



Calculating Social Impact

Higher Standards for a Higher Purpose

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Introduction

What is it to win the world but lose your soul? This exercise is designed to help you define “success” and “significance” relative to the price you pay from one or more perspectives other than financial. It's important that your numbers for “Social Impact” adhere to some sort of common definition, albeit the idea of measuring social impact is relatively new.

Opportunity knocks! At the moment, there seems to be no international standard regarding Social Life Cycle Assessment (S-LCA). The first guidelines for S-LCA were released in 2009 by the United Nations (you can download the .pdf file [here](#)). Some LCA software is starting to include social LCA (e.g., [GaBi software](#)). There's also a good research paper which speaks to the Framework for a Social LCA, and the need to use international definitions to create the S-LCA framework, both for social impact areas common across all companies, as well as those which are product and culture specific (download [here](#)).

As the head, and not the tail, we therefore encourage you to stretch beyond a triple bottom line and perhaps set or become the benchmark standard the world follows.

Important Note: Understand that the definitions below are only intended to clarify the “general intent” of each of these metrics. Your Beneficial Organization is asked to present its outlook for each of the social impact metrics below and then subsequently measure and report it as part of your Beneficial Organization’s performance going forward. Each Beneficial Organization will have many unique factors that drive the measured impacts, their business model, transparency requirements, and/or corporate governance.

We recommend you refer back to the Prado Group Impact Assessment Process, more specifically, Step 2 (Sustainability) & Step 3 (Social Impact) to highlight many of the factors that might be considered based on your unique model. These impact assessments are intended to be used as interactive diagnostic tools in conjunction with third-party market studies, SWOT, PEST and/or other “analysis” providing you with what you might need to model these metrics. Your internal business systems should provide capabilities to measure and report (dash-board) these various assessments going forward as an ongoing concern, whether the regulatory environment requires it or not. After all, we are supposed to model these higher standards for a higher purpose.

Important Note: From the time you first “registered” with Prado Group, the requirement of having a third-party market analysis has not changed. If you currently do not have the detailed information required to create these models, we strongly recommend you budget for these near term and secure these studies now in readiness for the third-party due diligence. If you cannot make sense of the information you do have, perhaps you need one or more experts on your team, and should consider replacing yourself as President/CEO with someone more capable.



Calculating Social Impact

Instructions

Based on the information gleaned from the resources mentioned in the above hyperlinks, for the purposes of standardized reporting (e.g. apples to apples) we will define “social impact” as detailed below. Each italicized title in the section below represents one cell in the impact section of the Executive Summary Project Impact spreadsheet.

With any number you provide on the spreadsheet, be sure you can back it up. Even the definitions provided below are sometimes difficult to calculate – do the best you can, and document your assumptions and calculations.

Important Note: Send this documentation along with your completed spreadsheet. Be advised, it is far better for you to leave a blank than to lose integrity because your answers are found to be bogus and lose integrity.

Social Impact Worksheet

The following are the line items used within the context of the impact analysis worksheet; they are also used in the Prosperity Summary table on the second page of the Executive Summary template.

Population Impacted by Product or Service is the sum of:

- **DIRECT:** your Beneficial Organization’s shareholders (e.g., the number of equity owners) and your Beneficial Organization’s stakeholders (e.g., the internal and external human relationships “directly” affected along the entire value chain); plus
- **INDIRECT:** your Beneficial Organization’s stakeholders, plus secondary and tertiary human relationships (those “indirectly” affected along the entire value chain) such as one’s family, people within other organizations, their communities, and countries.

Important Note: For the purposes of this definition (and despite the 14th Amendment to the United States Constitution) only living human beings (male or female) can be stakeholders. This information should be commonly found in a comprehensive market analysis.

1. Jobs Created is the sum of:

- **DIRECT:** the number of full-time jobs exceeding a relative “living wage” created by your Beneficial Organization; plus
- **INDIRECT:** the number of full-time jobs exceeding a relative “living wage” created by others as a result of your Beneficial Organization doing what it does.

Total: combination of Direct and Indirect subtotals

2. Jobs Displaced is the sum of:

- **DIRECT:** the number of full-time jobs lost or displaced by your Beneficial Organization as a result of the implementing a new product or service; plus



PRADO GROUP FBO

16192 Costal Highway
City of Lewes, DE
County of Sussex, USA

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- **INDIRECT:** the number of full-time jobs lost or displaced by your Beneficial Organization as a result of shifting competition, efficiencies, scale, specialization, political, economic, social, technological and/or other marketplace factors.

Total: combination of Direct and Indirect subtotals

3. Net Jobs (Jobs Created – Jobs Displaced):

- **DIRECT:** result of Direct #2 minus result of Direct #3
- **INDIRECT:** result of Indirect #2 minus result of Indirect #3

Total: combination of Direct and Indirect subtotals

Total Industry Displacement:

- The Gross Revenue you capture from your competitors' products and services (standard "industry" classification); and
- Industry adjustments (expansion or contraction) through the shifting of economic populations.
- **Total:** combination of new industry/revenue creation + industry/revenue shift - industry/revenue displacement, obsolescence, contraction, and/or extinction.

Total Corporate Philanthropy:

- Total amount of USD donated or gifted to a charitable organization; divide this amount into Gross Revenue to determine the percentage. Or if you choose, you can apply the formula inversely, and multiplying the Gross Revenue by the declaration of a percentage to determine the amount in USD.

Important Note: Please be prepared to submit evidence to substantiate your Beneficial Organization's "commitment to corporate philanthropy" (e.g. "C" corporations should present one or more corporate resolutions to this effect).

Total Quantity Directly Impacted by Product or Service:

- These two fields are for each company to "show off" their company specific examples of social (and environmental) impact. For example, a biomass organization can measure a reduction of landfill tonnage or square miles of real estate reclaimed as a result of the use of their product. Temporary and transitional housing can point to the reduction of the number of homeless or increasing the numbers of low income housing available.
- Remember, though, each number has to include both sides of the equation. An alternative fuel cell organization may be reducing carbon footprint by using less fossil fuel, but this comes at a cost of having to dispose of a toxic battery.

Important Note: Make sure you use MEASURABLE examples and identify what you're measuring and the assumptions you used to come up with this measurement in the documentation accompanying this spreadsheet.