What is the relationship between Collective Impact and SROI?

This paper discusses how the SROI (Social Return on Investment) framework can be used in conjunction with Collective Impact to help organisations understand and manage impact in a credible and comparable way.

The SROI framework provides a clear process for determining which of an organisation's outcomes are important to manage. Collective Impact helps organisations that are collaborating to achieve a common agenda to ensure that their collective impact leads to lasting solutions to social problems.

Together these approaches provide a valuable framework for organisations to use when reporting impact. SROI principles can help at the start of a collective impact programme by identifying organisations and groups of people that contribute to the important outcomes and so should be involved in the programme.

How to Measure Impact

Commonly, and especially when the purpose of the organisation is to address significant social problems, change will only arise when the organisation works collaboratively with other people and organisations.

In order to evaluate its impact, an organisation must first decide on which outcomes to measure. Although this may seem obvious, determining which performance indicators to monitor to best reflect inputs, outputs and outcomes requires thought about the way an organisation's activities *contribute* to change. This includes positive changes intended by the organisation but also unintended changes, positive and negative, that occur as a result of the organisation's activities.

Once the organisation identifies a relevant set of indicators, it then needs to define precisely how each will be measured and the relative importance of each outcome. The organisation will then be able to

measure how much change has occurred and assess the extent to which the organisation's activities have contributed to that change.

What is SROI?

SROI (Social Return on Investment) is a principles-based framework that provides a consistent approach to understanding and managing an organisation's impact.

In brief, it guides the process by which an entity identifies different stakeholders, then involves them in determining outcomes and the relative importance of those outcomes, develops indicators, adjusts the outcomes for an assessment of what would have happened in absence of the organisation's work, and values the impact to arrive at a better understanding of the impact of an organisation. The aim of SROI is to account for the social, environmental, and economic value of an organisation's outcomes.

SROI - Seven Principles:

1   *Involve stakeholders.* Those **affected** by our activities need to be involved in determining the outcomes and the relative importance of different outcomes.

2   *Understand what changes.* We need to recognise that many things change as a result of our activities, **both positive and negative**, unintentional and intentional, and in different ways for different groups.

3   *Value the things that matter.* Managing value effectively means designing programmes that reflect the **relative importance** of different outcomes to different stakeholders.

4   *Only include what is material.* As a result we need ways to determine which of the various outcomes that have been identified are important enough to be managed

5   *Do not over-claim.* We need to recognise that some of the change **may have happened anyway** and that, having considered outcomes from our stakeholders perspective, **other people and organisations** may contribute to that change

6   *Be transparent.* If we are going to be able **to use the information** to make decisions, the way in which information has been created must be transparent to those who will use it

7   *Verify the result*. The results will need to have been appropriately verified if they are **to be credible and therefore useful**.

Applying these principles make it much more likely that the outcomes being measured are relevant and significant to both those affected and to the stated goals of the organisations involved.

Collective Impact is the commitment of a group of actors from different sectors to a common agenda for solving a complex social problem.

In order to create lasting solutions to social problems on a large scale, organisations — including those in government, civil society, and the business sector — need to coordinate their efforts and work together around a clearly defined goal.

Collective Impact is a significant shift from the social sector's current paradigm of "isolated impact," because the underlying premise of Collective Impact is that no single organisation can create large scale, lasting social change alone. There is no "silver bullet" solution to systemic social problems, and these problems cannot be solved by simply scaling or replicating one organisation or program.

Strong organisations are necessary but not sufficient for large-scale social change.

Not all social problems are suited for Collective Impact solutions. Collective Impact is best employed for problems that are complex and systemic rather than technical in nature. Collective Impact initiatives are currently being employed to address a wide variety of issues around the world, including education, healthcare, homelessness, the environment, and community development.
Many of these initiatives are already showing concrete results, reinforcing the promise of Collective Impact in solving complex social problems.

Collective Impact
- Five problems

1   *Common Agenda*: All participants have a **shared vision for change** including a common understanding of the problem and a joint approach to solving it through agreed upon actions

2   *Shared Measurement*: **Collecting data and measuring results consistently** across all participants ensures efforts remain aligned and participants hold each other accountable

3   *Mutually Reinforcing Activities*: Participant activities must be **differentiated while still being coordinated** through a mutually reinforcing plan of action

4   *Continuous Communication*: **Consistent and open communication** is needed across the many players to build trust, assure mutual objectives, and appreciate common motivation

5   *Backbone Organisation*: Creating and managing collective impact requires a separate organisation(s) with staff and a specific set of skills to **serve as the backbone for the entire initiative and coordinate participating organisations and agencies**

Ensuring that these five conditions apply will ultimately make it much more likely that the work of these organisations will lead to sustainable change.

Using SROI with Collective Impact

There are two important questions to consider before starting a collective impact programme.

- Who are the relevant participants in a programme?
- At what scale should the participants act? SROI principles can help with the first of these.

SROI is often used by a single organisation. However the application of SROI principles; the focus on the stakeholders, on understanding change and on not overclaiming will often mean the organisation recognises that it only plays a part in creating the changes that are of value. SROI will therefore help an organisation consider:

- other organisations that contribute to the change; and
- other people and organisations that are affected by the activity and who should be involved in developing sustainable solutions

This will help in identifying the most appropriate participants and ensuring a shared and relevant vision in a programme of Collective Impact.

Collective Impact often starts with a group of organisations that recognise similar goals and challenges. The focus on sharing, consistency and transparency will help each organisation design products and services that reinforce the work of others.

This will help organisations maximise the value of their work and increase their SROI.

As the process of involving stakeholders helps recognise where the value is being created, it will help organisations think through who are the relevant participants for a successful collective impact programme. This may well not be the 'normal suspects' and may involve a range of different organisations and groups of people from other sectors. With hindsight these other 'participants' are not surprising. One example, recognised by Trevor Muluadzi, an Ashoka fellow in South Africa, was realising that the condition of pupil toilets in primary schools contributed to attendance rates and to pupil's performance. A factor that, though it seems obvious, could be easily missed in thinking about who should be involved in the collective impact project for education. This will not guarantee that the right participants are involved but it will help the organisation think this through.

In summary, SROI and Collective Impact are both useful tools that organisations can use to think about their impact and how they might be able to increase the amount and extent of change that they create. SROI is especially useful in Collective Impact when identifying other organisations and actors that are contributing to an overall outcome or long term change.