their activities can be analysed and held accountable, collectively? This draws on the recent developments in communities adopting a collective impact framework to guide working together. If an outcome that you intend to measure and manage requires the involvement of other organisations or individuals then it is preferable to work collaboratively with these organisations. Doing so will improve the analysis and tend to make the management of the outcome more sustainable.

Understanding change can therefore change the scope from organisational analysis to system analysis.

## Documenting and recording the rationale and judgements behind the outcomes

It is good practice for organisations to record the chain of events and the professional judgements that have been made in the process of creating a well-defined outcome. It is important to provide this commentary and rationale when reporting on outcomes, in the interest of transparency. In addition, the documentation is also useful for management purposes and providing a basis for future projects or developments in service delivery.

# Conclusion

Understanding change is a crucial part of the SROI process which underpins the rest of the framework. By arriving at well-defined changes, the steps that come next; measurement, data collection, duration, valuation, assessing deadweight will be based on a solid foundation.

Because essentially, this is what understanding change is all about; as stated at the beginning, the purpose of SROI and the reason why we need well-defined outcomes is to allow us to make decision to increase value, to increase well-being, equality, and environmental sustainability.

# Acknowledgements

Thanks to members who have participated in the consultation rounds and the methodological subcommittee of Social Value International.

# SOCIAL VALUE

---

## INTERNATIONAL

### About

Social Value International is the global network focused on social impact and social value. Our members share a common goal: to change the way society accounts for value.

This pioneering community contains members from 45 countries, drawn from a huge range of different sectors and disciplines. Our goal at Social Value International is to support, connect, and represent our members through training, knowledge-sharing and networking. Social Value International is much more than a professional network. Together, we are building a movement for change.

These documents are downloaded thousands of times by users all over the world. If you would like to sponsor this document and help accelerate the work of the methodology sub-committee, please contact us ([hello@socialvalueint.org](mailto:hello@socialvalueint.org)).



### Social Value International

[www.socialvalueinternational.org](http://www.socialvalueinternational.org)  
[hello@socialvalueint.org](mailto:hello@socialvalueint.org)

Social Value International is a Charity registered in England & Wales no. 1142874 and a Company Limited by Guarantee, registered in England & Wales no. 7568122.