

What is the impact you want to make?

What is the potential for delivering impact from your enterprise idea?

Social enterprises are more than just businesses with social objectives, but are a way in which people can work together in order to create more equal, fairer, and sustainable communities. Social enterprises provide an alternative way of exchanging goods and services, and have impacts on people (social), the planet (environment) and society (culture and community).

Broadly speaking, social impact is how organisations, businesses or individuals' actions affect their community. Social impact may be the result of an activity, project, program, or policy, and can be either intentional or unintentional, as well as both positive and negative.

Social impact can be felt by people directly associated with that organisation or individual, or have a more far-reaching effect on people in different communities, regions and even countries. Traditionally, social enterprises have existed to produce social, environmental, and economic impacts, a 'triple bottom line'.



Economic Impact: The means by which the enterprise earns income to invest in community benefit, this can also relate to improving the local economy.



Environmental Impact: Some social enterprises may have a focus on making a positive impact on the environment (e.g. recycling or community woodland). All social enterprises should try to reduce their negative environmental impact and make environmentally-conscious decisions.



Social Impact: A social enterprise should ensure that it has a positive impact on people, their wellbeing, and livelihoods.

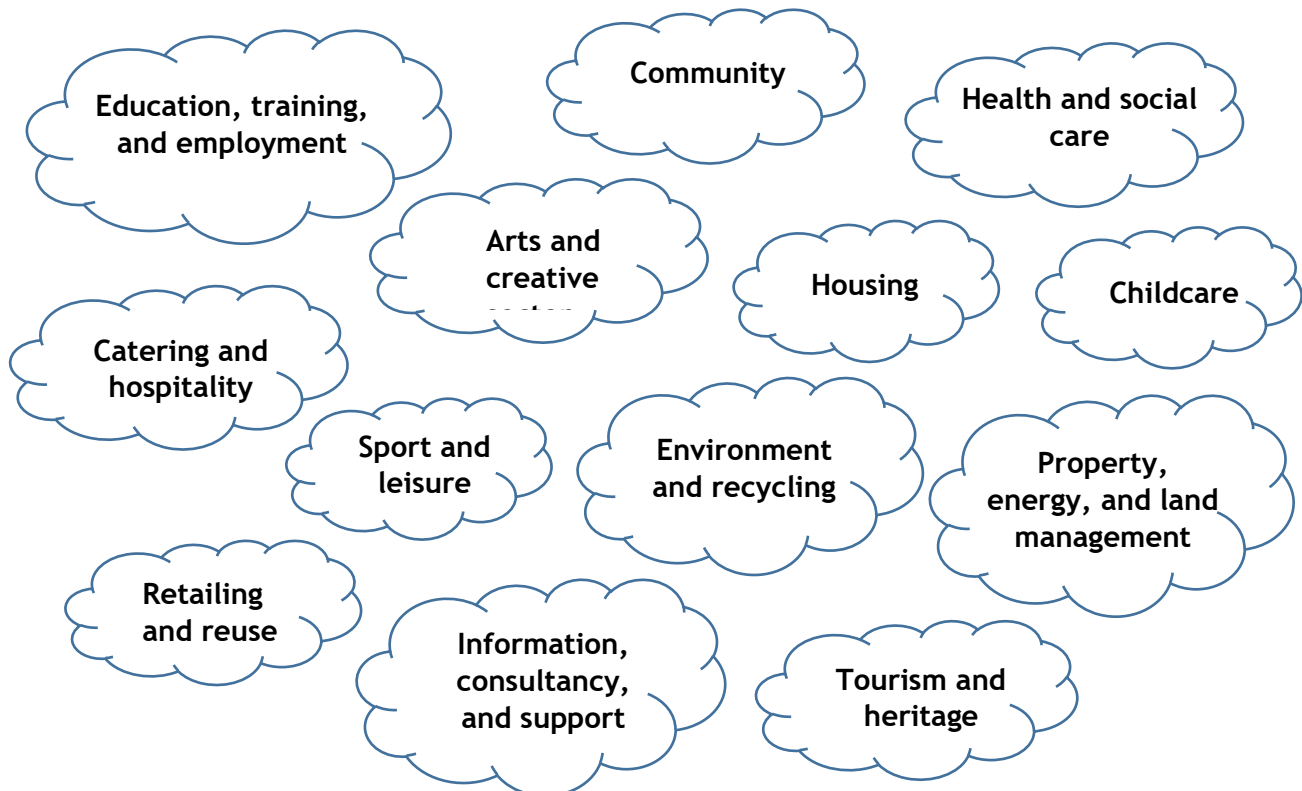


Cultural Impacts: Culture is about traditions, norms, values, languages, beliefs, arts, skills, lifestyle, laws, attitudes, etc. Social enterprise activity should have a positive impact on culture, reinforcing positive aspects and seeking to change negative attitudes.

[Introduction to social impact video](#) from Good Finance: (length: 3:11 minutes)

There is a connection between social, environmental and culture impacts, and the importance of a social enterprise's value base - the way they do business. A social enterprise should be explicit about its values and how it is living up to them. This recognition of distinct shared social values makes social enterprises different from other forms of business and can attract socially-minded customers.

Sectors where social enterprises have traditionally made a considerable impact include:



Social impact is an outline of the changes you intend your social enterprise to make or address. This could be helping to tackle an issue, or delivering community benefit from an opportunity. It is important to focus on impact or change, as this is the main reason for establishing and running your social enterprise.

Defining your social enterprise aims and objectives

While generating an income is important to your social enterprise, delivering social or environmental impact is the key driver. It is therefore essential to have a clear outline of your social and or environmental aim and objectives. Having a clear outline of your aim and objectives will enable you to communicate clearly on what your social enterprise is about, what it hopes to achieve and how it intends to achieve this.

The aim should be a short statement outlining what your social enterprise was established for and what it hopes to achieve in the long term, i.e. the ultimate goal.

AIM	OBJECTIVE
An aim is an ultimate goal, which a social enterprise strives to achieve.	An objective is something a social enterprise seeks to achieve, by continuously chasing it.
Long term outcomes	Short term outcomes
General direction or intent	Specific goal
Purpose	Achievement
What is to be achieved?	How it is to be achieved?

For example, a local produce social enterprise aim is to: “Enrich lives and improve health by producing healthy food, facilitating training courses, and supporting employment opportunities.”

Objectives are the steps that will be taken to accomplish the aim. Effective objectives should be SMART:

- Specific - you should know when an objective has been reached by making it as definitive as possible.
- Measurable - you should be able to measure whether the objective has been achieved.
- Achievable - possible to achieve.
- Relevant - it should form part of the business’s overall aim
- Time-bound - the objective should be framed and achieved in a specific time

Examples of SMART objectives for a local food social enterprise would be:

- To provide 6 employment training placements per year.
- To provide locally-grown, fresh produce to 30 householders.
- To raise awareness of healthy eating with 12 workshops per year.

Having a clear outline of your aim and objectives will provide a framework for your business plan, and will also determine the context for measuring impact.

Why is evaluating social impact important?

It is important for social enterprises to measure their social and/or environmental impact as proof that they are benefitting the community that they work within, and that they are meeting the needs of their beneficiaries and achieving their social aims.

It can be easy to fall into the trap of assuming, rather than proving, your impact outcomes. In fact, most social enterprises rely on anecdotes to convey their impact. While storytelling has its place, stories alone cannot substitute for impact measurement.

There are many instances where you will be asked to provide numerical data about your social impact, for example in annual reporting and funding applications.

Being able to understand, evaluate and communicate social impact is crucial for your enterprise. It enables you to measure your performance against your stated goals, and demonstrate to potential customers, funders, and partners the positive impact you have made.

What can you do with social impact information?

This information can be used for a number of beneficial purposes, including:

- Learning what works well and what doesn't, to plan and improve your activities
- Informing, engaging, and involving the wider community
- Marketing your social enterprise activities
- Reporting back to funders, customers, and stakeholders
- Attracting new funders, investors, partners, and customers
- Opening up new business opportunities

1. Targeting Resources

Many rural social enterprises have to manage their activities with limited capacity and resources. Detailed information about the impact your time and investment is having on your goals will greatly improve your ability to put your resources to best use. Social impact assessment helps organisations to plan better, implement more effectively, and improve success.

You can target activities that prove to be particularly beneficial, or identify and evaluate areas where you are not making the impact you had hoped from the resources invested. Social impact information can be used to keep your community stakeholders and volunteers informed and involved, and ensures that you are accountable for your work.

2. Attracting and Retaining Investment

In order to attract and retain investors (which can include grant funders, loan, or donors), you must be able to clearly measure and demonstrate your financial and social impact, in a way that is easy to understand. Investors can understand social impact best if it is communicated in financial yardsticks:

E.g. For every £10 we spend, 5 children can take part in youth activities.

3. Tendering for Public Sector Contracts or Selling Goods and Services

Social enterprises must be able to advertise their services in a way that is quickly and easily understandable to public servants and consumers. Being able to prove your social or environmental impact is often a requirement for funding processes or funding applications.

How impact measurement can help to plan

Impact measurement is central to your planning, as it helps you know whether you are meeting your long-term vision, and can allow you to adjust your actions accordingly. Measuring your impact can also help you attract partnerships, investment, and customers.

You should be able to describe what difference you want to see in your community, and work towards creating a social impact plan as part of or in parallel with your business plan. So, it is very helpful in the process of defining measures that you explore what you want to change, and how your activities relate to making that change.

You should develop a statement that outlines 'if this - then that', which relates your activities to the change you are seeking. Every social enterprise needs to make this kind of case about the impact of their activities. Using this approach, you can start to track the measures that help to test how well things are actually going, and measure the impacts achieved.

Case Studies

- **Finland Community Guide** (*written in English*)
 - A short guide of good practice to assist rural communities and village associations to take forward social enterprise activity. This guide helps you to understand the rural context, explaining how to get started and identify your motivation and mission.
 - It explains how to map out the needs and hopes of local people, touches on market analysis, and the business planning process for community-based social enterprise.
 - Also gives a useful insight into collective leadership and how to distribute responsibilities equally among your group.