



 AVALON EMPLOYMENT INC.

Social Return on Investment (SROI)  
Pilot Project

July 2012

*With thanks to our funders*



Social Return on Investment (SROI) is a technique that can be used to understand the return on investment and the impacts of a project, organisation or policy. This includes understanding both socio-economic impacts as well as financial cost/benefit. We have been working on a SROI evaluation as part of the SROI Pilot Project funded through the provincial and federal governments of Newfoundland and Labrador and supported by the Community Sector Council and **nef** (new economics foundation).

This evaluation of our service has been conducted by engaging with all affected stakeholders to understand what changes for them. This work aims to identify the value created by the service, who the beneficiaries are and how we know change has occurred.

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## Introduction and background

Avalon Employment Inc. was formed in 1993, with the mandate of providing long term paid employment in the business community to individuals with barriers to employment. In particular to individual with developmental/intellectual disabilities.

The employment is a self-directed service, with individuals retaining all control of their own lives and makes their own decisions. Employment is not project based, we believe in a motto of "Place then Train". Individuals accessing services from Avalon Employment Inc. have limited options in gaining access to the labour market through traditional means. Individuals served by Avalon Employment also have limited access to modified post-secondary programs with viable employment outcomes. This was the basis for the creation and expansion of the Supported Employment Program in Newfoundland and Labrador.

As we prepare to enter our 20<sup>th</sup> year of service and celebrate our 1,000,000 hour of paid employment; the opportunity to participate in this Social Return on Investment project was available to our organization.

For many years we have heard from clients, families and employers on the "true benefits" of inclusionary employment practices. We have espoused the benefits of employment with limited and often out dated empirical data. As an organization we have been involved with Cost Benefits Analysis in the past. It was often felt that this type of evaluation while comprehensive in scope often lacked a methodology that would help find and identify what can be viewed by our organization as the "true return on investment".

This evaluation tool was a real chance for us to not only find and define the "true value" of our work, but examine the processes that we use to support individuals in those processes. In the beginning of the process it was about finding our organizational ratio to find that elusive return on investment. Once the research was undertaken, the real benefits of the process started to emerge. Our understanding of how our services affect not only the individuals that we serve but their families, their communities. As well, we discovered a way to make our service more efficient and easier for individuals coming for service to understand. We have instituted a process of on-going evaluation to assist us in making a great program even better.

This report presents the backbone of the SROI methodology in detail, then presents findings and recommendations from the analysis. All the assumptions made in the course of our work are presented in the appendices and the reader is encouraged to refer to these while reading the report."

## SROI Methodology

This report uses a methodology known as Social Return on Investment (SROI)<sup>1</sup>, which attaches a financial value to all material outcomes – social, environmental, and economic that are identified as resulting from an organisation or program’s activities. This provides a fuller picture of the benefits that flow from the investment of time, money, and other resources.

An SROI analysis has several stages, and involves a number of key concepts and terms. This section provides a brief overview; later sections will provide in-depth explanations along with the results of Avalon Employment Inc. work.

### SROI Outlined:

#### Phase 1. Setting parameters and developing a theory of change

##### *Boundaries*

- The first task in an SROI analysis is to set the scope: what activities will the SROI look at? All the organization’s work or a discrete program within it?
- The timeframe for the analysis must also be set: how far back or into the future will it reach? How long might the effects of a program remain visible and measurable?

##### *Stakeholders*

- The organization must then identify the stakeholders whose inputs and benefits are going to be measured.
- The key question in this process: is the stakeholder **material (or significant)**? This is an accounting term. Put another way, it asks this: does the stakeholder factor into decision-making about the program? If they do, then outcomes and costs for them need to be measured.
- At this stage, the organization doing the SROI works to identify stakeholders that affect or are affected by its work.

##### Stakeholders

Those people or groups who are either affected by or who can affect the activities.

##### *Impact map*

- With stakeholders identified, the organization reaches out to them to ask the critical question: **how has our work affected you?** The answers are used to build a theory of change and then an impact map that describes each way the organisation/investment affects key stakeholders.
- Understanding change is very important here.

##### Impact map

Demonstrates how an organisation’s inputs (of funding, time, and support) and activities are connected to its outputs and how these, in turn, create outcomes for stakeholders.

<sup>1</sup> SROI was developed in its current form by UK think tank [nef \(new economics foundation\)](#) and co-wrote the Guide to Social Return on Investment (2009) London: Society Media.

## Phase 2: Collecting data

### Indicators

- Having identified what the outcomes of a program are, the next stage of SROI involves developing indicators – things that can be tracked – for each outcome. With indicators, it becomes possible to know **how much** of a given outcome has happened.

### Valuation

- The key element of SROI analysis is **valuation** – establishing what a social or environmental impact is worth in dollar terms. To do this, the organization looks for **proxies** – places where society has put a dollar value on the outcome in question. Finding proxies usually involves secondary research, and may also take an organization back to its stakeholders to ask them.

#### An example of a proxy:

What is the value of exercise?

**Organization A** discovers that a major outcome of their work is improved health – and that that flows from the extra exercise their program participants get. How can we put a dollar value on this?

- 1) We could look at how much people are **willing to pay** to get the same result – in this case, a good proxy might be the cost of a monthly gym membership
- 2) **Or**, we could look at health care system. More exercise means that over a lifetime, the participant costs the system less – another way of getting a **dollar value** for what seemed like an intangible outcome.

### Data collection

- Once an organization decides what indicators to use to track their outcomes, they can gather data to find out how much change is happening. This usually means a mixture of primary research (surveys and interviews) and secondary research. With solid data comes accurate measurement of costs and benefits.
- Data also needs to be collected on impact which is an understanding of how much would have happened anyway (deadweight), how much credit it down to other actors (attribution) and whether a net benefit has been created or simply moved (displacement).
- At the same time, the organization must decide (and justify) on how long their outcomes last, and how much of the benefit “drops off” each year after the intervention that creates it.

### **Phase 3: Model and calculate**

#### ***Model and calculate***

- Once the data is in, the organization must create a socio-economic cost-benefit model that will:
  - Calculate the present value of benefits and investment and the SROI ratio (which describes how many dollars of total value are created for every dollar invested).
  - Account for the displacement, attribution, and deadweight of the organisation/investment under review. (More about these ideas later in this report – essentially, they all ensure that the organization doesn't over-claim the benefits being created).

### **Phase 4: Report**

#### ***Report***

Final reports (such as this one) aim to:

- Consider and present the SROI produced by the organisation/investment.
- Identify how the benefits are divided between stakeholders.
- Identify how much change is created for each outcome by stakeholder.
- Identify the key factors that affect the SROI ratio.

The following sections outline how this methodology was applied in the context of Avalon Employment Inc.'s activities.

## **About AVALON EMPLOYMENT INC.**

### **Avalon Employment Inc. Aim**

- **To provide Canadians with developmental/intellectual disabilities long term paid employment in the St. John's Metropolitan Northeast Avalon Area.**

### **Avalon Employment Inc. Objectives**

- **To assist individuals with developmental/intellectual disabilities to secure and maintain long term paid permanent attachment to the labour force.**
- **Continue to assist in the development and implementation of policy that supports individuals with developmental/intellectual disabilities make a permanent long term attachment to the labour force**

### **Avalon Employment Inc. Core services**

- **Provide in-depth career development planning through a four phase program delivery model.**
  - Initial Intake Assessment
  - Career Exploration and Employability Interview
    - Provide referrals to appropriate service providers for additional services. (Health & Hygiene, Social/Recreational activities, Housing, and Transportation)
  - Job Search and Development
  - On Going Support and Employment Maintenance
    - Including support and direction of additional staff supports and associated paperwork.
    - Act as a liaison between the employer and the client on any employment/worksite issue. Availability to employers 24/7/365.

### **SROI Scope**

As the preceding section shows, Avalon Employment Inc. work is extensive and it is beyond the scope of this evaluation to look at all of it in detail. As a result, this evaluation will focus on the provision of Supported Employment Services.

The following points set out the scope of the evaluation:



- This is an evaluative SROI analysis: it looks at activities and changes that have already occurred to understand their value for money.
- The evaluation looks at the benefits generated by one years' worth of Avalon Employment Inc. investments in the Supported Employment Program. The investment period and measurement period for this analysis are 2010-2011
- Data collection took place in the spring of 2012 using a non-probability representative, sample of stakeholders. The data has been aggregated and scaled up to the total number of material stakeholders affected by Avalon Employment Inc. activities.

## Section 1. Theory of change

### Introduction and background

It is common for disability services and programmes to be evaluated in terms of their outputs. Outputs tell us that an activity has taken place, such as the number of people who attend an employment preparation session, or the number of individuals receiving government Income Support.

An SROI analysis goes beyond outputs and focuses on the outcomes, or changes, that occur in the lives of participants as a result of these activities. Essentially, it is the story of how Avalon Employment Inc. creates change and makes a difference. We call the relationship between investment, activities, outputs, and outcomes the *theory of change*.

Avalon Employment Inc.'s theory of change, formally depicted in the form of an impact map, is presented in this section. It is worth noting that SROI seeks to measure the change that happens to an end beneficiary. Avalon Employment Inc.'s work is often one step removed from these end beneficiaries, as it works through other organisations to achieve change. The approach taken by this evaluation, then, is to measure the change for all beneficiaries and then to determine Avalon Employment Inc.'s role in creating this change, taking into account the delivery model.

### Stakeholders

**[ENTER THE NUMBER OF STAKEHOLDERS ENGAGED IN TABLE 4.1]**

The multi-stakeholder approach in SROI allows the benefits to all stakeholders to be analysed. Stakeholders are those people or organizations that experience change as a result of the activity. SROI does not assume to know what changes (positive or negative) may have occurred for the stakeholders. Therefore, engaging those affected by Avalon Employment's work is key to understanding true impact.

A social-science approach to saturation sampling<sup>2</sup> was adopted to build the theory of change. Table 4.1 presents Avalon Employments stakeholders and how they were engaged for this evaluation.

*Table 4.1. Stakeholder audit trail.*

Stakeholder	Number engaged and method of engagement

While the numbers of stakeholders engaged may appear low for some stakeholder groups, we are confident that the sample is representative of the wider population - and therefore robust enough to identify outcomes.

<sup>2</sup> Saturation sampling is where the researcher conducts stakeholder engagement until all the outcomes have been identified, i.e. extra engagement produces no new information.

## **Avalon Employment Inc.**

### **Theory Of Change**

#### **A Supported Employment Agency**

##### **Theory of Change: What change have we caused and how have we done it?**

###### **Section 1:**

Summarise the key messages: Who are you and what have you done? What were the headline outcomes you caused?

Avalon Employment Inc. is a not for profit supported employment agency assisting adults who have a primary diagnosis of a developmental disability to find and successfully maintain meaningful, paid, employment. We have been in operation in St. John's metropolitan area, Newfoundland and Labrador since 1993. We are very close to achieving our 1,000,000 hour of work! This is a huge achievement considering the agency began with a skeletal staff and a \$ 4,000.00 grant for a trial period of six weeks. Twenty years later we have seen exponential growth and success as defined by the clients we service.

Our fundamental goal is to find our clients employment. The direct spin-off of employment is financial gain and independence. A client has become validated as a contributing member of society. Over time, a client will get to know their duties and become familiar in their workplace. In most cases, overtime additional supports are decreased and then we start to see an increase in their self-esteem, independence and self-worth. For many there are social gains and formations of positive relationships, as well as the benefits of economic integration.

###### **Section 2:**

What method did you follow to engage stakeholders? Who did you talk to and how did you do it?

Four questionnaires were created as our primary/sole method of engagement. Our stakeholder was the employed client (employed for one year or more). We created three other surveys to engage the parent /caregiver, the job trainer or direct supporter on the job, and the employer. These were created to ask about change (for the client) as seen by these people who work and/or interact closely with the client.

All questionnaires were mailed to the involved individuals with a request to have them completed and forwarded back to us for the purpose of this initiative (SROI). Those who may have had difficulty completing the questionnaire were encouraged to contact listed staff of AEI to aid with completion, or to seek out an individual in the social circle to assist them in the completion of the survey.

### **Section 3:**

What did people say about how you make a difference? What did participants identify that differentiates what you do? What is it that they identified that you do that causes the change?

As an organization we have been a single service provider and a single client group advocate since our inception- we focus and provide one service; which is to successfully find and maintain paid employment for our clients.

It is imperative that the individual be the focus and the centre of all planning, including the autonomy to make their own decisions around career choices and support requirements. In addition, we have instated a process and support model that allow the individual the ability to request the amount of service they require from a welcomed phone call to a discussion upon planned on-site visits.

The majority of the feedback stated that the currently employed individual would not of have been employed without the assistance of AEI. It would be probable that the individual would be 'at home and doing nothing', as one individual stated. As no one articulated the differences in our agency as compared to others, one can assume that above mentioned factors had a large role in the success of their being successfully employed.

### **Section 4:**

Who was effected and in what way? Describe the key outcomes to stakeholders.

Avalon Employment is a client driven and focused agency. Our work benefits and clearly affects our clients. Although one can assume the benefits of employment to an individual, it was reconfirming to us through our impact map to see the outcomes clearly stated.

The obvious outcome was financial independence. When an individual (especially with an added barrier of a developmental disability) acquires a better financial situation, they can finally contribute in various capacities as well as ultimately becoming an equal to their peers.

With experience and growing comfort and knowledge of one's position/career it may become a possibility that support (through natural support methods or job coach) be reduced. For many individuals the ultimate goal is to work 'on their own'. This evolution into independence in the workplace leads to increased confidence, self-esteem, and better self-image.

In customer service roles and dealing with the public we often see our clients take on new job duties which may develop a new skill or aptitude. An introverted person may gradually begin socialising or speaking to consumers (strangers), they may have to initiate conversation. All of these duties enhances ones social skills. Although it may be 'small steps' to some, the speaking into a pager, the answering of a question, can be a huge ordeal. As one individual stated, "I can now order my own meal at a restaurant". With an increase in confidence and independence in both their personal and work life, we see the building of autonomy.

The workplace can offer a social element to the employee. And for AEI clients it may be their sole interaction with others. As an agency we encourage the client to participate when

they can at their respective workplaces; to break with their colleagues, to eat in the lunch room with the others, to attend the business functions. The support person (job coaches or natural supporter) can be a catalyst in achieving a sense of belonging and healthy relationships. Often times the interaction with the job coach can lead to friendship and provide an individual with whom they can trust. With positive interactions often comes an enhanced social life and better social relationships.

An outcome that may have been a surprise and something AEI had not considered was daily structure. Many statements were made suggesting the appreciation for routine and 'having something to get up for'. Working a schedule with set hours and assigned duties gave order to an individual's day and made a person productive. Not only does this introduce time management skills as a schedule is exercised, it also improves their overall job skills and readiness.

It can be very important to an individual to know that they are valued. Many times a uniform and a simple name tag can allow a person to be validated as an equal. Once an individual learns (if required) the appropriate workplace ethics, such as cleanliness, punctuality, and other expectations as per their employer, (and are doing it well) we then begin to see the individual's boost in self-esteem and self-image. They are valued.

As Avalon Employment Inc.'s only funding partner, the Government of Newfoundland and Labrador is affected by the work of Avalon Employment Inc. Avalon Employment Inc. assists in the employment of 60 (or greater) individuals annually, who likely would not be successfully employed. A working individual is expected to be a contributing member of the Newfoundland economy and will be expected to pay taxes, thus an increased tax take for our government. There is also the probability that many of our clients who find (or have found) employment through AEI are in receipt of income support. In the event of securing employment their amount of income support will reduce or will be discontinued. Some clients may have a respite worker in place during the day; again this support may be reduced or discontinued with the introduction of employment.

It is worth mentioning, although not being measured, that the families and/or caregivers also benefit from the work of AEI. Even though it may be as simple as having 'extra time', a sense of contentment and relief, or the appreciation of a happy son or daughter, it is significant and very valuable to them.

**Section 5:**

Summarise results in text and in a table

	<b>Employed Client (1 year or longer)</b>	<b>Government</b>
<b>Outcomes</b>	Improved financial situation	Economic Impacts: reduced financial assistance,
	Increased self-esteem	And increased tax take
	Increased independence	
	Better social relationships	
	Improved job readiness/ job skills	

To avoid redundancy, please see Section 4 for the summary of results.

The formal representation of a theory of change is represented by an impact map. An impact map is a table that captures how an activity makes a difference in terms of how it uses its resources to provide activities that then lead to particular outputs and outcomes for different stakeholders.<sup>3</sup> Avalon Employment Inc.'s activities contribute to creating change for multiple stakeholders and the theory of change for each stakeholder is presented in this section through the impact map.

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<sup>3</sup> Nicholls J, Lawlor E, Nietzert E, Goodspeed T (2009) *A Guide to Social Return on Investment* (London: The Cabinet Office).

Table 4.2. Impact map for AVALON EMPLOYMENT INC.

1. Create an impact map to represent the theory of change. Are the outcomes independent and distinct from each other i.e. make sure that you're not counting the same thing twice.

Stakeholders / Beneficiaries	Inputs	Activities/ Actions	Outputs	Primary Outcomes		Final outcomes	
Employed Client	time	employment	Weekly/ bi/weekly pay at minimum wage or better	Financial independence	Equality and Contribution		Improved financial situation
			Job Coach support reduced	Independence at work increased	Increased confidence	Increased self esteem	Increased self-esteem (encompasses confidence and better self-image)
			Customer service, working in public place, (as per job description)	Enhanced social skills	Increased confidence		Increased independence (both at work and in own life, linked to autonomy)
			Interacting with co-worker- at breaks- lunch-after work activities	Meaningful friendships and sense of belonging	Enhanced social life- more outgoing		Better social relationships (comes from a greater ability to form and maintain relationships)

Stakeholders / Beneficiaries	Inputs	Activities/ Actions	Outputs	Primary Outcomes		Final outcomes
			Job coach- client interaction/relationship			
			Working pre-set hours/ schedule-assigned duties	A more organized daily routine/ structure	Better time management skills	<b>Improved job readiness/job skills</b>
			Work ethic expectations as per employer/ uniform/	Improved self esteem	Better self-image	
government	money	Funder of AEI agency (staff and job trainers)	Clients have been successfully employed through AEI	Economic contributor  Not relying on financial assistance/ income support  Not relying on respite worker		<b>Economic impacts:</b>  - <b>Increased tax take</b> - <b>Reduction in financial assistance</b>



## Materiality /Significance

**TAILOR THIS TO YOUR OWN SITUATION AND EXPLAIN WHY SOME STAKEHOLDERS ARE NOT MATERIAL**

“Materiality” or significance in SROI is used to determine what information and evidence must be included in the accounts to give a true and fair picture, such that readers can draw reasonable conclusions about impact.<sup>4</sup> Table 4.9 presents the rationale of including or excluding Avalon Employment Inc.’s stakeholders in the analysis according to this principle.

**ENTER YOUR MATERIAL AND NON MATERIAL STAKEHOLDERS WITH EXPLANATION OF WHY SOME WERE EXCLUDED**

*Table 4.9. Material stakeholders.*

Stakeholder	Materiality	Rationale
1. Young people as members	Included	Key stakeholder that experiences significant change.
2. Families and carers of the young people	Included	Key stakeholder that experiences significant change.
3. Local community (residents and businesses)	Excluded	There are some benefits to community. However, the size of these benefits compared to the overall impact is likely to be small and it is not within the resources of this evaluation to measure these. This stakeholder is not taken forward in the analysis.
4. Local third sector and voluntary organisations	Included	Changes for this stakeholder are only important in so far as they create change for their end beneficiary. This analysis is taking account of the end beneficiary so all material outcomes will be captured.
5. Businesses who take on apprentices	Excluded	The project that creates significant benefit to this stakeholder is in its inception and therefore the stakeholder is not taken forward in the analysis.
6. Local and national statutory organisations	Included	There are likely to be a number of economic savings that arise indirectly through Avalon Employment’s work to this stakeholder. These will benefit the taxpayer and therefore this stakeholder is a proxy of wider society. This stakeholder is taken forward in the analysis.
7. Funders and potential funders	Excluded	Whilst their input is key to Avalon Employment’s work, this stakeholder does not derive any benefit from Avalon Employment’s activities and is therefore not taken forward in analysis.

<sup>4</sup> Nicholls J, Lawlor E, Nietzert E, Goodspeed T (2009) *A Guide to Social Return on Investment* (London: The Cabinet Office) p.97.

## Section 2. Data collection and research

The previous section identified the outcomes that result from Avalon Employment's work. This section focuses on how these were evidenced and measured in order to understand *how much* change has happened to our stakeholders.

### Outcomes indicators

It can be very difficult to demonstrate the outcomes of an organization's work. For example, health and well-being are often considered to be subjective and intangible (and thus a challenge to measure). Indicators are a way to demonstrate that an outcome has actually taken place. The use of outcome indicators to understand what changes for a stakeholder is consistent with the principles of SROI and the guidance on SROI published by the United Kingdom's Cabinet Office.<sup>5</sup>

The most effective (and best practice) approach to understanding both binary change and magnitude of change are indicators that measure "distance travelled" – assessing where a person (or the Earth) was before an intervention, and then checking in to see how far they have come in a defined period of time. Whenever possible, we have used this type of indicator to measure the outcomes our stakeholders identified.

The indicators used in this study were all selected through consultation with Avalon Employment's stakeholders and were piloted with all the surveyed stakeholder groups prior to commencing the data collection. A full list of indicators used to 'evidence' the occurrence of outcomes to the stakeholders is presented in [Appendix 1](#).

Comment [NN1]: Copy DOC 2.2 into Appendix 1

### Outcomes data collection

In any analysis, once indicators have been established, the next step is to collect data to establish the extent to which outcomes have occurred. In the absence of existing outcomes data, primary research must be conducted. For this analysis, a selection of questionnaires and surveys were employed to gather primary data. [Appendix 2](#) presents the questionnaires and Table 5.1 presents the approaches employed to collect outcomes data.

Comment [a2]: Add your questionnaires/methodology in the Appendix

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<sup>5</sup> Nicholls J, Lawlor E, Nietzert E, Goodspeed T (2009) *A Guide to Social Return on Investment* (London: The Cabinet Office) p.9.

**Table 5.1. Data collection approach.**

Individuals supported by Avalon Employment Inc. have to have the appropriate support available to them to assist them in answering some questions. The often abstract idea of well being may have to be explained a couple of times to ensure that the individual understands the question and the context in which it is being asked.

Many of the individuals have limited numerical and literacy skills; to ensure responses were clear, a system of numbers, and happy faces to represent change were used.

The individual interviews were conducted \_\_\_\_\_

**Comment [a3]:** Tailor to your own organisation

Stakeholder	Mode	Method	Approach	Timeline
<b>Individual Clients of Avalon Employment</b>	Outcomes data questionnaire	Individual Interviews and Questionnaires	Over a period of eight weeks, with both individual interviews and mailed in responses to Questionnaires	April 2011 – June 2011

The stakeholders were sampled in X way....

**Comment [a4]:** Explain how you sampled and how many you sampled

**Considering significance**

**EXPLAIN WHY THE INDICATORS YOU SELECTED TO EVIDENCE CHANGE ARE IMPORTANT AND A GOOD FIT FOR YOUR OUTCOMES**

## Section 3. Assumptions: impact and proxies

SROI methodology makes an important distinction between *outcomes achieved* and *impact*. Impact is defined as the amount of change for participants after taking into account what would have happened anyway (deadweight), the contribution of others (attribution), whether a benefit has simply been moved from one place to another (displacement), and the length of time over which outcomes last (benefit period and drop-off). An appreciation of all of these elements is critical to conducting robust cost-benefit analyses.

This section explains the approach to these elements of the methodology by working through the previous example.

### Deadweight

Deadweight calculations capture the extent to which the outcomes studied would have occurred anyway in the absence of the intervention.

### Attribution

The concept of attribution in SROI is an 'assessment of how much of the outcome was caused by the contribution of other organisations or people'.<sup>6</sup> A highly subjective element of evaluation, credit is usually claimed in its entirety or completely omitted. In organisations engaged in direct delivery, understanding the amount of credit for outcomes can be relatively straightforward; it can be captured through engaging with beneficiaries and wider stakeholders. It becomes more complex when organisations work in partnership with others to create change to beneficiaries who may be far removed from the partner. One of the key principles of SROI is about not over-claiming and this section will explain how this has been applied to this analysis.

### Displacement

This is an appreciation of how much of the outcomes have displaced other outcomes. In other words, has a net benefit been created? If places in another program with similar outcomes are going unfilled due to the work studied, then the value created has been displaced – moved – from that program to this one, not created.

### Benefit period and drop-off

Outcomes are not static. They are dynamic, occurring at different points in people's lives with different durations. SROI takes into account that benefits may last beyond the period of the intervention and, as such, takes account for this in modelling outcomes over time. This is known as the *benefit period*. Furthermore, SROI acknowledges that outcomes may diminish over time; this is also taken into consideration and is known as *drop-off*.

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<sup>6</sup> Nicholls J, Lawlor E, Nietzert E, Goodspeed T (2009) *A Guide to Social Return on Investment* (London: The Cabinet Office).

## Financial proxies

### [COMPLETE THE TABLE BELOW]

Proxies are financial approximations of social and environmental value; they are a key part of SROI, as they allow us to express all the value created by a program – social, economic, and environmental – in the same (dollar) terms. Proxies are required to value the things that matter to stakeholders (instead of just the things that are easy to count) and as such are one of the seven principles of SROI.<sup>7</sup>

Although social and environmental outcomes are not directly traded on the marketplace – it's not possible to directly buy self-confidence, for example, or clean air – we can often find market transactions happening that *imply* a value for them. For example, a house in an area with great air quality might sell, on average, for \$10,000 more than a comparable house in an otherwise comparable neighbourhood with worse air. In this situation, homebuyers are placing a value of \$10,000 for the outcome of “having clean air.” Similarly, while we can't directly buy a good family life, there are things traded on the market – counselling services, for example – that are bought in order to achieve that outcome. Looking at how much (on average) people are willing to pay for those market-traded goods gives us an approximation, or **proxy** for the value of those outcomes in dollar terms. These valuations have been developed, to varying degrees of sophistication, by health, environmental, and well-being economics – so finding an appropriate proxy can often be a matter of research. There is also a growing, accessible bank of established proxies used in completed SROI work.

By looking for the average price in the market at large, we also avoid tying the value of an outcome to someone's ability to pay. This is very important point. A stakeholder living in poverty might not be **able** to pay \$10,000 for clean air, but that should not imply that clean air is **worth** any less to her than to someone who was unconstrained in their purchasing decisions.

Another approach to finding a proxy value for an outcome is to take a willingness-to-pay approach and look at studies and surveys that have directly asked a sample of people to assess how much they would be willing to pay for a given outcome. In these situations, it is the diversity and size of the samples that controls for ability to pay.

In choosing proxies for the outcomes we identified in this study, we looked for the values that approximated, as closely as possible, the complex nature of the outcomes for our specific stakeholders. The “rationale” column in the table below explains why the proxy was chosen.

Stakeholder	Outcome	Proxy Description	Proxy	Rationale
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<sup>7</sup> Nicholls J, Lawlor E, Nietzert E, Goodspeed T (2009) *A Guide to Social Return on Investment* (London: The Cabinet Office) p.9.

Stakeholder	Outcome	Proxy Description	Proxy	Rationale
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**Considering significance**

[EXPLAIN WHY THE PROXIES YOU HAVE CHOSEN ARE A GOOD FIT TO THE OUTCOMES]

## Section 4. Findings

This section presents an analysis of the results from the representative sample **if** it were applied to all of Avalon Employment's stakeholders. Extrapolation of our sample findings helps demonstrate what change may look like across all stakeholders.

The total social value created for each stakeholder is presented below, followed by a breakdown of social value by stakeholder group.

### Top-line findings

#### Benefits

If we were to extrapolate the findings of this study to all of Avalon Employment's stakeholders, the total added value, produced over a X-year period and attributable to Avalon Employment is \$YYYYY. A breakdown of this figure per stakeholder is presented in Table 7.1.

Table 7.1. Breakdown of total value by stakeholder.

Stakeholder	Value of benefits
Individuals with Developmental/Intellectual Challenges	\$959,456.00
State (wider society)	\$521,190.00
All stakeholders	\$1,480,646.00

Comment [NN5]: Update this with your own information

#### Investment

Just as the calculation of the benefits arising from Avalon Employment's activities takes into account the wider social and economic elements, so must the calculation of the investment. This evaluation seeks to understand about how Avalon Employment spends its money.

SROI analyses investments and benefits across the triple bottom line. It therefore accounts for both financial and non-financial investments employed to bring about change. In this analysis, the non-financial inputs are comprised of time donated by a number of volunteer positions: **EXPLAIN**

The total investment required to deliver Avalon Employment's work over a 12-month period is \$1,420,000. This figure comprises both financial and non-financial investment.

### SROI ratio

Bringing together the net present value of the benefits extrapolated to all stakeholders and the total investment over 12 months, the social return on investment ratio for Avalon Employment is **1:3**. This means that for every \$1 invested in Avalon Employment's activities, \$3 of social and economic value is created for beneficiaries.

This is a positive return on investment. It is worth noting that throughout this study, Avalon Employment has been conservative with its assumptions, so as to add to the credibility and to the robustness of the results.

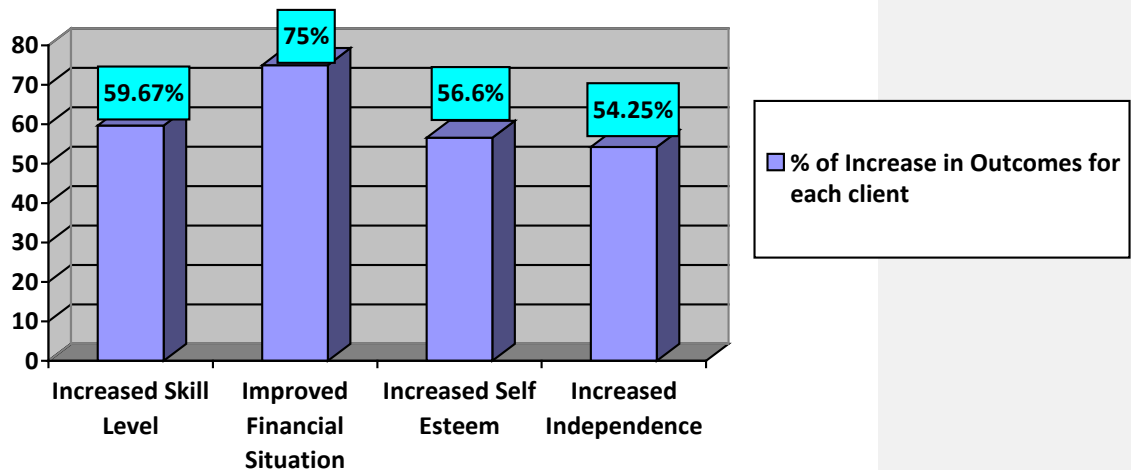
### Findings by stakeholder

While the SROI ratio is indicative of the cost effectiveness of Avalon Employment's work, and should incite discussion, it is only one metric against which decisions should be made. Undertaking an SROI - and therefore challenging assumptions and making an organisation open to scrutiny - is a valuable process in and of itself. This section of the report presents an in-depth analysis of the value produced for each stakeholder.

### Outcome incidence— how much change occurred for stakeholders?

Understanding what changes is the second principle of SROI and crucial to ascertaining the effectiveness of a program or activity. Measuring outcomes let us measure effectiveness, and therefore the value for money of an intervention. This section explains how the amount of change occurring for each stakeholder was understood.

Data collection performed over a 3-month period and covering a 12-month period yielded the following results:





**Total Net Present Value of benefits**

*Improved Financial Situation = \$359,925.00*

*Increased Self Esteem = \$56,593.00*

*Increased Independence = \$410,384.00*

*Improved Job Readiness = \$103,812.00*

*Better Social Relationships = \$29,372.00*

***All Outcomes = \$959.456.00***



**Sensitivity analysis**

Extensive sensitivity analysis on the model yielded the following findings (Table 7.5).

**Table 7.5. Sensitivity analysis.**

Variable	Activity	Change in ratio
<b>Outcome incidence</b>	Halved all incidences for all stakeholders	drop of 16.01 %
	Decrease number of stakeholders engaged by 20%	increase of 0.13%
<b>Attribution</b>	Halved attribution to Youth Clubs	drop of 20.44%
<b>Deadweight</b>	YP as members health & well-being outcomes (from 35% to 50%)	drop of 0.38%
<b>Proxies</b>	YP as members prospects & aspirations (halved proxy value)	drop of 18.91%
<b>Drop-off</b>	YP members & YP volunteers (increased drop off from 20% to 40% annually)	drop of 19.44%

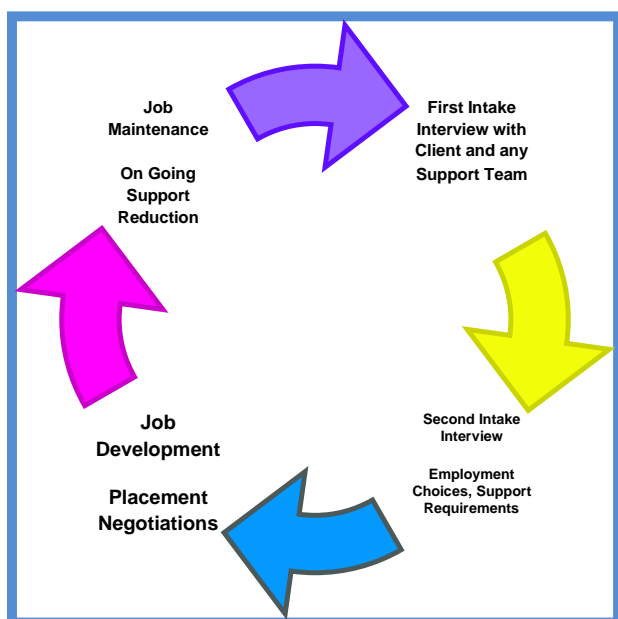
**Comment [NN6]:** Update this for your own organisations – you will do an exercise on this once your models are complete

- Changes to the number of stakeholders engaged showed little sensitivity in the model. The margin of error for this evaluation is 7.14%, indicating that we are 95% confident that the results achieved fall within a range of 7.14% above and below the magnitude of change reported.
- Changes in attribution were the most sensitive assumption in the model, yielding movements in the ratio of 20–40%. Although we are confident in the attribution calculations used in our base case, this could be an area for further, longitudinal research.
- The model also demonstrated ratio movement in the deadweight of young people as members for the outcome of prospects and aspirations. However, the deadweight was more than doubled indicating that the model is not very sensitive to this element.

The sensitivity analysis has demonstrated that the model does not have a high degree of sensitivity although further research into the more subjective areas, such as attribution, would be recommended.

## Section 5. Recommendations & Learning

The total value of the SROI evaluation is more about the information that you find out along the way versus the final ratio. This process has fundamentally changed the way our organization is going forward. In addition to the validation of our 20 year assertion that value for money in Supported Employment was real and could be assigned a value. Our issue was always finding a model that not only demonstrated the value of the service, but provided the organization with service specific information that could now be used to improve the delivery of programs.



During the initial research phase we discovered that our process of intake and assessment of individuals requesting service was not the best model for the individuals that we serve. Through this analysis we determined a new service delivery model and a diagram that will be given to clients at their first meeting. It shows them in clear and plain language how our services work. It shows the long term commitment to the client by showing that AEI will be there in the long term and that clients have many jobs over the course of their careers, and that as an organisation we are there to help them with the employment choices that they

make.

The new intake process also allows for solid relationship building over an extended period of shorter meetings. This allows the individual an opportunity to reflect on their employment choices after the first meeting, and having additional plain language materials to review is also helpful preparations for the next intake process. The process for seeking employment for the first time is a challenge for anyone, individuals that we support face multiple barriers including health, justice, housing, transportation, and food security, and these issues are in addition to their developmental challenges.

Allowing individuals to become more comfortable talking about "what they want" is a process that is on-going for many individuals.

The SROI evaluation was also an opportunity to continue to develop additional tools for our organization. Including a new process for base lining individuals once they have secured employment. These individual's will have the opportunity to measure their distance travelled after they have been employed for 6 months. With this tool, continued skills development can be measured over a longer period of time. As well as allowing the individual to identify areas of success and improvement.

This strategy will allow our organization to continue to develop programs that respond to client need but are also generating those desires outputs as well as outcomes.

We now know what we want to measure, how to assign a value to it, and how to not over claim the credit.

The interview process also clearly stated some truths that we wondered about but could not confirm with any certainty until this report. We discovered that individuals feeling included in work environments does not always translate into increased inclusion in their social networks. Many individuals stated that they still struggle to make friends and have social contacts even though they are working with lots of people. This fact, highlighted by the response of 85% of individuals receiving services *"stating that they had not seen an increase in social contacts through their employment"*

This finding has brought our organization an opportunity to redevelop a position within the organization to assist our clients with the additional services and educational sessions that are not available to our clients. Information and educational supports that are needed to maintain and expand on their developing independence and further skill development.

While this process is still in development, the goal of the change is to increase the participation of individuals in social aspects of work as another indication of growing independence and well-being. Since we have seen a substantial increase in the skill levels of individuals we know that the right process to support these more "soft skills" will be invaluable in other areas of individual's lives and can be implemented on the work site as well.

### **Skills Development**

The SROI showed us that **all** of our clients have seen a 60% increase in their skill level since starting employment. These skills are often transferable and will follow them to other employment situations, building their skill levels further. For the individuals that we serve this increase is proof positive that the service delivery model of "Place then Train" is working very well for individuals with developmental/intellectual disabilities.

Other important changes that were noted by individuals are the sense of self and schedule. Individuals reported that working had led to them having a better understanding of time management and schedule for days they are off, or days that they have other things to complete other than work.

## **Final Recommendations**

This process has given us so much more information that we expected, we have discovered that we want to measure other things, the value to the employer as one example. Having the tools and the understanding within the office staff to be able to continue to work on improvements to service delivery is exciting for a not for profit. We see that change is very possible, even when we are working within larger systems that are often viewed as confusing and not client friendly.

As an organization we always felt from the beginning that we were going to share the results of our review and analysis because we have 19 other similar organizations in the province that provide very similar direct employment services.

We feel that there is great value with us sharing our experiences and supporting other organizations to look at the SROI as another tool for evaluation.

We have also submitted a session prospectus to present on our findings at the National Conference on Supported Employment in 2013.

While the process was longer than expected, the learning that we have had the opportunity to engage in will affect the services that we deliver for many years to come. Having a process of client input that allows us to see gaps in service is one that we are going to continue to use, update, and implement on an ongoing basis.

**Appendix 1. Outcomes and indicators**

[INSERT DOC 2.2/SUMMARY OF OUTCOMES AND INDICATORS HERE]

## Appendix 2. Questionnaire

[ENTER QUESTIONNAIRE IF APPLICABLE]

### Appendix 3. Summary of assumptions

ENTER SUMMARY OF ASSUMPTIONS HERE

#### Impact Explanations

**Attribution** – an assessment of how much of the outcome was caused by the contribution of other organisation or people. We assess the proportion of credit that the Avalon Employment Inc. can take for the change that has occurred, by taking account of other players involved.

Stakeholder	Outcomes	Proxy Description	Proxy Number	Proxy Rationale



**Deadweight** – an assessment of the amount of change that would have happened anyway, in the absence of the Avalon Employment Inc. .

Stakeholder	Outcomes	Proxy Description	Proxy Number	Proxy Rationale

**Displacement** – an assessment of how much of the change is a net benefit (i.e. a new change) or simply the movement of change from one place to another. In employment, if one individual gets a job then they are stopping someone else from getting a job – the benefit is displaced.

Stakeholder	Outcomes	Proxy Description	Proxy Number	Proxy Rationale


**Benefit Period** – the length of time that a change lasts and the benefits associated with that change. This may be influenced by the duration of the activity or by other changes that occur.

Stakeholder	Outcomes	Proxy Description	Proxy Number	Proxy Rationale

**Drop-Off** – the length of the time that the change lasts in taken into consideration by the Benefit Period. Over this period, the amount of change occurring is likely to decrease and will be influenced by other factors, which decreases the attribution an organisation can take for the change over time. Drop off predicts the amount by which change decreases over time in order to understand the impact the Avalon Employment Inc. has on the changes that it creates.

Stakeholder	Outcomes	Proxy Description	Proxy Number	Proxy Rationale

## Appendix 4. Investment calculations

[ENTER DETAILS OF YOUR INVESTMENT CALCULATIONS HERE]

### Financial Expenditure

2009/2010 **AVALON EMPLOYMENT INC.** Expenditure was £X

### Non-financial Expenditure

*END*