

15 YEARS OF RESULTS

15TH ANNIVERSARY INTEGRATED REPORT
2001 - 2016



MISSION:

MAKE IMPACT MANAGEMENT
UBIQUITOUS WORLDWIDE

VISION:

A WORLD IN WHICH
IT PAYS TO DO GOOD



For those interested in our impact measurement and reporting methodology and in the details of SVT's journey as a social enterprise, please see [Appendix](#).

LETTER FROM THE CEO

This is the story of an emerging profession. In 2001 SVT began working to catalyze a new industry that had no name: the one devoted to private sector efforts to understand its social and environmental impact, so that the private sector (and everyone else) could get better at solving the world's problems.

Today that emerging industry has a name: impact management. This report is an attempt to summarize from our vantage point how we have worked to help that industry define itself, from some of its earliest days in 2001 until 2016. And how have used a for-profit business model to do it.

When I started the company in 2001, I believed in the power that better information about impact would deliver to those working to solve the world's problems. Once we'd been in operations for five years, there was market validation of our Theory of Change in that all our clients were hiring us for measurement and management services (as opposed to some hiring us for things close to but outside of that bull's-eye, like design of socially responsible programs). After another 5 years it was possible to refer to what we did as "Impact Accounting"—evoking the idea that measuring, managing and reporting on social and environmental impact was a business discipline, analogous to financial accounting, and that we were a professional services firm within that discipline. In 2010 that framing resonated with a lot of folks in a way it hadn't before. And today, at the 15-year mark, there is finally solid evidence compiled by third parties such as the Global Impact Investors Network that many investors and businesses are benefiting financially and otherwise from impact management.

Today many allies are helping define what constitutes "good enough" impact management practice. The growing track record of field-building entities like Social Value International, the Global Impact Investors Network, B Lab and their community, and others are helping to shed light on meaningful yet practical ways of measuring and reporting impact. We've got skilled associates building their careers who are willing to help lift up this profession and shed light on the impact of all economic actors. But as a revenue self-sufficient entity whose clients pay for our services voluntarily and not because they're mandated to do so, we are also a barometer for the market's willingness to put a market value on impact information, and we know that despite all the necessary tilling and seeding of this emerging market's soil, there is still work to be done.

Developing this analysis and report has sharpened our focus and improved our ability to execute our mission as we embark on our next 15 years. We are proud to share this, and hope it encourages you to do the same!

Finally, this report would not have been possible without the serendipitous timing of a project with Yo- Yo Ma, which helped us engage the talents of Aislinn Betancourt. We can never thank either of you enough.

Onward!

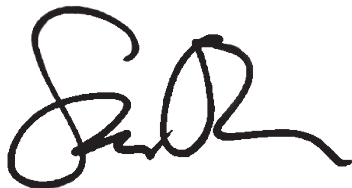


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For those interested in our impact measurement and reporting methodology and in the details of SVT's journey as a social enterprise, please see [Appendix](#).



WHAT WE DO

WE AIM TO MAKE IMPACT MANAGEMENT UBIQUITOUS WORLDWIDE.
WE ENVISION A WORLD IN WHICH IT PAYS TO DO GOOD.

OUR THEORY OF CHANGE

ASSUMPTION:

When the world can see the social and environmental impact of enterprises and their capital providers, it pays to do good.

STRATEGIES



THOUGHT LEADERSHIP

LAB: Contribute to the development of practical Impact Measurement and Management approaches and systems, and to the development of the profession.



CONSULTING

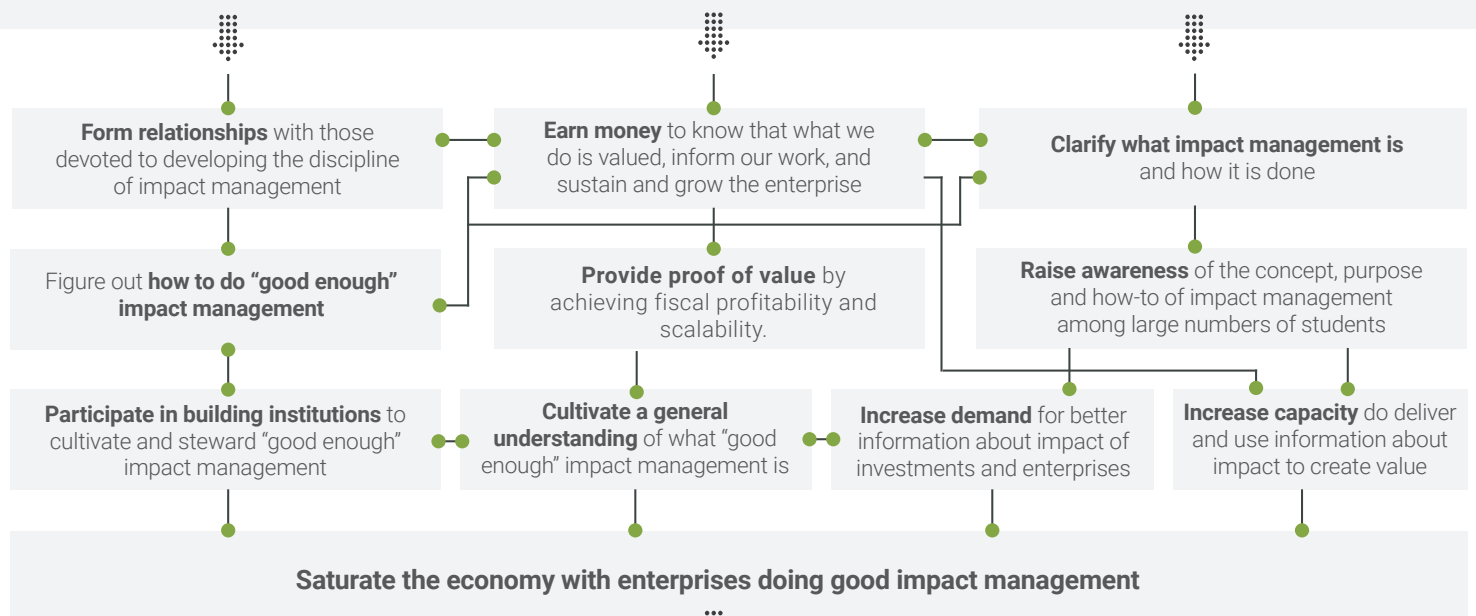
ADVISORY: Implement, inform and improve these systems through work with clients.



CAPACITY BUILDING

ACADEMY: Build awareness and widespread capacity to ask for, expect, and implement these systems.

OUTCOMES



IMPACT



MAKE IT PAY
TO DO GOOD

A BRIEF HISTORY OF SVT



THOUGHT
LEADERSHIP

[Lab]



CONSULTING

[Advisory]



CAPACITY
BUILDING

[Academy]

SVT is founded by Sara Olsen.



Shorebank Advisory Services becomes SVT's first paying customer for impact management services with research into the use and value of impact metrics in an impact investment fund-in-formation.



SVT begins giving workshops and lectures on social and environmental impact assessment, valuation and management.

2001

2003

2005



CalPERS Environmental Investment Advisor hires SVT to help design environmental due diligence and performance reporting system for its pilot private equity cleantech initiative which later totalled \$600M of CalPERS assets and \$9 Bn in syndicated assets.



SVT coauthors "A framework for approaches to SROI analysis" with fellow practitioners, several of whom go on to form Social Value International (originally the SROI Network).

2006



SVT joins Rockefeller Foundation's ProVenEx social impact assessment project to develop an approach for use in its program related investments (PRI) portfolio.



SVT coauthors "Catalog of Approaches to Social Impact Assessment" for the Rockefeller Foundation.



Sara and Alison Lingane coauthor "Standard SROI Guidelines" in *California Management Review*.



Sara delivers workshop on social return on investment analysis at the Schwab Foundation for Social Entrepreneurs' Summit at the World Economic Forum in Davos.

Brett Galimidi joins SVT as Partner.



SVT coauthors first book on SROI, *Social Return on Investment: a Guide to SROI*.

2008



Nemours hires SVT to develop SROI analysis, collective impact and internal management tools for its childhood obesity prevention work.



Mercy Housing hires SVT to develop a blueprint for a "Social Real Estate Investment Trust (REIT)."



SROI Network is formally incorporated in the UK. SVT becomes a certified B Corporation.



SVT is hired by the Rockefeller Foundation to develop "Impact Measurement Approaches: Recommendations to Impact Investors" and the "Catalog of Approaches to Impact Measurement" for private equity investors.

2009



Sara, Brett, & SVT are recognized as "One of America's Most Promising Social Entrepreneurs" by Bloomberg Businessweek.



Beneficial State Bank (then OneCalifornia) engages SVT to help design its impact management approach.

2010



SVT describes itself as the first "impact accounting firm."



SVT and REDF create a USA SROI Network, which does not gain traction.

2011



Sara becomes co-chair of International SROI Network methodology subcommittee, which produces guidance on the principles of Social Value analysis.

2012



Sara & SVT are recognized again as "One of America's Most Promising Social Entrepreneurs" by Bloomberg Businessweek.



Sara gives talk on the emerging discipline of impact accounting at World Knowledge Forum in Seoul.

2013



Projects include Fair Trade USA impact management system design and Global Fund for Women 25th anniversary impact report.



SVT creates scenario planning and impact monitoring tool for Restore the Earth Foundation that models social and environmental values for large-scale reforestation projects and if align with SVI principles.



SVT is named B Corp "Best for the World-Community" honoree.



SVT lobbies in Sacramento in favor of California Benefit Corp legislation and testifies at a hearing on Benefit Corporations organized by the California State Senate Committee on Banking and Financial Institutions.

2014



Sara gives seminar via prerecorded video on the emerging discipline of Impact Accounting to MAKE Awards, Tehran, followed by a second workshop on Impact Management via web simulcast in 2016.



SROI Network and Social Impact Analysts' Association merge and form Social Value International, creating a "bigger tent" than SROI alone.

2015



Social Value United States is formed. Sara is a founding board member.

2016



Some \$9.081 Bn in primarily private equity, debt and grant assets have been measured using frameworks designed by SVT.



Cellist Yo-Yo Ma hires SVT to help with preliminary design of an approach to lifting up the social value of arts and cultural organizations.



SVT is named B Corp "Best for the World - Customers" honoree.



SVT is hired to align the Restore the Earth Foundation tool with International Integrated Reporting Framework (IR).



SVT helps develop and conducts first pilot of a professional Certificate in Skilled Impact Analysis offered by Social Value United States and Social Value Canada.



Sara co-develops MBA course on Integrated Financial and Sustainability Reporting with Eric Israel, former head of GRI North America.



SVT has trained and/or exposed over 39049 individuals to impact accounting and management.



With American Evaluation Association, Social Value International and David Pritchard, SVT helps conceive "Impact Convergence," the first conference bringing together professional impact analysts.



Sara publishes article with Kate Ruff in Stanford Social Innovation Review: "Next Frontier in Impact Measurement Isn't Measurement at All," defining the key role of the impact analyst in the social capital markets.

1) Including to the Global Social Venture Competition at Berkeley (7 of the years from 2001-2014), Global Social Benefit Incubator (2008-2010), Stanford University undergraduates (9 of the years from 2004-2016), and the Shanghai-based accelerator, ECSEL (2012-2013).

2) Authors: Cathy Clark, Will Rosenzweig, David Long, Sara Olsen and The Rockefeller Foundation.

3) This framework was initiated in 2004 by a working circle that included: Betsy Biemann, Sheila Bonini, Jed Emerson, Jeremy Nicholls, Sara Olsen, Stephanie Robertson, Peter Scholten and Robert Tolmach. The framework was drafted by Sara Olsen and Jeremy Nicholls, and edited with Sheila Bonini, Stephanie Robertson, Peter Scholten and Robert Tolmach, with the benefit of review and comments from Sarita Bartlett, Cathy Clark, David Carrington, Cynthia Gair, David Levine, Alex Nicholls, Bill Shireman, Adrian Henriques Dominica McBride and Ides Nicaise.

4) Coauthors are Jeremy Nicholls, Peter Scholten, Brett Galimidi and Sara Olsen.

5) See interactive timeline on the evolution of Social Value Principles and SROI analysis here: <http://www.socialvalueuk.org/about-us/>.

6) Founding board members of Social Value US: David Pritchard, Michael Harnar, Justin Oliver, John Byrnes and Sara Olsen.

OUR CLIENT SERVICES

We believe that when the public can see an enterprise's social and environmental impact, it pays to do good. Some might say SVT works to make "full cost accounting" ubiquitous.

We have three main areas of activity:

1. THOUGHT LEADERSHIP:

Our field-building initiative, SVT Lab helps create cutting edge tools, technologies, and platforms to drive adoption and development of sound impact management and analysis procedures worldwide.

2. CAPACITY BUILDING:

Our capacity building offerings include impact management and analysis education to students, executives, investors, entrepreneurs, and other professionals.

3. CONSULTING:

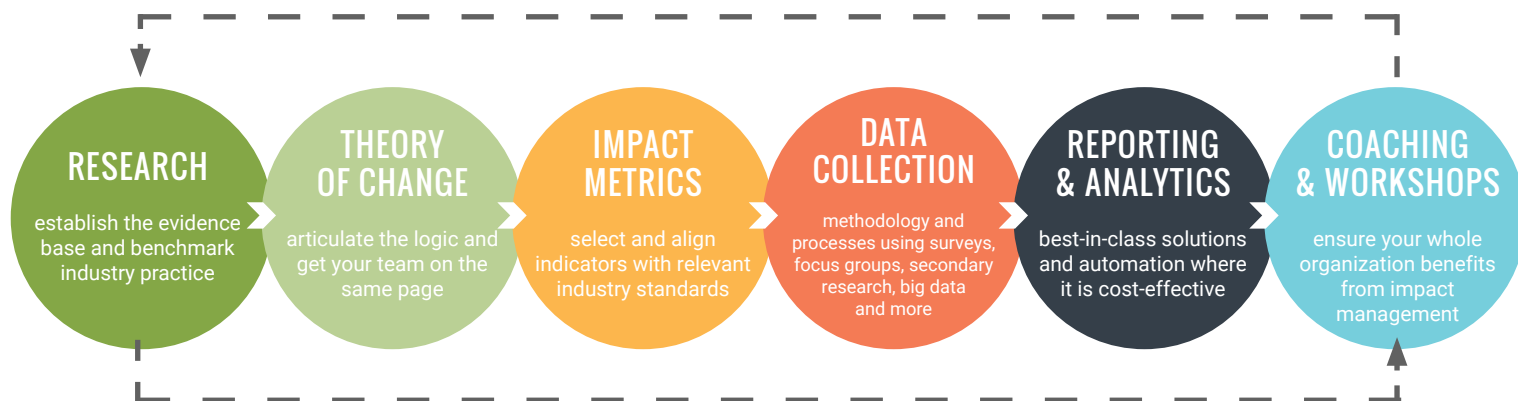
Our consulting service, SVT Advisory helps values-driven organizations raise capital, gain competitive advantage, and succeed in driving real social and environmental change.

— A subset of Advisory, SVT Ventures assists seed-and early-stage enterprises that are making a particular contribution to the development of the impact accounting ecosystem by providing impact accounting services in exchange for company equity.

Previously these three categories were referred to in SVT's materials as "Lab," "Academy" and "Advisory," respectively.

SVT's motto is "your outsourced Chief Impact Officer." Currently our core advisory products are an Impact Management Roadmap (\$300), Do It Yourself Quickstart Metrics with Expert Coaching (starting at \$3000), and project-based consulting in these areas:

IMPACT MANAGEMENT SERVICES



For a discussion of what Impact Management is, please see the [Appendix, pp. 4-5.](#)



OUR KEY PERFORMANCE INDICATORS (KPIs)

ADHERENCE TO OUR MISSION

SVT strives to quantify and qualify both the breadth and depth of our impact across each area of activity: Thought Leadership, Consulting, and Capacity Building. The following is a list of items we track to ensure we are accountable for our results, and able to continually grow and improve. Our performance - including qualitative feedback from clients, students, and participants - is detailed in the following pages and the [Appendix](#).

OUR OPERATIONAL KPIs



Thought Leadership



Consulting



Capacity Building

Customer satisfaction

% of surveyed clients reporting that they attained success with projects and degree of success	
<i>Closing client survey (immediately post-project); degree is rated on scale of 1-5</i>	
% of surveyed clients reporting satisfaction with our 'performance' with respect to: project time management, professionalism, expectations setting, expertise, deliverables, project cost; and degree of satisfaction	
<i>Closing client survey (immediately post-project); degree is rated on scale of 1-5</i>	
% of surveyed clients reporting that we met/exceeded their expectations	
<i>Closing client survey (immediately post-project)</i>	

Financial performance

Total revenue (IRIS code: FP6510)	
Revenue Growth (IRIS code: FP4761)	
Gross Profit (IRIS code: FP7629)	
Total Expenses (IRIS code: FP2321)	
Operating Expenses (IRIS code: FP1001)	
Personnel Expenses (IRIS code: FP4831)	
Interest Expenses (IRIS code: FP1012)	
Depreciation and Amortization Expenses (IRIS code: FP9462)	
Operating Profit Margin (IRIS code: FP7897)	
Working Capital (IRIS code: FP6856)	
Working Capital Ratio (IRIS code: FP4224)	
Retained Earnings (IRIS code: FP8653)	
Accounts Payable (IRIS code: FP2852)	
Accounts Receivable (IRIS code: FP2213)	
<i>Accounting and bookkeeping records (source of all financial performance metrics)</i>	



OUR IMPACT KPIS



Thought Leadership

Strategy: Contribute to the development of: 1. practical Impact Measurement and Analysis approaches and systems; and 2. the profession



Consulting

Strategy: Implement, inform and improve impact measurement and management systems through work with clients



Capacity Building

Strategy: Build awareness and widespread capacity to ask for, expect, and implement these systems

Generate Knowledge

of thought papers / publications written

Actual count

% of surveyed clients reporting improved 'impact capacity' to manage impact gauged by their ability to: benchmark and share best practices, articulate ToC, improved ability to measure, manage and report impact; and degree of improvement

Closing client survey (immediately post-project); degree is rated on scale of 1-5

% of surveyed clients reporting 'benefits' and extent of benefits: reputation, ability to fundraise, ability to have an impact, standing among peers, scaling efforts, organizational sustainability

Closing client survey (immediately post-project ; adding 12 months post as of 2017); extenet is rated on scale of 1-5

of original syllabi created

Actual count

Spread Knowledge

of readers of SVT literature

Actual count of unique downloads / unique clicks / unique views

of academic citations for thought papers

Actual count

of clients (IRIS code: PI9652)

Actual count

of client projects

Actual count

of client beneficiaries from SVT work

Average team size per project x # of SVT projects (OR measure actual client team size)

Cumulative AUM size under SVT impact assessment system

Client data

of trainings & lectures given

Actual count

of participants of trainings & lectures (IRIS code: PI7997)

Event participation data

of new institutional partnerships forged (academic and other)

Actual count

of new institutional partnerships forged (academic and other)

Actual count

Help retain knowledge

% of surveyed clients reporting improved 'impact capacity' to manage impact gauged by their ability to: benchmark and share best practices, articulate ToC, improved ability to measure, manage and report impact; and degree of improvement

Closing client survey (immediately post-project); degree is rated on scale of 1-5

% of surveyed clients reporting 'benefits' and extent of benefits: reputation, ability to fundraise, ability to have an impact, standing among peers, scaling efforts, organizational sustainability

Closing client survey (immediately post-project); extent is rated on scale of 1-5

Average student/participant ratings across several course/training-specific indicators.

MIIS: "course contributed to students' business competency," "course contributed to students' ability to effectively manage the multiple bottom lines of an organization," "course helped prepare students for entrepreneurial success in problem solving and enterprise creation and development," "value of course to students' career goals"

HULT: "overall positive evaluation of course"

FMS: "overall rating of segment," "helpfulness of newly acquired knowledge in fulfilling participants' career goals"

Hult, MIIS, & FMS course/training evaluations

WHAT WE'VE ACCOMPLISHED



THOUGHT LEADERSHIP



SVT has authored **16 field-building publications** to date.



Our first publication, co-authored with Alison Lingane and published in the *California Management Review*, "[Guidelines for Social Return on Investment](#)," has been **academically cited 130 times**.



Our most recent article, co-authored with Kate Ruff, "[The Next Frontier in Social Impact Measurement Isn't Measurement at All](#)," published in *Stanford Social Innovation Review*, has been **uniquely viewed 12,954 times** to date and was one of the top ten most-viewed articles of 2016.



33,603 individuals are quantitatively known to have been exposed to the concepts of measurement and management through SVT publications and other media. The actual figure may be multiples higher than this but we lack the data to quantitatively estimate how many.





CONSULTING



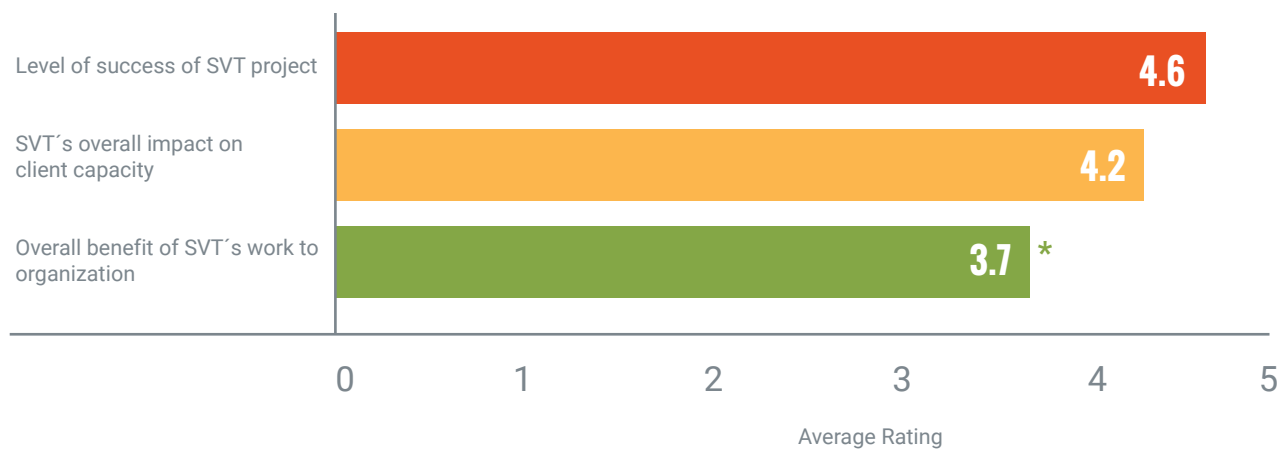
In 2001 SVT became the **first firm** dedicated exclusively to impact management.



Since then we've done **150 projects** for **97 unique values-driven clients**, and the impact of **\$9.081 billion in capital** has been measured using SVT-designed systems.

SVT'S INDICATORS OF SUCCESS (2012-2016)

[Figure 1]



Overall average rating indicates the mean of all average annual client ratings (2012-2016) for a particular indicator.

- SVT's impact on client capacity is broken out in Figure 3.
- Benefit of SVT's work to organization is broken out in Figure 4.
- SVT's performance is broken out in Figure 5.

* This number is likely attributable to the time lapse necessary to realize the benefits listed (see Figure 5). Our client surveys were previously administered immediately after a project concluded. Realizing that improved organizational sustainability, reputation, standing among peers, scaling efforts, ability to fundraise, and ability to have impact are all benefits that would likely manifest 6 months to a year post-project, we have adjusted our client survey methodology accordingly. We consider 'Overall benefit of SVT's work to organization' to be a benchmark that indicates how important impact management is to the organization, which is partly to largely a function of how important impact management is to the market at large. We hope this rating will move up over time as the market places a higher priority on companies' positive social and environmental impact.

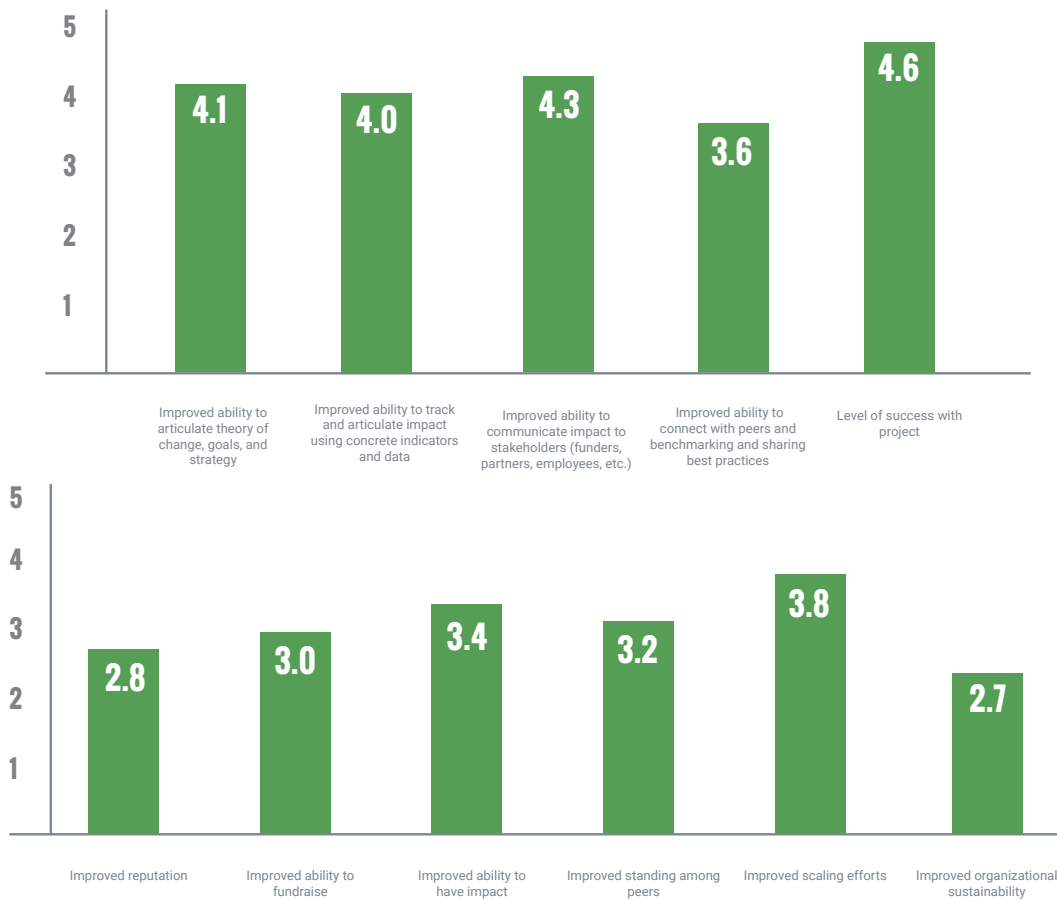


For further information on the data represented in this graph, please see [Appendix, pp. 11-13.](#)



DRILLDOWN OF CLIENT RATINGS (2012-2016)

[Figure 2]



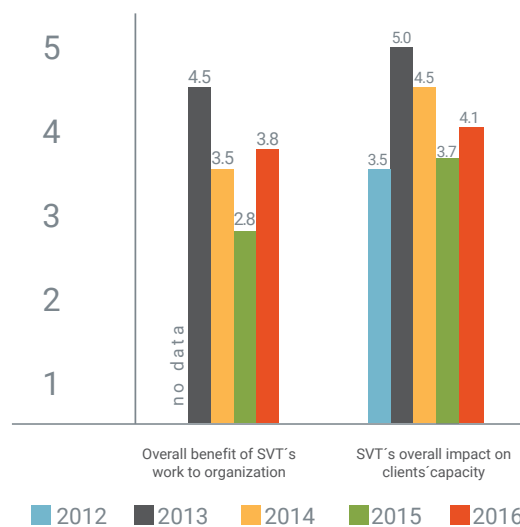
Ratings displayed are the overall average score for each indicator.



For further information on the data represented in this graph, please see [Appendix, pp. 11-13](#).

CLIENT RATINGS OF SVT'S IMPACT ON CLIENT CAPACITY, OVERALL BENEFIT TO CLIENT ORGANIZATION, AND PERFORMANCE (2012-2016)

[Figure 3]



Ratings displayed represent the mean of all client ratings for a particular indicator in a particular year (or "average annual rating").

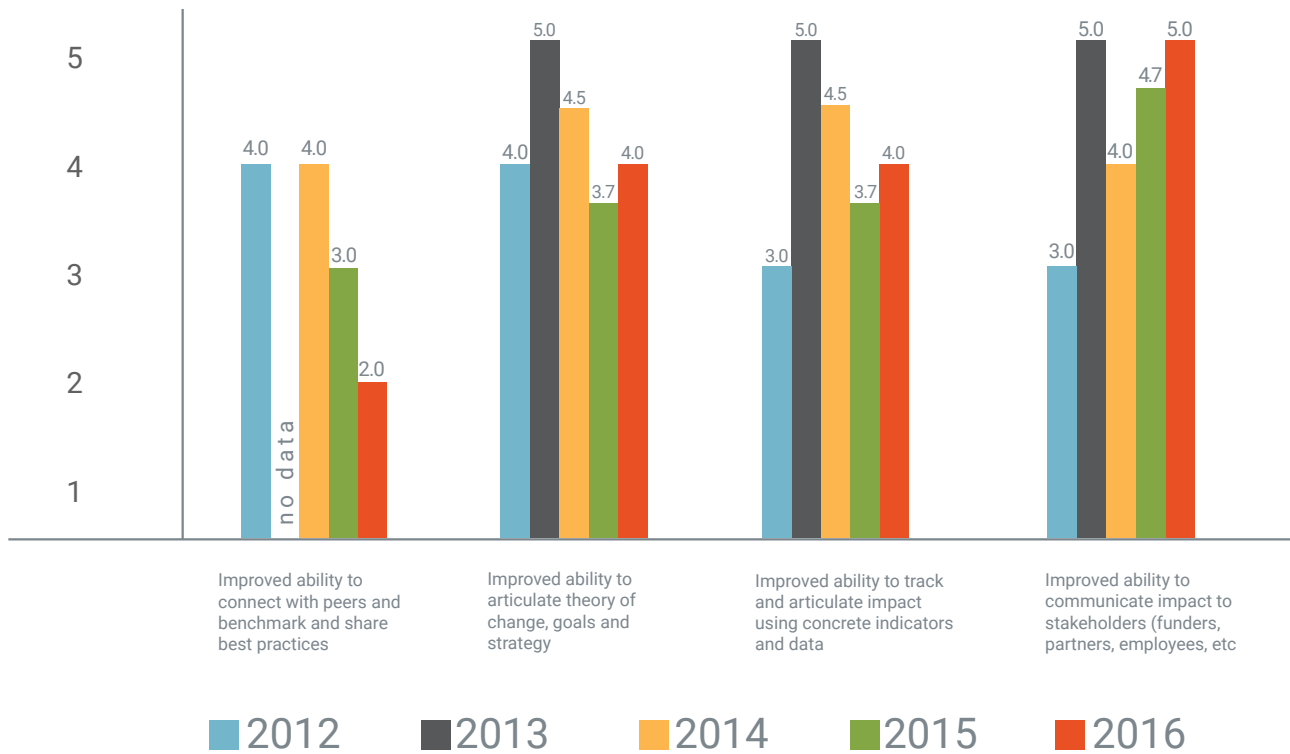


For further information on the data represented in this graph, please see [Appendix, pp. 11-13](#).



CLIENT RATINGS OF SVT'S IMPACT ON CLIENT CAPACITY (2012-2016)

[Figure 4]



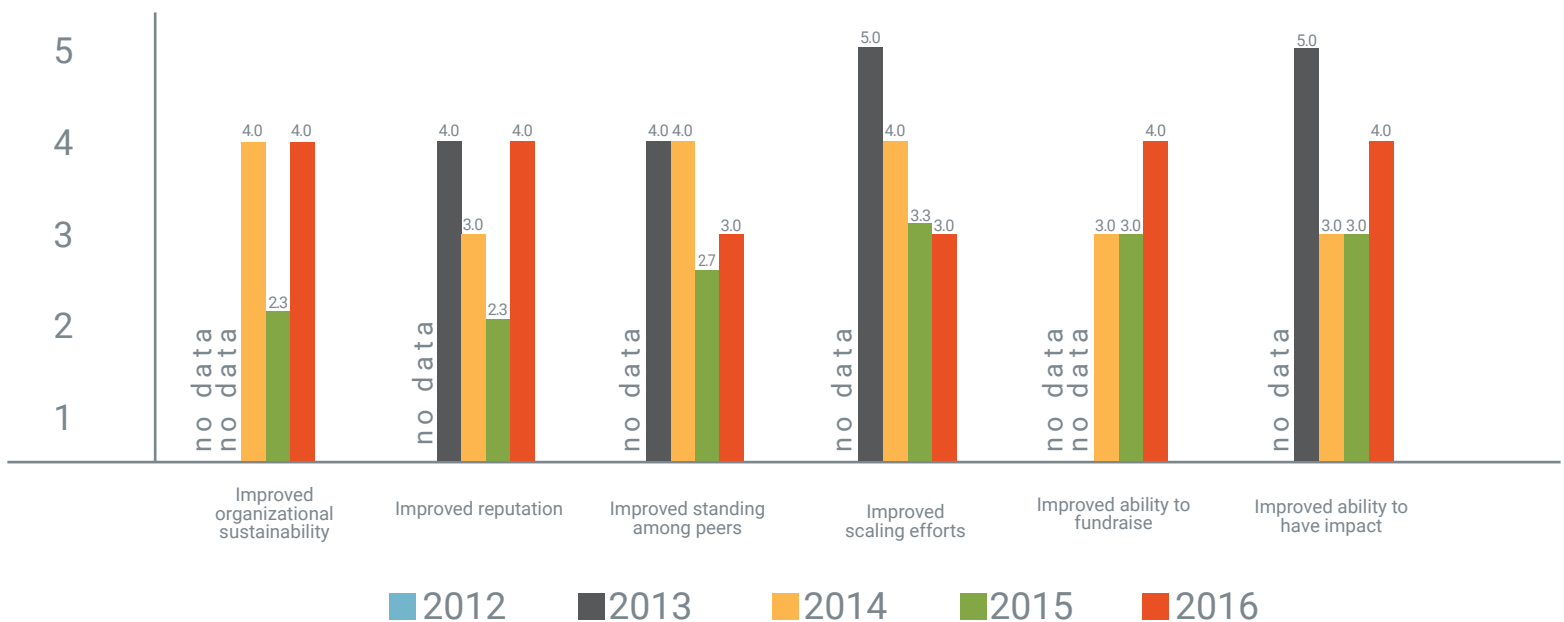
Ratings displayed represent the mean of all client ratings for a particular indicator in a particular year (or "average annual rating").



For further information on the data represented in this graph, please see [Appendix, pp. 11-13.](#)

CLIENT RATINGS OF BENEFIT OF SVT'S WORK TO ORGANIZATION (2012-2016)

[Figure 5]



Ratings displayed represent the mean of all client ratings for a particular indicator in a particular year (or "average annual rating").



For further information on the data represented in this graph, please see [Appendix, pp. 11-13.](#)





CAPACITY BUILDING

SVT has delivered **62 trainings** and **27 lectures** to leaders and emerging professionals in the fields of impact investing and social entrepreneurship, engaging over **53 educational and corporate partners** - worldwide - in the process.

In 2011 SVT developed the **first graduate-level course** on social impact assessment and management in a market context.

Today we have:

- co-created a **new professional certification** in Skilled Impact Analysis to be offered through Social Value International
- co-created **1 original syllabus** in Integrated Financial and Sustainability Reporting
- designed a total of **3 original syllabi** for graduate-level Impact Assessment and Management courses
- taught **13 graduate-level courses** on the subject at accredited academic institutions



Partnered with **16 world-renowned academic institutions**

US-BASED:

- Georgetown University Law
- Global Social Benefit Incubator at Santa Clara University
- Hult International Business School
- Middlebury Institute at Monterey
- New York University
- Ripon College
- Stanford University
- Thunderbird School of Global Management
- University of California Berkeley
- University of California Hastings (Business Law Journal)
- University of California Santa Cruz
- University of San Francisco

INTERNATIONAL

- Indian School of Business (Hyderabad)
- INSEAD
- Lal Bahadur Shastri Institute of Management, Delhi
- Thammasat University, Bangkok



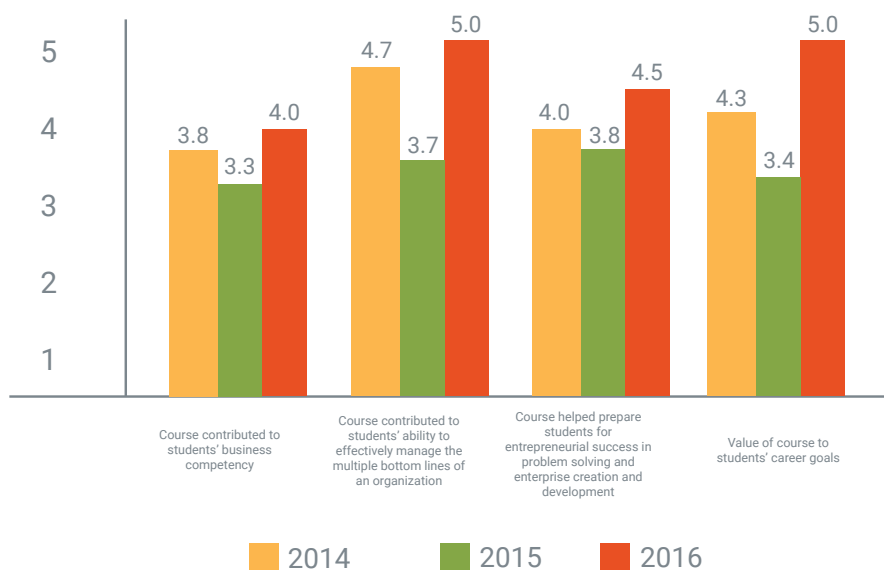
trained **3017 individuals** in impact measurement and management through our workshops



introduced an additional **2429 individuals** to the concept of impact measurement and management through our lectures

STUDENT RATINGS (SELECT) EMERGING DISCIPLINE OF IMPACT MANAGEMENT, MIDDLEBURY INSTITUTE AT MONTEREY (2014-2016)

[Figure 6]



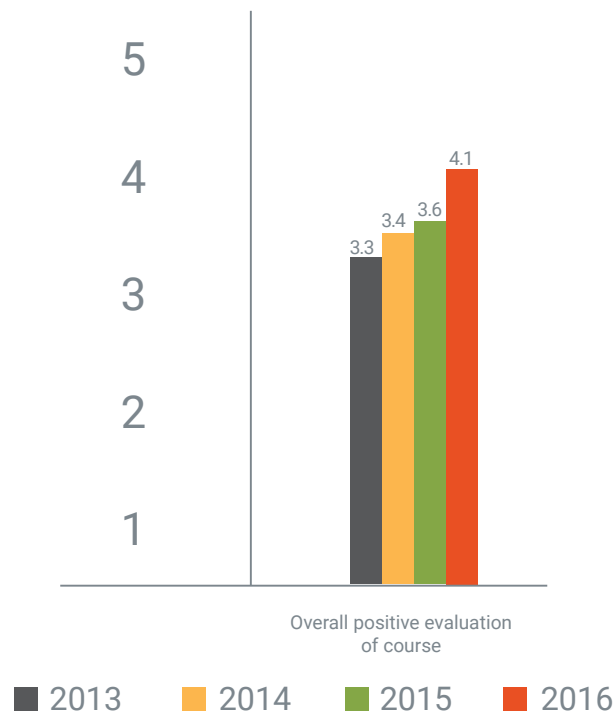
Ratings displayed represent mean of student ratings for a particular indicator in a particular year
Data from Fall 2016 weren't yet available upon production of report

 For further information on the data represented in this graph, please see **Appendix, pp. 11-12 and 15-16.**



STUDENT RATINGS (SELECT) SOCIAL IMPACT ASSESSMENT, HULT INTERNATIONAL BUSINESS SCHOOL (2013-2016)

[Figure 7]



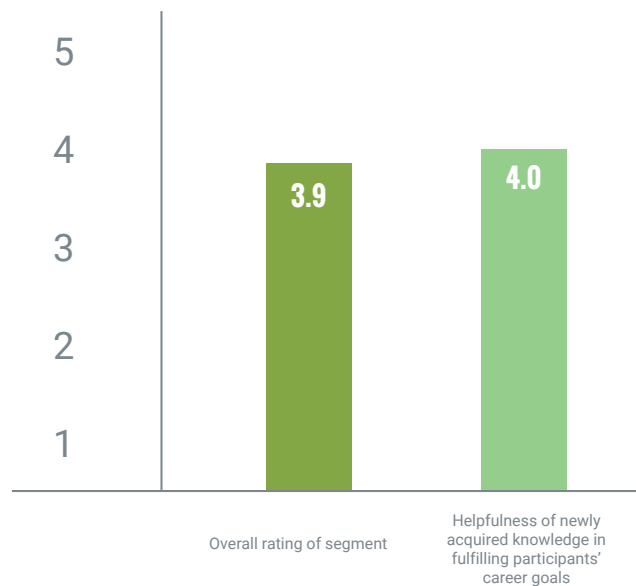
Ratings displayed represent mean of student ratings for a particular indicator in a particular year.



For further information on the data represented in this graph, please see [Appendix, pp. 11-12 and 15-16.](#)

PARTICIPANT RATINGS (SELECT) IMPACT MEASUREMENT AND MANAGEMENT, FRONTIER MARKET SCOUTS PROGRAM (2016)

[Figure 8]



Ratings displayed represent mean of student ratings for a particular indicator in a particular year.



For further information on the data represented in this graph, please see [Appendix, pp. 11-12 and 15-16.](#)



OUR OVERALL COMPANY PERFORMANCE

CUSTOMER SATISFACTION WITH SVT'S PERFORMANCE



90% of clients surveyed would recommend SVT.

CLIENT RATINGS OF SATISFACTION WITH SVT'S PERFORMANCE (2012-2016)

[Figure 9]



Ratings displayed represent the mean of all client ratings for a particular indicator in a particular year (or "average annual rating")



For further information on the data represented in this graph, please see [Appendix, pp. 11-13](#).

DISTINCTIONS

SVT has been recognized 4 times for its leadership and outstanding contributions to its consumers and the community.



Bloomberg Businessweek has twice distinguished SVT's executive team as **"One of America's Most Promising Social Entrepreneurs."**



B Corporation has recognized SVT as a **"Best for the World" honoree** twice as well, in 2013 and 2016.

CORPORATE HYGIENE

Our B Corp certification is a third party validation that SVT is a socially responsible company that meets the highest standards of verified social and environmental performance, public transparency, and legal accountability.² SVT has been a B Corporation for 8 years. SVT scored in the top 10% of B Corporations worldwide in 2013 and 2016, earning us the distinction of B Corp "Best for the World - Community" and "Best for the World - Customers" respectively.³

² Williams, E.F. (2015). Green giants: how smart companies turn sustainability into billion-dollar businesses. New York, New York: AMACOM.

³ The "Best for the World" distinction is an international honor that recognizes the highest scoring 10% of 2,000 Certified B Corps in over 30 countries and 44 industries.





B CORPORATION SCORES (2008-2016)⁴

[Figure 10]

	2008		2011		2012			2015		
	SVT	Median**	SVT	Median**	SVT	Median**	Top 10% Range**	SVT	Median**	Top 10% Range**
Environmental	11	12	14	9	10	7	29-57	9	7	38-74
Workers	N/A	26	N/A	25	N/A	18	36-59	N/A	18	33-68
Customers	46	28	64	24	52	-	N/A	55	-	N/A*
Community	31	21	20	31	27	17	16-28	24	17	43-105
Governance	N/A	8	6	9	14	6	N/A	18	6	N/A
OVERALL B SCORE	105*	86***	104	84	103	55	113-131	106	55	115-179

Our 2015 and 2016 scores are the same since B Lab only requires updates every 2nd or 3rd year.

* 80 out of 200 is eligible for certification

** Of all businesses that have completed the B Impact Assessment

"-" = information not available

*** Median scores will not add up overall

"N/A" = not applicable

CARBON FOOTPRINT

SVT has a net zero carbon footprint through the purchase of carbon offsets. From 2001 to 2013 SVT offset only our emissions associated with air travel (Scope 3 emissions) because this was our most significant environmental impact. Since 2014 we have also begun to offset the emissions from SVT's company car used for SVT purposes (Scope 1 emissions) as well as those from our energy consumption at the office (Scope 2 emissions). We did not keep records on how many tonnes of carbon we offset from 2001 to 2006, though from 2007 to 2016 SVT has offset 158.6 tonnes of carbon (See Figure 11).

SVT'S OFFSET CARBON EMISSIONS (2007-2016)

[Figure 11]

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EMISSIONS OFFSET	Scope 1	-	-	-	-	-	-	-	1.7	1.7	1.7
	Scope 2	-	-	-	-	-	-	-	10	10	10
	Scope 3	19.2	8.8	17	0	14.1	14.1	14.1	11.3	20.3	4.6
	TOTAL	19.2	8.8	17	0	14.1	14.1	14.1	23	32	16.3
CUMULATIVE TOTAL		158.6 tonnes									

⁴ B Lab updates B Corp scores every other year and in some cases every three years. The scores shown are derived from SVT's reports updated in 2008, 2011, 2012, and 2015. Each of these reports can be found, in full, here: <https://www.bcorporation.net/community/svt-group>



FINANCIALS CONTEXT

We debated whether to include our financials, which as a privately-held company we are not required to do. We do so for three reasons:

- Integrated reporting, where financial and extra-financial value creation are reported as a whole, is where the field of impact management is headed, and we want to walk the talk and show the way.
- Opaqueness about the likely compensation associated with careers in the impact investing and impact management industry does a disservice to those entering the profession.
- Transparency about the financial reality faced by even well-known players may help to shed light on what will be required to grow the impact management industry, and help galvanize action.

SVT is a partial barometer of the state of the impact management industry.

Our clients are not being mandated to evaluate their impact by a regulatory or funder requirement. Essentially all of SVT's Consulting clients are attempting to implement systems to measure and manage impact because it gives them a competitive advantage in the private marketplace—whether that advantage is with potential funders, customers, peers, or other decision-makers. These clients represent an emerging market: the market for impact management services.

A large but unknown chunk of the market is being serviced by entities who do not charge enough to cover costs. This poses a problem for the growth of this industry...

We say we are a partial barometer of this market because one would have to look at the entire marketplace of service providers to better understand the whole story. This is a tall order because of the extent to which our most frequent competitors aren't charging what it costs to do the work. Our competition most often includes:

- **Free service providers** seeking experience in this industry and to break into impact investing.
- **Subsidized services**, primarily actors who are attempting to build a critical mass of adopters by servicing the onboarding of entities onto their standards or IT platforms at no charge to the user.
- **Large strategy, management consulting and research firms** that also do monitoring and evaluation and predominantly serve government or foundation clients, both of whom we consider to sit primarily outside of the private market for impact measurement and management services (and many of whom have provided their services at reduced cost or pro bono).
- **Membership networks** that serve impact investors.
- **Investment management and advisory firms** who have brought impact measurement expertise in-house.

A large but unknown chunk of the market is being serviced by entities who do not charge enough to cover costs. This poses a problem for the growth of this industry, akin to the way aid and development have sometimes stymied the growth and health of local economies.

FINANCIAL SUMMARY

Since the beginning our model has been that of a for-profit, impact-driven company for the simple reason that we see customers' willingness to pay as the best source of feedback about what type of impact management solution is of value to them. We've figured that if we get impact management right for our customers, the solutions we design will be much more likely to endure and spread.

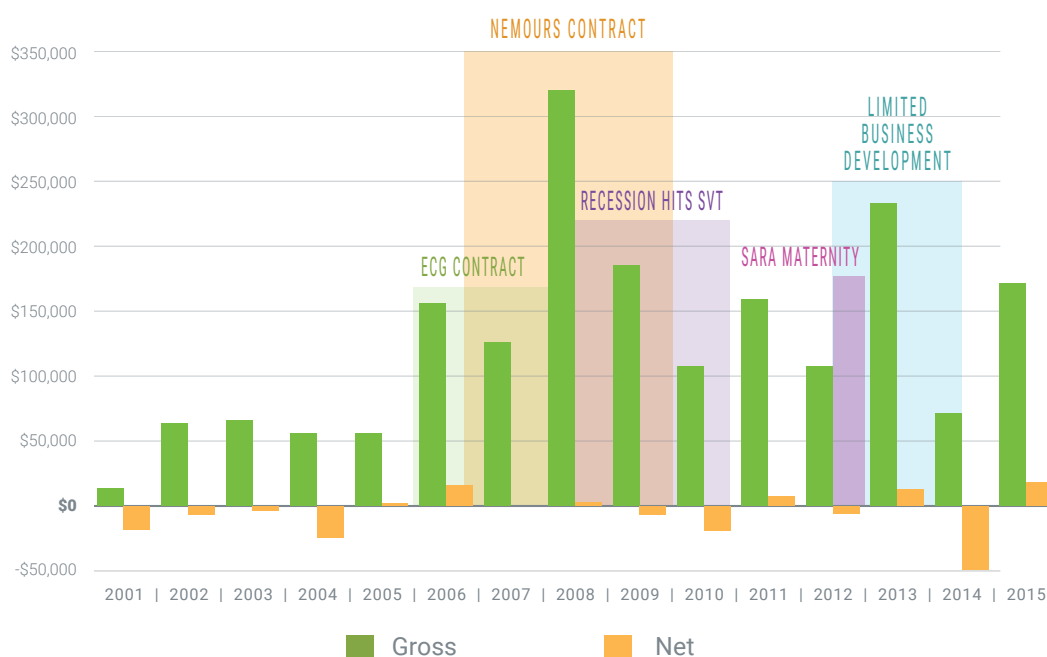


Key points:

- Nearly all of SVT's client revenues come from our Consulting (Advisory) work, with Capacity Building (Academy) work growing in recent years.
- Pro bono Thought Leadership (Lab) work accounts for an estimated 5% of our FTE capacity since 2001.
- As a California S corporation (and Benefit corporation), we minimize double taxation of shareholders by minimizing profits.
- Our partnerships with lenders have been key; we maintain a working capital line of credit at a conventional interest rate of 9.5% from Chase Bank (and are pursuing better rates), and have benefited from 2% business loans from an impact-first investor.
- SVT's cumulative profit margin since 2001 is approximately -4%, with the net loss driven primarily by the years 2001-2004 (during startup phase), 2009-10 (when the Great Recession rippled into SVT) and 2014 (when our lack of business development due to Sara's constrained post-parenthood schedule manifested) (See Figure 12).
- We have financed our operations and impact 96% through client revenues with paid in capital by Sara Olsen making up the difference.⁶

REVENUES 2001 - 2015

[Figure 12]



2016 revenues were not finalized at the time of publication - 2016 figures will be published in our 2016-2017 Integrated Report.

LONGEVITY

Our 15th anniversary this year marks an important milestone, given that the average lifespan of a company in the S&P 500 is 15 years. **We are built to last.**

On a few noteworthy occasions in this emerging industry we know that service providers who did not "do" impact measurement and management were hired to do it by high profile clients entering the space over small but experienced providers like us because the former had a well-known brand name. To these potential clients and partners everywhere we say: help us transcend the chicken-and-egg problem of being small by working with us!

⁶ We also received two grants totalling \$17,000 in 2003 for a project exploring a mechanism for nonprofits to provide customer feedback to foundations.





WHAT WE'VE LEARNED

Over the years we've worked to define impact management and cultivate the market for it. It is increasingly clear that:

- 1 The investment community is recognizing both the inherent value and the business value of understanding and managing social and environmental impact.** This is reflected in reports such as the GIIN's 2016 report, "[The Business Value of Impact Measurement](#)," showing that impact investors increasingly look at impact as one of the performance metrics among their investees' the proliferation of service providers especially over the past 5-7 years; and the advent of several IT platforms for managing and reporting impact information.
- 2 The field is finally arriving at clarity about how to relate social and environmental impact accounting to financial reporting and value creation, and some useful principles and approaches for doing that in a cost-effective way.** Specifically, there are commonly accepted principles for accounting for impact (such as the principles of evaluation and [Social Value Principles](#)), overall corporate hygiene ratings and reporting frameworks (like [B Corp](#) and the [Global Reporting Initiative](#)), and systems that relate this information to shareholder value creation (such as Theory of Change and the International [Integrated Reporting Framework](#)). These solutions will enable all types of enterprises to make their social and environmental value visible to the capital markets.
- 3 Our clients are willing to invest in impact management for the long run, but still need near term "wins".** As such we have added offerings that require a shorter time commitment at lower price point. We also encourage clients to get on board with the online impact reporting platforms that have appeared in the marketplace in the past few years.
- 4 Clients increasingly need to build organization-wide understanding of the purpose and value of impact management.** Our commitment to building capacity both through workshops and courses, as a part of the implementation of projects with clients, and in collaboration with other players in the field, is stronger than ever.

Creating this report has helped us reflect on both what we need to know and do in order to achieve our mission. Read on for how our impact management practices are evolving in the coming year.



For specific client, student, and participant feedback relative to our key performance indicators, please see [Appendix, pp. 13-16](#).



OUR IMPACT MANAGEMENT PLANS FOR 2017

- 1 **Directly track the evolving state of the market for impact management.** We will add two new KPIs that reflect our ultimate goal of making impact management ubiquitous: the percent of customers who now do routine impact assessment, and the degree to which our clients think impact management is important to business (either their own or, for students, business in general).
- 2 **Improve the accuracy of our Consulting impact estimates by aligning more closely with Social Value Principles.**
 - Our 2017 client survey will incorporate a free response question asking about specific outcomes clients attribute to SVT's services.
 - We will also adopt a Net Promoter Score into our approach as a gauge of our value in the eyes of our clients, where they will rate us from 1-10, where scores of 1-3 indicate strongly negative views and scores of 8-10 strongly favorable views.
- 3 **Improve our understanding of our Capacity Building performance by designing our own targeted survey.** Our academic partners' course evaluations do not include some answers we need, so we intend to send this brief custom survey on the first day of participation in the course, the final day, and three months subsequent.
- 4 **Hone our gauge of Thought Leadership work.** Track unique views and shares for content published online, and the number of academic citations for works we have published in academic journals. Though we are not aware of a mechanism for tracking the circulation of work published in the practitioner literature (and practitioners tend not to cite each others' work as rigorously), these changes will help us to better estimate our role.
- 5 **Fill gaps in our understanding of performance while streamlining data collection.** We will convert our client surveys to an online format, and send them to all clients, not just the larger ones, at one month and again at one year post-project. We will strive for 100% coverage, and a 100% response rate by being prompt.
- 6 **Formalize the integration of student and client feedback,** by creating a standard operating procedure for something we used to do informally.
- 7 **Enhance the readability and usefulness of our next report to the field** by further aligning with the [International Integrated Reporting Framework](#) and relating our work to the [United Nations Sustainable Development Goals](#).

WE WELCOME YOUR THOUGHTS ON THIS REPORT

Thank you for sharing your reactions and ideas! Please email us at info@svtgroup.net





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