



# Guideline to Social Return on Investment (SROI)

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## **Table of Contents**

<b>1 Introduction.....</b>	<b>4</b>
Objective of the document .....	5
Social Return on Investment.....	5
<b>2 Guideline to SROI.....</b>	<b>9</b>
Guideline.....	10
Stage 1: Establishing your scope and identifying the relevant stakeholders.....	11
Stage 2: Mapping outcomes .....	12
Stage 3: Detection of outcomes and giving them a value.....	14
Stage 4: Determination of the impact .....	16
Stage 5: Calculating the Social Return On Investment.....	17
Stage 6: Reporting to stakeholders, using the results and embedding commitment.....	19
<b>3 Websites.....</b>	<b>21</b>
Websites .....	22
<b>4 Annex I .....</b>	<b>23</b>
Annex I .....	24

*The ALLVIEW project is a new transnational cooperation platform that connects Centres of Vocational Excellence (CoVEs) within the wood and furniture sector. ALLVIEW has operational objectives on a regional, national and European level which aim at an innovative approach to modernise vocational education and training.*

# 1

## Introduction

## Objective of the document

The social and environmental value of SROI is not yet widespread enough and often underestimated. In tough economic times, it is more important than ever that we better recognize and strengthen those values that create social and environmental value so that companies and industry grow and create a value for the whole community. Understanding and managing this broader value is becoming increasingly important for the public and private sectors alike. Large and small companies can use SROI to assess risks and opportunities arising from the impact of their products on their stakeholders and to identify ways to align their business objectives with wider societal objectives, which may result in opportunities for new or improved products.

An SROI analysis can fulfill a range of purposes, as it can be used to guide management choices, as a tool for strategic planning and improving, for communicating impact and attracting investment, or for making investment decisions. But a lack of good outcomes data is one of the main challenges when doing an SROI for the first time. This document shall provide companies a helping guideline for SROI and highlight areas of CSR for SROI (sustainability and circular economy, people with special needs, integration of migrants and refugees, etc.). It will show how to transparently calculate SROI and help companies to better communicate their impact to customers, stakeholders, government and the public.

The AllView project serves as a basis for high quality of work in the furniture and wood industry. This document is intended to help companies to also take social aspects into account in the overall consideration of the quality of work. Especially for companies that work with the sustainable raw material wood, the issues of climate protection and social aspects go hand in hand. For this reason, too, it is important to work out the added value of integration and similar issues for a company. This approach can not only be beneficial for the company itself, but can also present the entire sector of the furniture and wood industry as sustainable in an overall social context.

## Social Return on Investment

Creating a world where organizational decisions improve wellbeing, equality and the environment. That is the guiding principle of social return on investment. It seeks to reduce inequality and environmental degradation and improve wellbeing by incorporating social, environmental and economic costs and benefits.

Social Return on Investment (SROI) is an approach to evaluating (investment) projects with a view to their societal - social and/or environmental - added value.

In other words, social return on investment attempts to find a measure of the goodness of social activities, considering as many factors as possible. The development of the SROI approach was preceded by the consideration of how the impact generated by the work of social organizations and projects in particular in the interest of the common good can be measured and financially evaluated. In this context, the SROI is a method that extends the classic financial evaluation methods (Return on Investment, ROI) to include a socio-economic and environmental value, thus making it applicable to non-profit organizations and



companies as well.<sup>1</sup> However, the SROI does not only want to be a new calculation tool. The SROI is to be understood as a new, broader approach that is not only of interest to non-profit companies, but also to social entrepreneurs and private companies that are engaged in the field of corporate social responsibility (CSR) and are exploring new ways of evaluating and communicating their achievements and the positive as well as negative impacts they cause. This should help to arrive at the most efficient and effective investment decisions ex ante or to capture the actual benefits of an investment made ex post. SROI can be applied by all organizations, although it is particularly suitable for organizations that also have an interest in the economic, social or environmental benefits that they generate for other stakeholders.<sup>2</sup>

The methodology for calculating social return has been developed since 2002 by the William and Flora Hewlett Foundation together with practitioners from the USA, Canada, the UK and the Netherlands in the form of the Blended Value Map.<sup>3</sup> This model assumes that value consists of a combination (blend) of economic, environmental and social factors. This value created by investment can be positive, but it can also be negative. Revised versions appeared in 2006 and 2009. Since then, the methodology has evolved. The specific methods used in SROI analysis vary with the context of their application. The approach is being continuously developed by different actors in different contexts. However, the basic characteristic of SROI analysis is that it aims to provide not only a new calculation tool, but also a method to comprehensively understand, assess and communicate the economic, social and environmental impacts associated with an investment. To do this, SROI considers the assessment of a project's benefits by a wider group of stakeholders to provide an assessment for all impacts of the project that they perceive as important but typically have no financial market value.

In a typical and comparatively simple variation, the approach involves the following steps, examining a social or environmental intervention over a period of time (usually 5 to 10 years):

- a) Calculating and discounting (using the weighted average cost of capital (WAAC), or Discount Cash-Flow (DCF)) the total investment required for an action.
- b) Periodic identification of the societal benefits associated with the measure, e.g., through quality improvements, cost savings, and declining expenditures.
- c) Monetization or some other form of valuation of the identified benefits.
- d) Discounting of the monetized benefits (using WAAC or DCF) or, where possible, the other value-added indicators.
- e) Comparison, as a quotient, of the (monetized) benefits of the measure and the investment required to achieve them (SROI = Net Present Value of Benefits : Net Present Value of Investment).
- f) Reporting, using and embedding.

However, some users of SROI analysis use a method that does not require that each benefit be assigned a monetary value. In this case, the numerator of the quotient can contain both quantitative, but non-monetary, and qualitative and narrative information regarding the benefits created, in addition to monetized information.

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<sup>1</sup> [https://en.wikipedia.org/wiki/Social\\_return\\_on\\_investment](https://en.wikipedia.org/wiki/Social_return_on_investment)

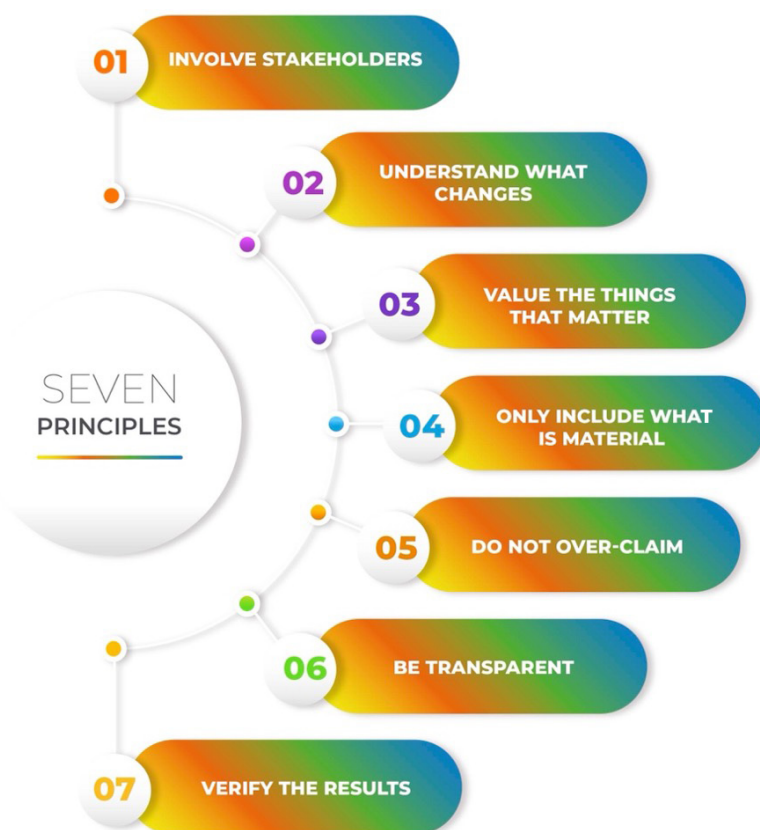
<sup>2</sup> <https://www.gabler-banklexikon.de/definition/social-return-investment-analyse-70775>

<sup>3</sup> <https://cmr.berkeley.edu/search/articleDetail.aspx?article=5344>

One of the most important factors in communicating SROI is transparency. Clear communication about the selection and calculation of SROI is elementary.

When comparing different companies and their SROI calculations, it is elementary in which areas they are operating. This must be declared within the transparency.

SROI was developed from social accounting and cost-benefit analysis and it is based on seven principles<sup>4</sup>:



The SROI analysis provides both a quantified ratio of social return on investment and qualitative evidence providing a framework for increased transparency and accountability.<sup>56</sup>

Furthermore, besides your company's engagement in social or environmental activities, there are additional benefits arising from your SROI. It will foster a commitment towards transparency and

<sup>4</sup> <https://www.thinknpc.org/resource-hub/sroi-position-paper/>

<sup>5</sup> <https://socialvalueuk.org/wp-content/uploads/2016/03/The%20Guide%20to%20Social%20Return%20on%20Investment%202015.pdf>

<sup>6</sup> [https://www.researchgate.net/publication/235260071\\_Social\\_return\\_on\\_investment\\_and\\_social\\_enterprise\\_transparent\\_accountability\\_for\\_sustainable\\_development](https://www.researchgate.net/publication/235260071_Social_return_on_investment_and_social_enterprise_transparent_accountability_for_sustainable_development)

accountability, improve your communication with stakeholders, help to evaluate your own values and ultimately, it will attract investment by making your company more attractive.<sup>78</sup>

Even though it would appear, that SROI is most suitable for not for profit organizations and social enterprises as a management tool to improve performance and highlight added value, private businesses to assess opportunities arising from the impact of their products and services on their stakeholders (e.g. employees, suppliers, customers, the environment and their local communities).

In order to perform a SROI analyses, the person in charge needs to bring in a mixed set of skills and time resources. As a basis, prior experience of engaging and communicating with stakeholders and accounting skills are required. Nevertheless, a training course or exchange with other SROI experts might be helpful before performing your first SROI analysis.<sup>9</sup>

SROI can be particularly important for the furniture and wood industry. In addition to the aforementioned connection between climate protection and social aspects, there are other special features that are decisive for this industry. As a raw material, wood can be used universally. Both the type of tree and the end product can vary greatly throughout the manufacturing process. A great advantage of SROI is that the spectrum of potential employees is greatly expanded. Companies get a bigger picture of the labour market and can respond much more individually to the needs within the company as well as to individual projects. For this reason alone, the furniture and timber industry is predestined for the topic of SROI.

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<sup>7</sup> <http://www.nachhaltig-investieren.org/social-return-on-investment-sroi.php>

<sup>8</sup> [http://epapers.bham.ac.uk/788/1/WP49\\_Ambitions\\_and\\_challenges\\_of\\_SROI\\_-\\_Arvidson%2C\\_Lyon%2C\\_McKay%2C\\_Moro\\_Nov\\_2010.pdf](http://epapers.bham.ac.uk/788/1/WP49_Ambitions_and_challenges_of_SROI_-_Arvidson%2C_Lyon%2C_McKay%2C_Moro_Nov_2010.pdf)

<sup>9</sup> [https://pure-oai.bham.ac.uk/ws/files/10157450/Social\\_Return\\_on\\_Investment\\_SROI\\_and\\_Performance\\_Measurement.pdf](https://pure-oai.bham.ac.uk/ws/files/10157450/Social_Return_on_Investment_SROI_and_Performance_Measurement.pdf)



# 2

## Guideline

This guide is divided into 6 stages with their corresponding steps. To get a better impression on SROI analysis, it is recommended to read all stages before you start your own SROI analysis since various stages and steps can be performed simultaneously.

There are two different types of SROI analysis. Your SROI can be evaluative, meaning you conduct your SROI analysis retrospectively, based on outcomes that already took place. This SROI analysis can help enterprises who already did social activities to measure the value created, use it to improve their activities and to demonstrate their achievements. But you can also do a forecast SROI analysis by conduct the analysis beforehand. Through this, enterprises can predict how much social value will be created if the activities meet their intended outcomes and use it to assess projects.<sup>10</sup>

To give you an idea on how to start stages 1 and 2, you can find five simplified Impact Maps on topics of Corporate Social Responsibility (CSR) in Annex I of this document. More interesting activities for you SROI analysis can be found in our WP4 documents and in particular on the: “Development of a guide of good practices for CSR in the Wood and Furniture sector” document. For further information on corresponding policies in your country regarding Circular Economy, Integration of Migrants and Refugees and Inclusion of people with special needs, please have a look on our documents “Identification of Regional & National policies on Circular Economy in CSR for the Wood and Furniture sector”, “Identification of Regional & National policies on the inclusion of migrants and refugees in CSR for the Wood and Furniture sector” and “Identification of Regional & National policies on the accessibility of people with special needs in CSR for the Wood and Furniture sector” always realised on the WP4 frame of the ALLVIEW project and accessible via the project website: [www.allview.eu](http://www.allview.eu) .

There is a whole community on SROI. Supporting information and documents to help you with your SROI analysis, e.g., a template for your Impact Map, “Maximise your Impact” (ten impact questions you need to cover with your analysis) and a SROI analysis checklist, are provided on [www.thesroinetwork.org](http://www.thesroinetwork.org).<sup>55</sup> above

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<sup>10</sup> [http://alpsib-project.eu/media/1051/social\\_return\\_on\\_investment\\_sroi\\_tm\\_ier.pdf](http://alpsib-project.eu/media/1051/social_return_on_investment_sroi_tm_ier.pdf)

**01 STAGE**  
Establishing your scope and identifying the relevant stakeholders

**1. DEFINITION OF THE FIELD OF ANALYSIS**

**2. IDENTITY THE STAKEHOLDERS**

**3. DECIDE HOW TO INVOLVE STAKEHOLDERS**

## Stage 1: Establishing your scope and identifying the relevant stakeholders

The first thing to do before you start your SROI analysis is to clarify your goals and how you are going to measure the results. For this it is important to know your available resources and timeline.<sup>11</sup> Your Management should support your SROI analysis and feedback should be exchanged regularly in order to proceed on common ground. It is critical to include stakeholders in your SROI process.

The first stage can be divided into the following three steps:

- Definition of the field of analysis (establishing the scope):

Establishing the scope of a SROI analysis is the first step and defines what you want to achieve and why, and what resources are available. There are several issues to consider in order to set your scope.

- What is its purpose and who is the analysis for?
- What are the goals and objectives of your company, what resources (money and staff time) are available and what is the actual focus of your activity?
- What timeframe are you looking at?
- Identify the stakeholders:

The next step is to list all stakeholders that are affected by your activities within your scope and analyse which to be involved as key stakeholders. If your number of stakeholders is too small, you might miss out on important sources of value. Stakeholders are all institutions that can help you calculate costs, arrange contacts or provide the company with knowledge and experience. These can be, for example:

- Non-profit associations that offer consulting services
- Government institutions that offer counselling
- Workers' representatives, trade unions
- Works councils
- Inclusion representatives
- Representatives of severely disabled persons

<sup>11</sup> <https://socialvalueuk.org/wp-content/uploads/2016/09/paper-gairo9.pdf>

But too many stakeholders might lead to controversies and not necessarily help you with your intended goals and objectives. Therefore, you should determine the reasons to include or exclude a stakeholder in a table.

- Decide how to involve stakeholders:

Involving stakeholders in the process is crucial to understand strengths and weaknesses of the activities you are analysing. This might change the view on your initial assessment and leads to adaption of your analysis. In order to approach and involve stakeholders, you can invite them to meetings or events, ask per email or survey for their opinion or execute one-to-one interviews. You should keep in mind to be sensitive to the amount of time and resources Stakeholders can contribute. Therefore, if possible, collect the information for further stages in one session.

The most effective way to integrate different stakeholders into a project is to define so-called multipliers. They can refer you directly to other stakeholders and, in the best case, already bundle knowledge and experience. Especially government institutions already have a self-imposed mandate to promote social aspects. Therefore, they often have many contacts and institutions that deal with the topic. At the same time, these institutions are financed by state funds, which reduces the company's own costs. In the best case, further multipliers are found through the multiplier and the following work is facilitated immensely.

## 02 STAGE

Mapping outcomes

1. START THE IMPACT MAP
2. IDENTIFY THE INPUTS
3. ASSIGN A VALUE TO THE INPUTS
4. TO CLARIFY THE OUTPUTS
5. TO DESCRIBE THE OUTCOMES

### Stage 2: Mapping outcomes

In the second Stage of your SROI analysis you will build an Impact Map based on your engaged stakeholders. The Impact Map describes the relationship between inputs, outputs and outcomes. It details how your analysed activities use resources (expressed as “inputs”) to deliver activities (measured as “outputs”) which result in outcomes for stakeholders. Therefore, involving stakeholders in the building process of your Impact Map will ensure that the outcomes will get measured and valued by the relevant stakeholders. Although further benefits and costs are created, it is important in the initial stages of analysis to focus on those areas of greatest significance. Nevertheless, an Impact Map is dynamic and will require re-visiting to complete at a later stage in the investigation.

There are five steps involved to create and fill out your Impact Map:

- 1) Start the Impact Map  
Your Impact Map should consist of at least the columns Stakeholder, Input, Activity, Output, Outcome and Impact (Input: contribution to make the activity possible; Activity: What does the stakeholder have to do; Output: quantitative summary of an activity; Outcome: result of the activity). It may be easier to work through your Impact Map inputs, outputs and outcomes in relation to one stakeholder and then repeat this for the next stakeholder.

**Activity: Zero-Waste certification**

Stakeholder	Input	Activity	Output	Outcome
Company	Staff time and money	Change processes to reduce and re-use waste	Zero-waste certification; Less waste; improved processes; trained staff	Lower environmental footprint; image improvement; less raw materials needed; reduced costs for waste disposal

Several complete examples can be found under point 4 Annex I.

- 2) Identify the inputs  
In SROI, the investment refers to the financial value of the input. You need to determine what the stakeholders contribute to make the activity possible. The inputs, such as money or time, are consumed in the course of the activity. In some cases, there are other contributions that need to be valued.  
If you are analysing the social value of an activity that is funded by multiple sources, an initial analysis of the cost of those activities is required.
- 3) Assigning a value to the inputs  
Non-monetised inputs, e.g., volunteer time and contributions of goods and services, need to have a value attributed to them in order to be transparent about the full costs of your activity. Communicate the inputs you have assigned with your stakeholders to avoid misinterpretation.
- 4) Clarify the outputs  
Outputs are a quantitative summary of an activity. Describe the outputs from each activity in your Impact Map. Communicate the outputs you have assigned with your stakeholders to avoid misinterpretation. One output can be a new employer or the reduction of waste and emission
- 5) Describe the outcomes  
Measuring the outcomes is the basis of SROI. Therefore, make sure to differentiate between outputs and outcomes. Again, communication about the outcomes with the

respective stakeholders is key since they may describe the effects differently to you. For this, you can ask them important impact questions. Finally, judging the outcomes you need to consider other factors as well, such as the company’s objectives. Stakeholders’ views are critical but they are not the only factors in deciding which outcomes are significant. SROI include your stakeholders but not be led by them completely. Therefore, decide what you want to include in your analysis before moving on to measurement. If you decide to exclude outcomes, you should document this in your SROI report.

Possible outcomes can be:

- Increase or reduction of profits
- Greater choice of employees for projects
- New perspectives for renewal
- or improvement of the image

**03 STAGE**  
Detections of outcomes and giving them a value

- 1. DEVELOP OUTCOME INDICATORS**
- 2. COLLECT OUTCOME DATA**
- 3. ESTABLISH THE DURATION OF THE OUTCOMES**
- 4. ASSIGN VALUE TO OUTCOMES**

### Stage 3: Detection of outcomes and giving them a value

Understanding how value is created for identified stakeholders is crucial to the development of the SROI analysis. After setting up your impact map and describing the outcomes that are occurring for stakeholders, you need to develop outcome indicators and use these to collect evidence on the outcome that is occurring and the created value. Only if you measure those outcomes and values, you will be able to highlight their importance. Assigning monetary values to social and environmental returns provides an opportunity to demonstrate wider value creation.

Stage 3 consists of four steps:

- Develop outcome indicators

The next step is to identify and clarify one or more indicators for each of the outcomes. These indicators are important to tell you whether the outcome has occurred and to what extent and should be balanced between subjective and objective indicators. Make sure to involve your stakeholders to identify the relevant indicators and only measure what matters. If the outcome is important you will need to find a way to measure it.

- Collect outcome data

After you have set your indicators, you will need to collect data on them. It may be helpful to look at information from research or other people's experience in similar activities. Membership, partner or research organisations are key contact points. New data will usually come from people directly involved in the creation of social value and you will need to make interviews and/or questionnaires. Finding relevant data can be challenging, therefore, use the best available information or make assumptions and estimates.

- Establish the duration of the outcomes

Some outcomes will last after the activity has stopped and therefore, it will also continue to generate value. For this reason, it is necessary to estimate your benefit period or the duration of the outcome with an appropriate timescale for each of your outcomes. The longer the duration, the more likely it is that the outcome will be affected by other factors. Therefore, you should look for research to support your decision and rationale it. At this point you should add a duration column to your Impact Map.

- Assigning value to outcomes

The next step is the monetisation. It is necessary to give your outcomes appropriate financial value in order to compare them to other outcomes and show the significance of each outcome. Value is always subjective. In SROI financial approximations to estimate the social value of non-traded goods to different stakeholders are used. If done properly, it will capture the different types of value related to an activity as seen from the perspective of the stakeholders and it will make your SROI analysis credible. Nevertheless, valuation will be a challenging task, but you can find examples and different techniques in your research for orientation. Remember that your choice needs to be well explained and if possible evidenced. Please refer to additional guidance from the SROI Network and the database on values, outcomes and indicators for stakeholders for more information.

For instance, if you attract new workers who have special workplace needs, this may cost more money in the first step. What is important at this point, however, is what added value the new employee can have for the company. The special working conditions can lead to new perspectives being opened up in projects or even processes being optimised. This may not be a direct financial advantage at first. Monetisation can be both a long and a short process. Often, the financial benefit that could not be estimated at the beginning of the project only emerges after a certain period of time.

## 04 STAGE

Determination of the impact

**1. DEADWEIGHT AND DISPLACEMENT**

**2. ATTRIBUTION**

**3. DROP-OFF**

**4. CALCULATE YOUR IMPACT**

### Stage 4: Determination of the impact

This section provides several ways to assess whether the outcomes you analysed, your “impact”, resulted from your activities or would have occurred anyway and what proportion of the outcome is due to your activities. Determining the impact prevents over-claiming and makes your outcomes more credible. Furthermore, it will help you to avoid the risk of investing in initiatives that don't work or don't work as well as intended. Identifying the impact can also help you identify key stakeholders that you may have overlooked.

There are four steps involved in stage 4:

- 1) **Deadweight and displacement**  
The amount of outcome that would have happened even without the activity is called deadweight, is deducted from the total quantity of the outcomes as a percentage and can always only be an estimate on information you can get. Again, comparison to similar activities and data will make your estimation more reliable and credible.
- 2) **Attribution**  
Another important point in determining the impact is to assess the attribution of the outcome to other organisations or people. Again, sometimes it will be difficult to make an accurate estimation of attribution but there are three main methods to approach it. A combination of these methods may be advisable for some outcomes:
  - (1) Base your estimate on your experience
  - (2) Ask your stakeholders for an estimation
  - (3) Consult with other organization about attribution.
- 3) **Drop-off**  
Drop-off is used to account for the decreasing amount of outcomes over years and is only calculated if the outcomes last more than one year. Usually, a fixed percentage is deducted from the remaining level of outcome.
- 4) **Calculate your impact**  
With all the percentages for deadweight, attribution and drop-off, you can now calculate your impact for each outcome. After multiplying your financial approximation



by the quantity of the outcome, you need to deduct the corresponding percentages from steps 1, 2 and 3 of stage 4.

## 05 STAGE

Calculating the Social Return On Investment

1. PROJECT TOWARDS THE FUTURE
2. CALCULATE THE NET PRESENT VALUE
3. CALCULATE THE RATIO
4. SENSITIVITY ANALYSIS
5. PAYBACK PERIOD

### Stage 5: Calculating the Social Return On Investment

The next stage is to calculate your SROI based on the information gathered. This stage will determine how to summarize the financial information you have collected previously. The basic idea is to calculate the financial value of the investment and the financial value of the social costs and benefits. For this, set up a spreadsheet.

If you are doing an evaluative SROI analysis, the evaluation should ideally be done after the period for which the outcome was expected. However, interim evaluations are useful to assess how well the intervention is working and to provide information to support any changes. If you are comparing actual results to a forecast, you will need information about the time periods over which your outcomes last.

The SROI ratio is calculated in five steps:

- 1) Project towards the future  
In a first step, you need to project the value of all outcomes into the future. Therefore, set out the value of the impact for each outcome for one time period, copy the value for each outcome across the number of time periods it will last and subtract any drop-off for each of the future time periods after the first time period.
- 2) Calculate the net present value  
For the net present value, the costs and benefits paid or received in different time periods need to be added up. Since there is a time value of money, you need to do a process called discounting. Unfortunately, this encourages short-termism by discounting the future. Nevertheless, CSR should always aim for a better future and long-term benefits should be targeted.  
Having calculated the Present Value of your benefits by dividing your value of impact for each year by the discounting rate, you can deduct the value of your inputs (the investment) to arrive at the Net Present Value.

3) Calculate the ratio

It is now time to calculate the initial SROI ratio by simply dividing the discounted net present value of benefits by the net present value of investments:

$$\text{SROI ratio} = \frac{\text{net present value of benefits}}{\text{net present value of investments}}$$

This ratio will show you how much (financial) value you created from your investment.

4) Sensitivity analysis

It is important to perform a sensitivity analysis of your results in order to assess the extent to which your results would change if you changed some of the assumptions you made in the previous stages. With this you can test which assumptions have the greatest effect on your model with a significant impact to the overall ratio. Standard requirements to check are the estimation of deadweight, attribution and drop-off, the financial approximations, the quantity of the outcome and the value of valued non-financial inputs. This allows you to report the amount of change necessary to make the ratio change from positive to negative or vice versa.

5) Payback period

To determine the risk of your project, you want to know at what point in time does the value of your outcomes exceeds your investments (payback period). The payback period is often described in months rather than years since the investment will usually be paid back over a period of months.

## 06 STAGE

Reporting to stakeholders, using the results and embedding commitment

1. ACCOUNTABILITY TO STAKEHOLDERS
2. USE THE RESULTS
3. VERIFY THE INFORMATION

### Stage 6: Reporting to stakeholders, using the results and embedding commitment

After your successful SROI analysis, it is important to continue the prove and improve process by reporting to your stakeholders, communicating and using your results and embedding the process of SROI analysis in the company. The next SROI analysis you will perform with different targets and goals will benefit strongly from your work and lessons learned in your previous SROI.

For the final stage, there are three steps to perform:

- 1) **Accountability to stakeholders**  
In SROI it is necessary to report your analysis to your stakeholders in order to create accountability to them. In this regard, your report should cover all qualitative, quantitative and financial aspects with the respective explanation of your decisions. Nevertheless, a SROI report should be as short as possible while meeting the principles of transparency and materiality. Make sure to include your findings and analysis of the entire SROI process as well as recommendations for ways to improve data collection and evidencing outcomes.
- 2) **Use the results**  
The most important part of your SROI analysis is to use your results. Your findings should feed into your strategic planning process and should result in changes in your organisation. Use the results in your communication with stakeholders so that they understand and support your work as well as invest in your future activities. Nevertheless, set a realistic timescale since changes require time.
- 3) **Verify the information**  
There should be appropriate independent assurance of your claims. For verification you can assure that the analysis has complied with the principles of good practice in SROI or assure your principles and data.

There is a whole network behind SROI. The SROI network offers a lot of helpful material and documents for download on their website [www.thesroinetwork.org](http://www.thesroinetwork.org), e.g. a template for your



Impact Map, case studies on calculating SROI, Ten Impact Questions on how to maximise your impact and a checklist for SROI analysis. There are a number of online tools that are available to help you with SROI and information on how to value inputs as well.<sup>5</sup>

# 3

Websites

## Websites

1. [https://en.wikipedia.org/wiki/Social\\_return\\_on\\_investment](https://en.wikipedia.org/wiki/Social_return_on_investment)
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# 4

## Annex I

## Annex I

### Introduction

The Annex I is intended to give an overview and simple examples for stage 1 and 2 of the SROI. It is focused on 5 activities, each of which identifies the stakeholders to be involved, their input and output, the action required and the outcome for the company. It can be used as a basis and checklist for each company and can be individually adapted to the company's conditions.

The activities are:

- Zero-Waste certification,
- CO<sub>2</sub> balancing and reduction of environmental footprint,
- integration of Ukraine refugees,
- cooperation with rehabilitation centres / with workshops for the disabled and
- reintegration of prisoners into the labour market.

The activities serve both the company and the employees. The aim is primarily to make companies in the wood and furniture industry more environmentally friendly and thus also to strengthen their image. Especially companies that work with wood as a raw material must pay attention to climate protection in their external appearance. Likewise, employees with fewer opportunities on the labour market should be successfully integrated into companies and employment. This also serves the companies to present themselves as good employers on the labour market and thus make companies in the wood and furniture industry more attractive. At the same time, a better working atmosphere is created for the employees, which can ultimately counteract future staff shortages.

In order to better illustrate the theoretical guidelines, individual best practice examples should also be presented in more detail. As already shown, the process of an SROI procedure is a lengthy process, so that a complete and complex presentation would go beyond the scope of the guideline. Therefore, the presentation should only be brief.

It is important to note that Annex I is only a simplified presentation. Since each of the activities mentioned meets different conditions in companies, each company must analyse its own situation and adapt the Annex I if necessary.



Maps for stage 1 and 2 of SROI analysis:



**Activity: Zero-Waste certification**

Stakeholder	Input	Activity	Output	Outcome
Company	Staff time and money	Change processes to reduce and re-use waste	Zero-waste certification; Less waste; improved processes; trained staff	Lower environmental footprint; image improvement; less raw materials needed; reduced costs for waste disposal
Legislative authorities	Financial support	Making circular economy attractive	Reduced amount of waste and emissions	Lower environmental footprint for region; climate change mitigation
Certification entities	Knowledge and skills	Support companies on their way to Zero-waste certification	New customers	Income
Waste disposal plants	none	None	Reduced amount of waste	Reduced income

**Best Practise example:**

The company Fama, manufacturer of sofas from Spain, has just received the “Zero Waste” certification from AENOR in 2022. AENOR is a Spanish standardization and certification body. The certification guarantees that more than 90% of a company's industrial waste is recycled. The company's waste does not end up in a landfill, but is given a second life.

Fama has given a second life to a total of 99.985% of the waste generated in the last 8 months prior to certification.

Some of the production processes were changed for implementation, although this led to considerable complications in everyday production. The data obtained was used to optimize waste reuse. The management of the waste generated in the fabric cutting machines was the biggest challenge. These machines used to generate industrial waste, and with the changes made, these are now segregated so they don't end up in just any waste.

With this certificate, Fama shows that an investment in working time and production optimization can lead to amazing results. Today, zero-waste companies are in greater demand than ever among young workers and are therefore a tried and tested means of recruiting skilled workers.



### Activity: CO<sub>2</sub> balancing and reduction of environmental footprint

Stakeholder	Input	Activity	Output	Outcome
Company	Money (and staff time)	Gathering of information; performance of CO <sub>2</sub> balancing	CO <sub>2</sub> balancing; reduced environmental footprint; improved processes; trained staff	Image improvement; financial savings due to enhanced processes
Company Employees	Participation; time	Support (or perform) balancing process	reduction of CO <sub>2</sub> footprint of the company; (qualification)	Better identification with the company; improvement of expertise - higher salary
Government	(Financial) support	Financial benefits for companies	Reduction of emissions	Lower environmental footprint for region; cost savings due to climate change mitigation
Provider of CO <sub>2</sub> balancing	Knowledge, experience and time	Perform CO <sub>2</sub> balancing or support company to do so	New customer	New income

### Activity: Integration of Ukraine refugees



Stakeholder	Input	Activity	Output	Outcome
Company	Staff time and money	Support refugees with their work and language courses	professional workers	loyal workers; reduction in shortage of skilled workers
Refugee	Willingness to contribute and integrate	Work and do language training	employed; qualified worker	integration into society; income; independence
Governments	(Financial) support	Financial benefits for companies and language schools; expand the range of language courses	Reducing unemployed refugees	Reduction in financial social benefits; reduction in shortage of skilled workers; tax revenues.
Schools	Language education	Provide language courses	Language education of refugees	Income from additional language courses



### Activity: Cooperation with rehabilitation centers/ with workshops for the disabled

Stakeholder	Input	Activity	Output	Outcome
Company	Staff time and money	Include disabled people into processes; workplace adaptations	Trained worker; better working environment	Loyal workers; reduction in shortage of skilled workers; image improvement
Disabled people	Participation and willingness to learn	Work and training courses	Education and employment	integration into society; income; independence
Government	(Financial) support; funds	Financial benefits for companies and VET centers	Reduction of unemployed people with disabilities	Reduction in financial support of people with disabilities; reduction in shortage of skilled workers; tax revenues.
VET centers	Education for people with special needs	Provide special training	Educated people	Income from additional courses
Institutions for disabled people	Knowledge; cooperation and staff time	support companies and disabled people in the integration process	Integration of people with disabilities into labour market/companies	integration into society; less people to take care of

#### Best Practise example:

A good example of the inclusion of people with disabilities is the German company stilfabrik\* GmbH. The company provides carpentry services and employs 12.5% of the workforce through people with disabilities. The search for a specialist was a challenge for the company. Monotonous services that require a high degree of accuracy and only have a very low error tolerance require special skills. With the help of the Chamber of Commerce, the owner Piet Hülsmann specifically looked for people with disabilities to offer them a good chance on the job market. Eventually, the position was filled by a worker with Asperger's Syndrome. Accuracy and attention are often required in the wood and furniture industry. It was precisely these skills that the new worker brought with him.

The Federal Employment Agency supported the integration financially and the integration service from the Chamber of Crafts' helped train employees in dealing with people with disabilities. In the meantime, another skilled worker with a physical disability has been hired and enriches the company with his manual work.

The stilfabrik\* GmbH shows that inclusion is also possible for small companies and that in times of a shortage of skilled workers, supposed deficits of people with disabilities can create a high added value for a company. The company even received the German Inclusion Prize in 2016 for dealing with people with disabilities. More informations can be found here: <https://www.inklusionspreis.de/der-preis/die-preistraeger-2017/stilfabrik.html>

### Activity: Reintegration of prisoners into the labour market



Stakeholder	Input	Activity	Output	Outcome
Company	Staff time and money	Practical training during the release of prisoners; Integration into workplace	Professional worker	Loyal workers; reduction in shortage of skilled workers
(Former) prisoners	Participation	Work and training courses	Education and employment	Reintegration into society; income; independence
Government	(Financial) support	Financial benefits for companies and VET centers	Reduction of unemployed former prisoners	Safer society; reduction in shortage of skilled workers; tax revenues.
Aftercare organizations	Knowledge and experience; cooperation with companies	Support (former) prisoners and companies	Qualified and employed (former) prisoners	Integration of (former) prisoners into labor market and society; less follow-up work
VET schools	Education	Training courses (in prison)	Educated people	Income from additional courses

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