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Valuing Service Design: Lessons from SROI

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This paper describes lessons learned through the use of a Social Return On Investment (SROI) approach to evaluate a completed Service Design project with a large vocational training company. It is written by the Service Design team that led the original project and who subsequently used SROI to evaluate its impact. Experiencing the SROI evaluation process first-hand, in a live setting, is the approach by which the authors develop a discussion about its potential fit with Service Design processes.

The SROI method enabled both the design team and the case-study organisation to acknowledge and measure additional social/stakeholder benefits created through the design work. These elements would not have been visible in a traditional ROI evaluation.

There is the promise of a useful fit between SROI and Service Design in larger projects. The approach could be used as a framework for forecasting and evolving indicators for likely social impacts (and their financial proxies) throughout a Service Design project, to guide decisions at each stage. Its usefulness depends, however, on there being a will at Design Management level to rehearse the approach and develop tailored approaches towards it.

In the current study, the method was found to be time-intensive for the Service Design team as lay-users and also for some key project stakeholders, but that could be better managed with experience. SROI will not suit every project, however may fit very well with those projects that already count a full business plan amongst their deliverables. One of the main limitations encountered in using the SROI process was difficulty identifying appropriate proxies for the calculations. It is proposed that social benefit might be expressed to multidisciplinary co-design teams through visual and emotive means rather than in quantitative, financial terms. *Such 'visual proxies' would better fit with the semantic mode of design.*

Keywords : Service Design; Social Return on Investment; Evaluation

Introduction:

Motivation

As design continues to migrate into the public sector and also the publicly-funded Voluntary and Community Sector (VCS), it is subject to a much greater (and continually growing) level of evaluation and scrutiny than is evident in the commercial sector. The new challenge this presents to Design Management is the identification of complementary evaluation approaches, which can be built in from the outset of a project.

This paper discusses lessons learned through the use of a Social Return On Investment (SROI) approach to the evaluation of a recently-completed Service Design project with a UK based training company. The paper has been developed by the Service Design team that led the original project and who subsequently used SROI to evaluate its impact. The team includes the Service Designer established in the company, the project owner in the company and the external design specialists supporting the project.

The SROI method captures social and environmental as well as economic benefits, holistically and from the stakeholders' perspectives. It translates the social objectives of different stakeholders into financial measures of benefit (Nicholls et al, 2009). Due to its focus on stakeholder value, the SROI method was selected as a credible and systematic approach to effectively capturing the impacts of the project.

Experiencing the SROI evaluation process through practice and in a live setting is the approach by which the authors develop a discussion about its potential fit with Service Design processes.

Project Context

Zodiac Training Ltd. was chosen as a case study to evaluate the fit between SROI and Service Design because a substantial Service Design project had been delivered there and, on completion, some ROI evaluation already carried out. Although a private sector organisation, the bulk of Zodiac Training's work involves delivering nationally-accredited qualifications such as Apprenticeships that are overseen by the UK Government. As a result, the organisation's actions are driven largely by a complex regulatory framework set by the Department for Education. Zodiac Training is currently a £6m+ turnover company employing 120 staff and delivering around 5,000 accredited training programmes each year. They are the largest provider of Apprenticeships in the North East of England, but also run training programmes UK wide.

The Service Design project involved the design and implementation of a

new, digitally-mediated training service. That service would need to take advantage of leading edge web technologies to deliver training programmes in a learner-centred way, whilst providing a range of progress-tracking tools for managers.

The company had a strong reputation for being friendly and supportive to learners, which it had achieved through human processes and lots of face-to-face contact. It therefore had great existing value, and so careful consideration would be required in translating some of the human-contact elements of the service into a digitally-mediated form without jeopardising Zodiac's existing reputation and distinctiveness. The main design challenge of this case was: how to take full advantage of contemporary digital tools to offer an improved learning experience, whilst also creating opportunities for more cost-effective delivery.

The training provided by the company was predominantly in the form of work-based qualifications, assessed on the submission of physical portfolios of evidence. A strategic aim of the project was to move towards transforming the 'people and paper' based processes of the company into digitally-enabled ones. As part of an integrated new service defined by the Service Design project, deliverables included: establishing a fit-for-purpose e-learning platform, development of an intranet system, development of a quality monitoring system for internal documents, electronic sign-up system for learners and a digital claims process.

It was always the intention that the implementation of these new online systems would improve the quality of service delivery – however it was discovered that they had also begun to change the way various stakeholders worked, improving efficiency. Our initial evaluation of the project when it ended in May 2010 indicated that the project outcome had been a very successful one. In the first 5 months, 41% of the company's learners were already using the new digitally-mediated service. At that point it was estimated that the likely net cost savings as a result of implementing the new service would be £125,000 per annum. When we returned in November 2011 to undertake the research described in this paper we found that all (more than 4,000) learners were now using the digital service, creating a wide range of additional impacts on the company and also considerably improving the on-time completion rates for learners.

Evaluating Innovation:

Evaluation methods in social innovation

A broad range of methods are available for evaluating the impact of innovation programmes and activities on society. However, social value

reporting has yet to be widely adopted across either the public, VCS or Private Sectors. A report published by NESTA (the National Endowment for Science, Technology and the Arts) and the Young Foundation on social innovation (Murray, Caulier-Grice & Mulgan, 2010) stated that there are currently over 150 different metrics used in the non-profit (VCS) sector. These metrics are usually used for three different purposes: to provide funders or investors with data on impact; to provide a tool for organisations to manage their own choices internally; or to better understand long-term processes of social change and impact. The report listed 21 current metrics used primarily for the first of these three purposes – reporting impact. The metrics listed range from hard financial measures through to softer, biographical methods including qualitative research techniques from the social sciences. In 2005 the New Economics Foundation (NEF) based in the UK conducted a study mapping some of the most commonly used tools, comparing their advantages and disadvantages, complexity and resource-intensity, discussing a total of 22 separate models. The Gates Foundation (Tuan, 2008: 10-13) in the US has identified eight different approaches for estimating social value. Surprisingly few methods reoccur across all three of these reviews, suggesting that little consensus exists around approaches to social value reporting.

Very little literature can be found on the value of social impact in Service Design projects. Manschot and Sleswijk Visser (2011) recently published a paper describing a framework for value assessment in service processes and Service Design projects. The authors argue that in order to fully understand the value people attribute to the services they use, a project team must consider two types of value: performance value (attributed by organisations) and experience-value (attributed by service users). Essentially the framework accounts for the experience-value by interrelating personal and organisation perceptions of value. We acknowledge that Manshot and Visser's framework is useful for understanding value in a holistic manner from organisational and service user perspectives - however SROI enables us to account for the wider social value of a service, and to understand how society has benefited from that service indirectly.

Social Return On Investment (SROI) - origins, principles and stages

One of the few widely-recognized methods of evaluating social value is Social Return On Investment (SROI), which provides a clear framework for measuring and accounting for social value. SROI has recently emerged as the dominant approach for measuring social value (DEMOS, 2010) although there are still several variations of the model.

SROI originated from the Roberts Enterprise Development Fund (REDF) in the 1990s and has been designed for, and based upon, their experience with social purpose enterprises run by nonprofit organisations to provide employment and training to disadvantaged people. SROI developed from a cost-benefit analysis model (Emerson, 2000) but was extended to include social benefits through the process of monetising social outcomes. The 'ROI' in the SROI is a commonly used financial metric which is a ratio of benefits over investments (see Figure 1). The key difference between SROI and ROI is the inclusion of social value for SROI calculations. In 2003 European networking organisation ESROIN was formed, with links to the US's SROI promoters, to promote and pilot SROI in Europe. As a result the New Economics Foundation (NEF) began exploring ways in which SROI could be tested and developed in a UK context. The European and US SROI practitioners were instrumental in forming a global framework for SROI, identifying ten base elements required for SROI and providing the structure for current models (Schoten et al, 2006).

The current study reported in this paper uses the NEF model of SROI (described in the report by Nicholls et al, 2009), which focuses on the most important sources of value as defined by stakeholders. It therefore shares its ethos with the stakeholder-centric Service Design approach of the original intervention.

NEF describes SROI as 'a way to measure change in ways that are relevant to the people or organisations that experience or contribute to it' (Nicholls et al, 2009: 8). It is attractive because it helps stakeholders include all of the potential benefits a project or program might have, including wider economic benefit and social returns (Murray, Caulier-Grice & Mulgan, 2010). It captures the economic value of social benefits by translating social objectives into monetary values, measuring the value of benefits across a triple bottom line of social, environmental and economic outcomes. Comparing the aggregate value of this bottom line to the investments made produces an SROI ratio (see Figure 1). For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value; therefore the activity can be described as having an SROI of 3.

$$\text{SROI} = \frac{\{\text{Net present value of benefits}\}}{\{\text{Net present value of investment}\}}$$

Figure 1: SROI is a ratio of benefits vs investment, expressed as a single figure.

NEF's SROI model is based on seven principles:

- Involve stakeholders
- Understand what changes
- Value the things that matter
- Only include what is 'material'
- Do not over-claim
- Be transparent
- Verify the result

The concept of 'materiality' is used to determine whether an outcome is important to the evaluation. This concept (which has been built in by ESROIN) is borrowed from accounting principles, and is based on the idea that information is material if it has the potential to affect the stakeholders' decision. NEF's approach is distinctive in that it places emphasis on stakeholder engagement and focuses on materiality. It also uses 'impact mapping' to account for organisational change and 'attribution', which is an assessment of what proportion of each outcome was caused by external factors. In combination, materiality and impact mapping are designed to minimise the risk of organisations over-claiming.

There are four Phases of work described in NEF's SROI model, summarised in Table 1 below (from Lawler, 2008: 6).

Phases	Description
Phase 1 - Boundary	<ul style="list-style-type: none"> ▪ Establish the parameters for the SROI ▪ Identify, prioritise and engage stakeholders ▪ Construct an impact map based on stakeholder consultation
Phase 2 - Data collection	<ul style="list-style-type: none"> ▪ Select indicators for collecting outcomes ▪ Identify financial values for the indicators, using proxies where necessary ▪ Collect outcomes data
Phase 3 – Modelling and calculating	<ul style="list-style-type: none"> ▪ Model the SROI, accounting for attribution, displacement and deadweight ▪ Calculate the present value of benefits, value added, SROI ratio and payback period ▪ Perform sensitivity analysis
Phase 4 – Reporting and embedding	<ul style="list-style-type: none"> ▪ Prepare a detailed report of the SROI process, assumptions, and findings ▪ Ensure that the SROI process is embedded in management systems to enable ongoing <i>proving</i> and <i>improving</i>

Table 1: NEF's SROI 4 Phase Model

Recognised challenges in SROI

The literature identifies many challenges in conducting SROI evaluations. It is widely acknowledged to be one of the more resource-intensive social evaluation tools (Angier Griffin, 2009) (NEF, 2005) (Lawler et al, 2008). A report (Wood & Leighton, 2010), published by independent UK think tank DEMOS, suggests translating the principles of SROI into a simpler and more achievable social value measurement set, better suited to smaller Voluntary and Community Sector (VCS) organisations. However the recently increased interest in social reporting has seen SROI, based on the NEF model, become the first such tool to be recognised by the UK Government.

Method:

Evaluative SROI

Experiencing SROI evaluation as practice, in a live setting, is the approach by which the authors develop a discussion about its potential fit with Service Design practice. SROI was selected for the current study as a credible evaluation method that seemed to offer a good fit with Service Design approaches, being stakeholder-driven but bringing a degree of complementary rigour.

There are two types of SROI: forecast and evaluative (Nicholls et al, 2009: 8-9). The processes are the same but the perspectives and purposes are different. Forecast SROI predicts how much social value will be created if planned activities meet their intended outcomes. Evaluative SROI is conducted retrospectively to evaluate actual activities that have taken place. For the purpose of this paper, we have used an evaluative SROI process to develop our understanding of the practice. We have then used that experience to correlate SROI practice with Service Design practice. Because both SROI types share the same stages of work, we believe this research approach is sufficient for the purpose of understanding fit between the two practices.

One of the authors of the NEF model (Nicholls et al, 2009), Tim Goodspeed, was contacted to discuss options for the proposed study's form. In response to the guidance provided, the scope of the current study was framed as an SROI evaluation comparing the situation before the Service Design work with that afterwards. The company agreed to participate in the research, and it was agreed that all stakeholders involved in the primary research process would subsequently be compensated for the cost of their time (in line with our university's research guidelines). The SROI model described by NEF was closely

followed in terms of principles and practice, and for the purpose of this paper only the detail of data collection with project stakeholders need be described in addition. There are 5 stages to the research, which are mapped out in Figure 2:



Figure 2: Research design stages

Step 1: Establishing scope and identifying stakeholders

The first stage of the research is to establish the scope of the SROI, identifying the purpose, audience, background, resources, timeframe and range of activities to consider as part of the analysis. Considering these factors helped us to identify the range of stakeholder groups that have been positively/negatively and directly/indirectly affected by the project outcomes. Looking at the wider social value of the project, this list included the UK taxpayers, the learners' employees, the learners themselves, the awarding body and Zodiac itself. A set of draft suppositions were created for each group, stating what might have changed for them and whether that might have had wider positive and negative effects for partners in business and society. These suppositions were based on the authors' knowledge of the original Service Design project. One such supposition for learners was: "I can access my resources around the clock, which means..." These sets of suppositions were used to prompt discussion in the subsequent interviews, revealing what was important to the various participants.

Step 2: Mapping possible changes: Preliminary interview

Before the stakeholder interviews all of the draft suppositions were tested, discussed and expanded in a lengthy preliminary interview with Zodiac's Systems Designer, Phillip Meredith – who delivered the original Service Design project. Through this interview initial indicators were identified relating to each supposed change, examples of which included 'Staff Retention Rate' and 'Learner Completion Time'. This was an important

process to raise the researchers' awareness of indicators and proxies, and to ready them for the interview process. In particular it put emphasis on the need to listen for potentially quantifiable effects.

Step 3: Evidencing outcomes (change indicators) and assigning value (financial proxies)

Stakeholder groups involved in service delivery were represented in one-to-one interviews by Carole Loader, the Zodiac Director responsible for business improvement; Phil Dorn, a former Training Advisor (TA) now responsible for taking new TAs through their induction process; Carolyn Bowie, Programme Manager – Health and Social Care; and Joanne Oliver, Internal Verifier responsible for tracking progress and reporting it to the independent External Verifiers who accredit each qualification.

Note: The Training Advisors are the main customer-facing staff in the organisation, providing one-to-one teaching, coaching and pastoral care to the learner as they progress.

The service-user stakeholder groups represented included learners, the Government and employers. One learner was interviewed and a body of secondary data from annual learner-questionnaires, conducted both before and after the transformation of the learning service, was analysed.

Secondary Data Sources

Because Apprenticeships are a mature training product and have recently been the subject of substantial Government evaluation (McIntosh, 2007) their stake was explored through this existing evidence-base. Through Ofsted (Office for Standards in Education) the UK Government also carries out regular inspections of all its training providers, the results of which are published and describe in detail the current priorities and how well Zodiac is fulfilling them.

Interviews with the employers of Apprentices under training were planned but could not be scheduled in time, so the UK Government's independently commissioned Apprenticeship evaluations, which discuss benefits to employers in detail (McIntosh, 2007), were used as secondary data to represent this stakeholder group.

Step 4: Establishing impact and calculating the SROI

Ahead of the on-site interviews, Zodiac's Management Information Consultant Peter Gregory had been briefed on possible data requirements and the time periods to which they would apply, so that reports could be developed to provide 'before and after' measures. These were based on the anticipated indicators of change within the company.

Peter was later interviewed to discuss the types of indicators that might be evident in Zodiac’s data. For example, through the interview process it was determined that there may be a record of the number of learners that have transferred into sustainable employment. This would enable a wider societal impact of an individual gaining employment to be considered in the evaluation.

Data collected from the different stakeholders were synthesised and transferred into an SROI Impact Map (see Figure 3 as an example from the NEF’s guide) to enable each identified change to be modeled over time and monetised. The SROI Impact Map has been developed by the NEF to help assessors systematically develop the SROI analysis.

The SROI method provides a number of steps for judging the actual social impact attributable to the project using concepts like deadweight, displacement and attribution. To ensure we only accounted for changes that were attributable to the Service Design project follow-up questions were necessary, mainly to senior contacts. Appropriate financial proxies were also selected at this stage.

Stage 1		Stage 2		Stage 3		Stage 4		Stage 5															
Stakeholders	Intended/Unintended Changes	Inputs	Outputs	Outcomes	Indicator	Source	Quantity	Duration	Financial Proxy	Value £	Source	Deadweight %	Attribution %	Drop Off %	Impact %	Calculating Social Return							
Who do we have an effect on? Who has an effect on us?	What do you think will change for them? What do you think will change for them?	What do you think will change for them?	Value £	Summary of activity	How would you measure it? (Where did you get the information from?)	How many times did you do it? (How many times did you do it?)	How long did it last? (How long did it last?)	How did you measure it? (How did you measure it?)	Value £	Source	Value £	What % of the value of the proxy would you use to measure the change?	What % of the value of the proxy would you use to measure the change?	What % of the value of the proxy would you use to measure the change?	What % of the value of the proxy would you use to measure the change?	Quantity (how many times did you do it?)	Year 1 (Year 1)	Year 2 (Year 2)	Year 3 (Year 3)	Year 4 (Year 4)	Year 5 (Year 5)		
Residents user health services less		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Residents get out of the house more		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Residents provided with nutritious meal		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Health services		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Health services		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Health services		Health services		Health services	Health services	Health services	Health services	Health services	Health services	Health services	Health services												
Total																							

Figure 3: Example of an SROI Impact Map (Nicholls et al, 2009, pg 102-105)

Step 5: Reflection on SROI in a Service Design management context

The final stage of the study was to reflect on SROI as a practiced process in a live setting in order to consider, discuss and report its potential fit with, and implications for the management of, Service Design projects. This was done through a combination of literature review on Service Design processes and using a reflective ‘what if’ scenario of embedding the SROI process in a Service Design project based on the authors’ experiences in previous projects.

Limitations of the research

The purpose of our research is to understand, and to draw preliminary conclusions about, the fit between SROI practice and Service Design

practice. We recognize that our evaluation involves a single case study and so it would be difficult to draw any robust claims to the efficacy of the fit. It is a post-project evaluative process, where stakeholders have been asked to recount their experiences and assumptions. Where possible we have been careful to triangulate data through a number of different sources, including going back to key stakeholders for secondary discussion and data collection where necessary.

Practical challenges encountered in the SROI evaluation

Escalation of the number of outcomes identified after interviews

The nature of the changes identified by stakeholders through the interview process proved, on reflection, to be multidimensional. For example: a single comment from the stakeholder can connect with a number of different outcomes. Figure 4 shows the breakdown into outcome measures of the response to the supposition stating that “Learners complete qualifications faster, so less site visits are necessary”. Five outcomes are created in response to this one supposition, each requiring potential proxies to be identified and values assigned. This complexity is compounded by the fact that the study began with 62 suppositions, all of which needed outcomes validated and values assigning.


Stage 2 			
inputs	inputs	Outputs	Outcomes
Description	Value £		Description
<i>Supposition: Learners complete qualifications faster, so less site visits are necessary</i>		Face-to-face visits are much more focussed on teaching eye-to-eye instead of flicking through paper portfolios as a review process because review is done prior to visit.	Quality perceptions improving and reputation
		Less face-to-face visits required saving travel-time and fuel/emissions	Less environmental/social impact
			Travel time saved from above
			Lower travel payments to staff
		Learner feels as if they are better connected, in spite of less face-to-face visits, because they use digital tools to stay in touch more frequently and have more points of contact (messaging, IV emails, phone etc)	Better Learner satisfaction ratings

Figure 4: Excerpt from this study's SROI impact map

Many follow-up questions required per outcome

The stakeholders were also asked to make some judgments about the scale of changes they were reporting. For example, the training advisor was asked: "So how many hours are saved by that?" In the SROI process many extra questions are required for each outcome in order to consider whether the changes might have happened anyway (known as 'deadweight'), and whether there are other contributing factors (known as 'attribution'). Asking these additional qualifying questions in the interviews felt uncomfortably pedantic at times, like a cross-examination of the participant's comment. In this study we found that many follow-up questions were needed to address these elements across the various stakeholder groups.

Sensitive management data required

Some of the follow-up questions in the current evaluation were sensitive, such as those to do with earnings, rates of surplus/profit, staff reductions and rates of casual sickness. This issue was addressed by involving a key contact at Director level in Zodiac, who had the authority to requisition and share that data.

Judging appropriate financial proxies proved complex

There is a growing database of possible financial proxies provided by The SROI Network at www.thesroinetwork.org. However, in this study it has proved particularly difficult to judge the overlap between proxies that could be used, which are areas of possible double-counting. For example: from Figure 4 above, when trying to judge the social impacts of reduced car usage, possible indicators include reduced traffic congestion, reduced CO², reduced embodied carbon (through reduced car production), the wellbeing of the person who drives less, and the road safety of either drivers or pedestrians. As a result, time-consuming research can be required to determine suitable social impact measures where simpler consolidated proxies may not yet be available. It is likely that, with experience, Design Managers (or more specialist project team members) will become adept at identifying those indicators that are worth investing time in modelling and those that are not.

Social returns still not fully represented in the evaluation

In the current study social effects, once monetised, were amongst the smaller components of the total SROI impact. This may be because *systemic* positive effects in society, e.g. the long-term impact of improving education quality, are not yet sufficiently understood to be turned into trusted financial proxies.

The environmental impact elements of the analysis have also tended to be small once monetized and compared with the ROI impacts e.g. just £272 per annum for the environmental impact of reducing paper usage. Visiting Zodiac's main office though there has been a huge visual impact from this change, with rows of filing cabinets (described by some staff as 'depressing') used to store learners' paper-based portfolios now replaced by informal meeting tables and much-improved sightlines. Anecdotally, the company culture also seems to have progressed very positively as transparency of performance has increased, shifting towards a sense of feeling valued and fairly treated as an employee. These impacts have not been possible to capture in the SROI, because supporting evidence did not seem to exist in Zodiac's data, and so they remain unrepresented in financial terms.

Organisational stories were circulating about the TA who 'left Zodiac to go to another provider, only to ask to come back again within a few days (showing that) we are so much more advanced than our competitors'. Semantic indicators such as organisational stories can be powerful expressions of positive impacts on organisational culture and staff well-being. An improved sense of well-being and motivation in staff was reported and seemed tangible and important, but also proved difficult to

assign a convincing financial measure to. Casual sickness-absence was investigated as a possible indicator, but figures were distorted substantially by seasonal flu and so could not provide a reliable indicator.

Occasional support from an expert or a working knowledge of accountancy would be helpful

The monetisation of effects in Phase 3 of the SROI process (from Table 1) presents a challenge. In particular, the translation of information into comparable financial units is not self-evident to non-accountants. Three examples of questions that arose from this study were:

- Can an increased turnover effect be compared directly to a cost savings effect?
- Can increasing resilience of the business be monetised?
- What is the financial effect of being paid sooner?

Working this Phase through with someone with a practical knowledge of accounting practice and conventions would be advisable if SROI is being used for the first time.

Discussion

Fit between SROI & Service Design Processes

There are many different Service Design process models, ranging from three to seven or more steps (see Best, 2006, Mager, 2009, Miettinen & Koiviston, 2009, Engine, 2009, live|work, 2009). However in a practice setting, Service Design processes share a fairly recognisable four-stage form (although terminology and stage names may vary). These four stages are: Exploration, Creation, Reflection and Implementation (Stickdorn & Schneider, 2011). For the purpose of this research, we have described our Service Design process using the UK Design Council's 'Double Diamond' process model (presented as Phases in Table 2) in order to compare fit with the SROI stages.

Phases	Description
Phase 1 - Discover	Early stakeholder meetings and workshops to map existing systems and provision are common to most Service Design approaches.
Phase 2 - Define	The designers begin to test, develop and eventually qualify new service propositions with stakeholders through a combination of Personas, Use-Scenarios and User-Journeys.

Phases	Description
Phase 3 – Develop	These propositions are refined and synthesised into a Service Blueprint and Business Plan
Phase 4 – Deliver	The implementation of the Service Blueprint and the delivery of a working service.

Table 2. Design Council's 4 stage Double Diamond process model (Design Council, 2005).

Figure 5 illustrates how we correlate the two practices of SROI and Service Design based on our experience of this study. The purpose of the diagram is to show how the SROI process may be built into Service Design projects.

The Discover Phase will involve identifying the key project stakeholders. The Boundary stage in SROI identifies who else, outside of the immediate stakeholder group, might also be affected by the project outcomes. In the very early stages of the project, this process would encourage designers to identify potential societal impacts beyond the immediate project stakeholder group.

In the Define Phase, the Service Design team will generate and test propositions with stakeholders through a combination of Personas, Use-Scenarios and User-Journeys (all approaches which capture what stakeholders value).

Through the Develop Phase the viable new elements of the service are synthesized into a Service Blueprint and business plan. By modelling and calculating how much that change is worth, the social impact value can be used to support the business case for the service. Although in process terms there is alignment of phases between the two processes (between A3 and B3 in Figure 5), in practical terms there is a divergence in the necessary skill sets. At this point the SROI stage of modeling and calculating requires an exacting and reductive approach, which may be most easily achieved by working in connection with project team members with financial modelling experience.

In this study we found this stage of SROI to be resource intensive, due to the complexity of measuring social impact (see example in Figure 4), confirming evidence from other studies (see NEF 2005, Lawler et al 2008). It may be a useful approach where a detailed business plan was already a planned deliverable, as this would provide information for the ROI elements with the 'S' being the focus of additional effort. At this stage of the process a conventional income/expenditure business plan will be simpler to achieve, because it takes the viewpoint of a dominant stakeholder – the business. Additional work is also required in order to

report the necessary assumptions that were made to monetise social impact, where in traditional income/expenditure accounting established conventions can be followed.

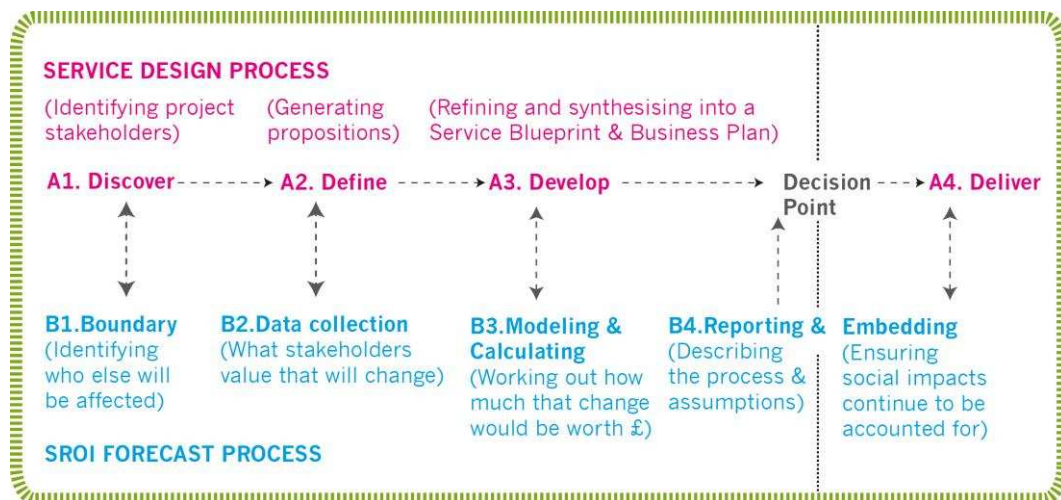


Figure 5. SROI evaluation process embedded in a Service Design project.

Conclusion

There is the promise of a useful fit between SROI and Service Design in larger projects. It may fit very well with those projects that already count a full business plan amongst the deliverables and could be used to inform decision makers about social impact as the project progresses. Its usefulness depends however on there being a will at Design Management level to rehearse the method in order to develop tailored approaches.

In the current study's before and after evaluation, the method was found to be time-intensive for the Service Design team as lay-users and also for some key project stakeholders, but that would improve with experience. In the case of detailed SROI evaluations, latter-stage input from someone with a working knowledge of accounting conventions is likely to be necessary.

SROI approaches could encourage a focus on the widest possible range of stakeholders as part of problem-framing in the Discovery stage of Service Design projects. However to fit with the co-design approaches that drive many service projects, it may need to be developed into a shorthand form and captured alongside, or as a more explicit part of, existing shorthand tools such as Personas and Scenarios. In this way aspirations around wider societal value might be captured and carried into the following Service Design stages.

One of the main practical limitations encountered in using the SROI process was difficulty identifying appropriate proxies for the calculations.

Areas for further research:

Enshrining wider societal impacts in existing visual shorthand tools

Further research could expand on the idea of ‘visual proxies’, which could condense key drivers identified in an SROI forecast into a more immediate and compelling form in order to encourage wider uptake of the process by Service Designers. For example, in the current SROI evaluation estimated reductions in paper use of 1500 reams p.a, as a result of paperless digital portfolios were monetised as just £272 (DECC, 2009). However, considered further, this represents approximately 225 trees left standing each year and 1.7 25-metre swimming pools of water not used in paper production (www.thepapercalculator.org, 2011). Figure 6 provides an example of how visual proxies could be used alongside other visual shorthand tools such as Personas and Scenarios, in order to better communicate the social value of the project.

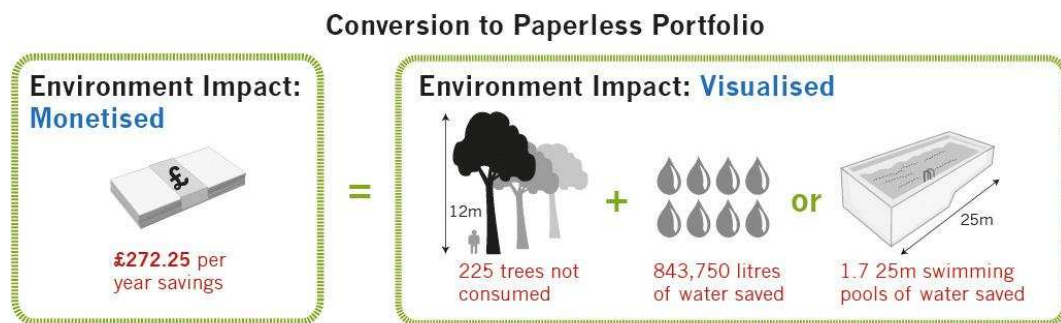


Figure 6. Visual representation of the impact conversion to paperless portfolio in this case study.

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