



power to  
change

# UNDERSTANDING IMPACT FOR COMMUNITY BUSINESSES

**Challenges and good practices for  
community businesses and funders**

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## ABOUT POWER TO CHANGE



Power to Change is the independent trust that supports community businesses in England.

Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. The sector owns assets worth £870m and comprises 11,300 community businesses across England who employ more than 37,000 people. (Source: Community Business Market 2020).

From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives. Power to Change received an original endowment from the National Lottery Community Fund in 2015.

## ABOUT RENAISSI



We're passionate about creating the conditions for strong, inclusive communities to thrive.

We're constantly learning from the different perspectives we see working directly with communities, with the providers of services and the investors in communities. It gives us a unique perspective on how systems work and how to improve places equitably.

The combination of our research and evaluation consultancy with employment & advice programme delivery, makes Renaisi a uniquely well-rounded learning partner for the voluntary and community sector.

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# 1.

## INTRODUCTION



A community business describes locally rooted, community-led businesses who trade not only for financial sustainability, but for community benefit. They aim to improve the lives of local people, and could include pubs, libraries, shops, bakeries, gyms, swimming pools, solar farms and more. Social impact is at the core of community businesses, which is why it is crucial for them to understand and articulate their social impact and mission, to measure that impact and hold themselves accountable, and to capture learning, share successes and challenges and adapt their business accordingly.

From the very outset, it is critical that community businesses understand what their local community needs, and adapt their business model, service, or product to meet those needs. Without this, community businesses risk being irrelevant or indifferent to the challenges of their communities, undermining their social impact as well as financial viability as they lose the engagement needed to sustain their business.

Understanding all of those components of social impact can, however, prove challenging. 52% of the community businesses surveyed as part of Power to Change's 2021 Community Business Market report<sup>1</sup> said that they wanted help measuring their impact on the community. This demonstrates a common desire to understand social impact, but also shows that there are many barriers for community businesses to do this meaningfully.

For example, how can a community business articulate their impact when needs in the community change or their business model evolves? How can outcomes such as reduced social isolation or increased community pride be measured? What is required for community businesses to understand their impact, and make use of this information?

1 [The Community Business Market in 2021, John Higton, Rachael Archer, Nariah Francis, David Merrett, Chris Milner and Arifa Choudhury, December 2021](#)

This paper explores what community businesses can do to understand their social impact, reflecting on the challenges and building on some of the good practices identified through three Power to Change-funded programmes (Bright Ideas, Trade Up and the Community Business Fund). This is presented following the three main elements that community businesses wrestle with when it comes to social impact:

- 1. Articulating** the impact they want to have or are having
- 2. Measuring** the impact they have had
- 3. Using evidence of impact to learn and adapt** their community business

The findings in this paper are based on data collected through over 60 qualitative interviews with Power to Change grantees, staff and delivery partners between April 2019 and May 2021, and through four workshops conducted between August and September 2021 with Bright Ideas Advisors, Trade Up Learning Managers and members from the Community Business Fund community business panel. This paper also uses Power to Change's grantee survey data from 2017 and 2018.

From these findings, we will also present recommendations to community businesses and funders going forward on how best to define, measure, and use their social impact understanding.

### What do we mean by understanding impact?

In the context of community businesses, 'understanding impact' means identifying the change they want to see for their community, and measuring the change that they have produced through their activities, programmes, services or products. This could include social and environmental impacts, as well as unintended impacts.

## 2. ARTICULATING COMMUNITY BUSINESSES' IMPACT

Many community businesses across Bright Ideas, Trade Up, and Community Business Fund reflected that they struggled with articulating and defining their social impact. Without this starting point, it was then difficult for them to consider how to measure their impact and keep themselves accountable. For early-stage community businesses, this became a barrier when trying to understand whether and how they were meeting the needs of their community. More mature community businesses struggled to adapt their business model to stay relevant in the community, and to balance their social impact with their financial sustainability. Below we describe the key challenges that community businesses faced when defining and articulating their impact.

### 2.1 Challenges for community businesses in articulating their impact

#### Having a broad range of impact objectives for different target groups

Community businesses who offered a broad range of services or products particularly struggled to define their impact. This was because community businesses often operated across many sectors to cater to the various needs of their community, and consequently had different aims for different target groups.

For example, a Community Business Fund grantee who provided a community hub / space for running different activities explained how their impact developed organically to address the needs of specific community groups as well as holistically supporting the needs of the community across multiple sectors.



**For certain groups in the community, like blind aid, [this is] the place where they know, they can socialise, even for staff to go down and have informal meeting... as an organisation, in that part of the borough, the building itself and the access we provide to groups in the community, that's obviously for another social sort of value, the cafe, people coming in now, meeting other people, getting advice, talking to others...[they're] able to use the building for all different things like meetings, events, birthday parties... And also, the sports and physical activity stuff that people can do within the centre. So it just adds that all sort of social sort of value to the community**

Community Business Fund grantee

Many community businesses have a similar approach, where offering a wide range of services and enabling community-led development of programmes are part of their ethos to supporting their community. Consequently, as community businesses evolve and grow, the lines between sectors become increasingly blurred and their impact increasingly complicated or difficult to define.<sup>2</sup>

### How to consider intangible or indirect impact

Community businesses also struggled with defining their impact when the outcomes were indirect (the impact was not directly produced by the community business) or intangible (where the impact was too complex or too distant to define or measure). For example, some community businesses' impact could be consequential<sup>3</sup> rather than intentional, and it became difficult to articulate what impact was attributable to the community business, or identify what was most important for the Community Business to understand and measure.

For example, another Community Business Fund grantee who ran a community bookshop and offered a range of literacy, wellbeing, and arts and culture programmes reflected that by simply moving to another area of town, they had generated positive feelings of empowerment and pride for the community.



**We moved from edge of town to high street and all the traders seemed really happy for us to be moving there. It felt like an important and significant move for lots of people in the town and I think you could say that it impacted on community empowerment and pride. It has supported us to understand what we need to have in place and what we have the potential to offer.**

Community Business Fund grantee

Other times, community businesses felt that their social impact went beyond the provided definitions or categories of social impact – for example, environmental impact like waste or carbon reduction, which could then lead to better health and wellbeing for the community. For these indirect and intangible impacts, it was difficult for community businesses to articulate and understand where to draw the boundaries for defining their impact and how useful it was.

## 2.2 Recommendations and good practices for articulating impact

Across Bright Ideas, Trade Up and Community Business Fund, there are some good practices for community business and funders that could be encouraged to mitigate against these challenges.

### Embedded practice to regularly engage with their community

An effective way for community businesses to articulate their social impact is to regularly engage with their community and wider stakeholders and seek their input. This allowed some community businesses to clearly define and focus on their impact when re-assessing and adapting their business model and theory of change around the needs of the community.

3 Consequential impact describes impact that is a result / an effect of something the community business does, but may not be intentional. This is also described in page 37 of Power to Change's [Community Business Market in 2021 report](#), authored by CFE Research, published in Dec 2021

Receiving training and support from Funders to do this was particularly helpful. For example, peer brokers in the Community Business Fund played a critical role in supporting grantees to adopt regular community engagement.

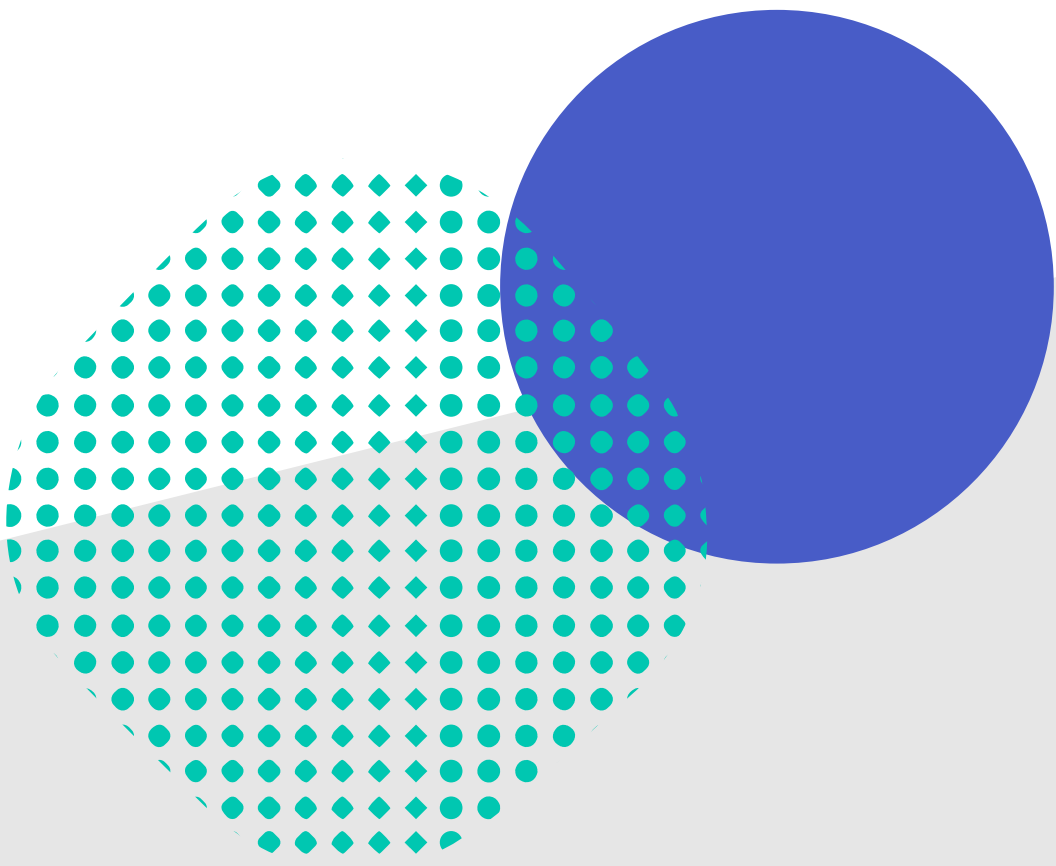


**We did surveys of villagers, [and] it all helped us prove information which the current committee is still using in terms of what do people want. This year because of having to close the cafe, [we helped] surveyed the volunteers to see what they wanted in terms of long term management [from the community business]**

Stakeholder from the Community Business Fund

### Considering impact more holistically

It can be tempting for community businesses to focus narrowly on the positive impact they have on their community, and use this for communication or fundraising purposes. Yet this might prevent them to think holistically about their impact, including potential unintended negative consequences of their business activity. Funders can play a critical role in providing training and encouraging grantees to consider and map thoroughly the impact they could have through their business, including monitoring potential negative impacts of their community businesses. It is also important for funders to create a learning environment that encourages risk-taking, so that grantees can confidently and honestly report on their impacts without feeling that their grant or relationship with the funder would be threatened.





### 3.

## MEASURING COMMUNITY BUSINESSES' IMPACT

From Power to Change's grantee survey in 2018, community businesses across Community Business Fund, Trade Up, and Bright Ideas reported measuring their social impact for a range of reasons, the main ones being: to see the difference they make (60%), to ensure the services reflect what the community wants (53%), and to help with fundraising and bidding (48%). This, as well as the other drivers for community businesses to measure their social impact, is shown in the diagram below.

Even when community businesses were able to define what their impact was and recognised the value of measuring it, many still struggled to identify key metrics and collect and analyse data. The common challenges that community businesses faced in measuring their impact, and the recommendations for community businesses and funders, are presented below.

Figure 1: 2018 grantee survey results split across CBF, TU, and BI on why grantees measure their social impact



### 3.1 Challenges for community businesses in measuring their impact

#### Low capacity and skills to measure impact

Many community businesses struggled with capacity and the availability of relevant skills within their organisation to carry out the activities needed to measure their impact. Designing measures of success and data collection processes and tools, collecting data and more generally measuring impact can be perceived as particularly challenging by community businesses, given they do not always have enough time, experience or access to relevant resources to do so (this is explored further in section 4).

#### Identifying the right tools and metrics to measure impact

One common challenge for community businesses was to determine how to measure and attribute impact to their activities – whether that is direct impact, or consequential / indirect outcomes. Grantees could reflect and list the outcomes that their community business aimed to achieve, but when it came to measuring impact to confirm or validate these assumptions, community businesses struggled to determine how they could do this rigorously. For example, they were not familiar with practices around conducting interviews (e.g., avoiding leading questions, etc.). In addition to struggling to identify the appropriate methodologies to measure and evidence their impact, community businesses also struggled to know how to attribute outcomes to their intervention or understand the extent of their contribution towards certain impact.

#### Limitations of quantitative data

Many community businesses recorded quantitative data as part of their everyday business operations, such as tracking the number of and demographics of participants in their programmes, the number of repeat participants, etc. While this data is useful for other monitoring and evaluation purposes (i.e., to understand who the community business is reaching), grantees recognised the limitation of solely using quantitative data in understanding the social impact of their work.



**Although we have numbers, we know what happens with trainees [and we] know how many customers [we have], we don't have good measures on social impact**

Community Business Fund grantee

Quantitative data captured the extent to which community members were engaging with activities, but did not explain how or why certain programmes were effective, and what grantees could do to better meet the needs of their community. Grantees needed to embed qualitative data collection in their processes to address these crucial gaps, but this required additional resources and skillsets to plan and implement which community businesses often lacked.

#### Balancing social impact with financial health

To community businesses, financial viability and social impact are interlinked and are core to their success.



**This was before but we accessed the community business fund as part of our journey. We wanted to strengthen subsidiaries which is why we applied. It was very much based on we wanted a mix model economy, which was about social impact, but also about kind of trading for ourselves as well.**

Community Business Fund grantee

Since monitoring financial information could be easier and also legally required (i.e., annual audits), grantees have to monitor certain financial metrics but often lack the same capacity and skillset to measure their social impact. Some community businesses struggled to determine how to adopt a double bottom line<sup>4</sup> approach to measure their success, and faced challenges in having a balanced view of their business using both social impact and financial health metrics. Power to Change's support was consequently important in addressing this gap to bring together both social impact and financial viability together in thinking about the grantees' strategic direction.

### 3.2 Recommendations and good practices for measuring impact

#### Keep impact measurement proportionate to the scale of the business

There are various ways organisations can measure their impact, but it is important that community businesses keep their impact measurement proportionate to the scale of their business, to use their resources and capacity optimally.

For smaller organisations, this could mean being more selective with the outcomes they want to measure, or adopting more simple and accessible solutions to collecting data. This could include seamlessly collecting information while doing business activities and using more creative approaches to measure impact so that participants also find it a fun and engaging process.



**So before we just started, [we listened] to people in the area be glad that the lake was reopened so [that] people had things to do... because we had community groups coming down, we had sort of a smiley face scoring system that we could activate... It meant we recorded more information about what we were doing.**

Community Business Fund grantee

Larger organisations who have more capacity could consider investing in a CRM system to collect data which can scale easily as they grow, and meet funders' reporting requirements. However, this requires more technical expertise and time to develop and tailor to the needs of the community business. Grantees reflected that having the funding and capacity building support of funders was helpful in doing this.



**I think it's probably a little bit complicated of us also. Looking at two to three areas [of support from Power to Change], one measuring social impact and development of CRM. Because the development of a CRM is a little bit more technical, it's partly why it's taking longer. I have to say I'm guilty as well it is not my strength, I shop people in from staff members to work on that.**

Community Business Fund grantee

4 Evaluating a business' performance based on their ability to generate financial returns and positive social impact.

### Focus on collecting data that can also be used for decision-making

Given that many community businesses have limited capacity to measure their social impact, and that they should use their resources responsibly, a good practice is to capture data that can both help measure impact and make decisions. Spending time collecting impact data which does not contribute to an organisation's decision-making - especially if the data is not collected in a rigorous way due to a lack of capacity or evaluation skills - is arguably not a responsible use of resources. Instead, other types of data (such as participants' feedback, data on engagement or targeting, etc.) - which can be relatively easier to collect in a reliable way - can more directly support decision-making and thus would constitute better use of community businesses' resources.

For example, community businesses could collect information around the following objectives which would support their business operations as well as understanding their impact:

- **Needs:** what are the needs of local community members? Are we addressing them?
- **Activities and delivery:** are services, activities, or products being delivered as planned? If not, why?
- **Targeting:** are we reaching the groups of people we want to reach?
- **Engagement:** are local community members participating in our programmes? If so, how? If not, why?
- **Feedback:** what do local residents think about our programmes?

Community businesses could collect data against each of the above points, which will also support their decision-making and avoid using resources on collecting additional information.

### Use creative ways of measuring impact

Although challenging, measuring impact could also be a fun and engaging process for community businesses and the people they work with. There is a range of approaches in collecting data and feedback from participants, and organisations could find simple, accessible, cost-effective, and creative ways of collecting data.

In addition to the example above on the smiley face feedback system, community businesses could also adopt participatory evaluation approaches and allow community members to take a more active role in collecting the information from their peers. For example, community businesses working with young people could implement a youth-led data collection process to not only strengthen the quality of the data collected, but also develop the skills of young people. Community members could also be involved earlier in the evaluation strategy to help determine what the key impact objectives are, collecting data and capturing the experiences of their peers, presenting findings, and taking ownership in embedding learnings and making improvements to the community business' services / products. In the long-run, this also helps reduce the capacity strain on community businesses themselves, although it may require some training and support from the community businesses at the initial stages.

### Provide training on social and environmental impact measurement

In terms of good practices for funders, grantees valued receiving training and support for impact measurement. Many organisations initially struggled with thinking about impact measurement and how to go about it.



**Because of the support I received from Trade Up, I was able to look at the business model and a lot of what came out of it was being able to sit with the staff and directors and do some planning. We found time to do that to make sure we were going in the right direction and obviously the money supported that as well because of the time. It just helped me focus and understanding as well, especially because it helped me understand the social impact. I used to struggle with how do you measure social impact, what does that really meant. It was quite complicated as well. So, it helped us reevaluated, refocus and priorities where we would like to go.**

Trade Up Grantee

As the grantee reflected, this habit also became adopted and embedded in their wider organisation, which helped them gain clarity and focus their work. Receiving training also helped organisations to identify what was appropriate and important for them to measure, and be more realistic and selective in determining what type of impact measurement was right for them and their context.



**Bright Ideas got us thinking all about evaluation and impact, it's something that we'd always talked about. The social return on investment course was really interesting, but actually kind of reinforced in my mind that I didn't want to do that. Again, it's one of those things that it kind of allowed me to explore and then say, that's not for us. Actually, I just struggled with this whole idea of monitoring everything.**

Bright Ideas Grantee

Training in impact measurement also helped organisations to appreciate the value of quantitative data and qualitative data, and strive to achieve a balance in using both to measure their impact.



**And I suppose it just helped me clarify in my mind, you know, what [about] quantitative was important and what qualitative was important. And actually, I think there is a fight to be had around the fact that, you know, we don't measure everything numerically, actually, in the legal system, for instance, then we measure stuff by storytelling and through the alphabet, actually, and that's okay.**

Bright Ideas Grantee

Since community businesses often lacked the capacity and skillsets in-house for developing the strategy and processes for impact measurement, receiving support from funders to leverage their expertise to develop clear evaluation frameworks and tools were valuable to grantees.

“**[Capacity building partners] are working with our delivery staff on refining our evaluation process for community members, especially youth, creating more specific benchmarks and a more clearly articulated set of progression pathways for long-term participants.**

Community Business Fund grantee

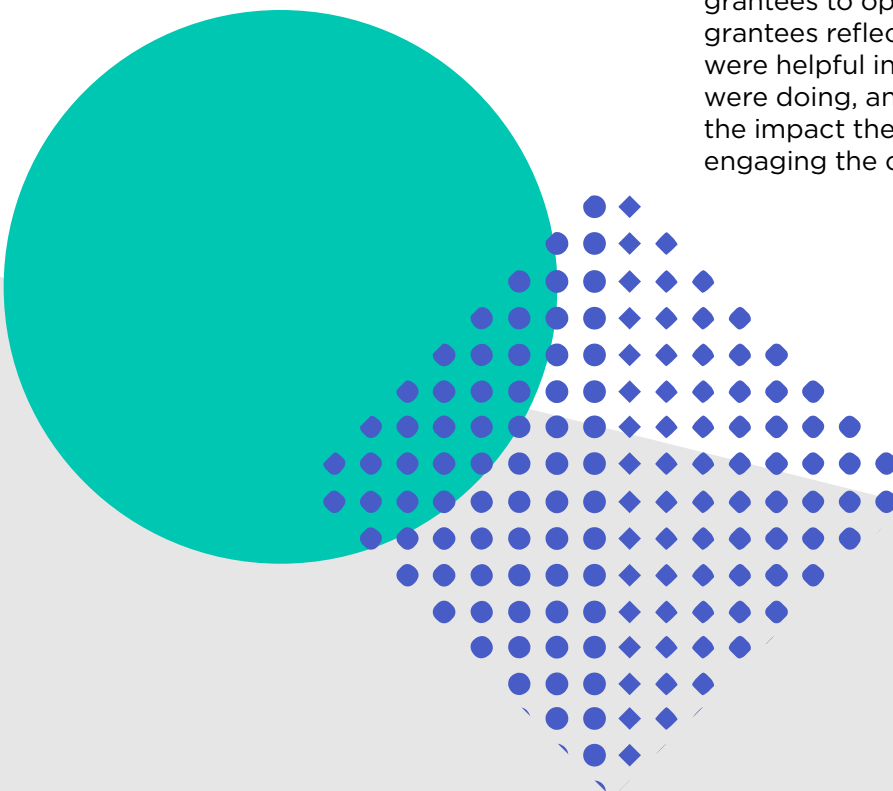
### **Take a relational approach to grant funding, thinking and impact**

Providing longer-term grant funding was also helpful for grantees, as it gave them financial stability and the head space to step back from their day-to-day operations, and think about their strategy, their impact, and establishing processes / habits around these.

“**Knowing we have investment in [the] company through grant meant [they've] really had strong brief for us as a company. It enabled [us] to plan ahead, enabled us to think widely about how to deliver services and grow as an organisation. Going through the process has been challenging but not negatively challenging. It enabled [us] to think about how we are organised, about other areas to develop, about how we work with the community...[we] have monthly meeting to talk about [our] role in park and with community. Going through [this] process [was] helpful.**

Community Business Fund grantee

Paired with the relational approach of Power to Change who acted as a critical friend to grantees to openly discuss their impact, grantees reflected that the regular meetings were helpful in re-evaluating what they were doing, and refocusing their work on the impact they wanted to achieve while engaging the community in the process.



## 4. LEARNING & ADAPTING OVER TIME



Many community businesses across Bright Ideas, Trade Up, and the Community Business Fund reflected that even when they could articulate, define and measure their social impact, they then struggled to know what to do with it. Many organisations were aware that the evidence they were collecting was useful, and could change the way they did things. However, some experienced barriers to embed learning in their organisation and adapt accordingly. Below are some of the key challenges that community businesses faced when using social impact for learning and adapting their business.

### 4.1 Challenges for community businesses using social impact for learning and adapting their community business

#### Lack of capacity / time to regularly analyse and act on evidence

As mentioned previously, many community businesses struggled with capacity and the availability of relevant skills within their organisation to measure their impact. Capacity can also be an issue when attempting to embed findings about social impact into a business model; many organisations are focussed on day-to-day delivery, and taking time to step back, reflect, and learn, can be difficult.



**[I'm] just running around frantically busy, all sorts of covid response and day to day issues... it's all very easy to talk about yeah we do houses and we do this and we do that, but people are really complicated and take a lot of time [to] support... That's meant basically we have also delayed the process**

Community Business Fund grantee

Large changes at an organisation can also lead to lack of capacity. For example, one community business received support to outline their strategic aims and objectives. However, they were in the midst of buying a building which meant they struggled to find time to implement, and review, these.



**We got the resilience report agreed in principle would look at strategic objectives. We have got strategic aims and objectives but with buying the building everything had been put on hold**

Community Business Fund grantee

### Re-thinking impact as circumstances change

Many community businesses faced challenges with understanding their impact when there were changes in their local context or changes in their own community business' circumstances. The pandemic in particular has highlighted the need and challenge for community businesses to regularly revisit their business model and rationale of their work (i.e., theory of change) to ensure they adapt to changing contexts. In addition to external contextual changes, community businesses also needed to adapt as they grew their business. For example, one grantee had successfully secured a loan and moved to a larger building, which had implications on their strategic objectives and revisiting their theory of change to define what and how they will achieve social impact.

“**Using the Power to Change grant, which we matched with a mortgage from our bank, we moved to a larger premise. As a result of this, the strategic objectives of the organisation were revised to become more ambitious at that point. It remains important to be an independent bookshop, but now we have more offers. And the offers we make are based on books and literacy as social impact projects**

Community Business Fund grantee

Other than big pivot points of the business, it is critical that community businesses have an embedded practice to continuously adapt and be flexible around their business activities and theory of change to remain relevant.

### 4.2 Recommendations and good practices for learning and adapting

While it can be difficult to continuously adapt and learn, there are some good practices among community businesses and funders that can help address the above challenges.

#### Take time to think about strategy

Community businesses often focus on the day-to-day delivery of their organisation, and miss the chance to think about their long-term strategy. Some organisations have found that taking the time to step back and think (or re-think) the strategy of the business can help them to assess how they are organised, areas to focus and develop and how they can work with the community.

“**[The emergency grant] enabled [us] to plan ahead, enabled us to think widely how to deliver services and grow as an organisation. Going through the process [has] been challenging but not negatively challenging. Enabled to think how are we organised, other areas to develop, how we work with community.**

Community Business Fund Grantee

“**It was just that looking at the whole organisation and the social impact, helping us plan more and look at and focus on what our business is and what we could trade up.**

Trade Up grantee

In terms of good practice for funders, providing core funding for organisations can make taking time to think about strategy affordable. In addition, it can sometimes be difficult to step outside of your organisation and think about the bigger picture, and providing opportunities to learn from other community businesses has been valuable.





**It's not until later that you realise actually just sitting and sharing is a valuable experience in itself. Sometimes that taking out time is a lot more valuable than the facts and figures.**

Trade Up grantee

### **Continually review the community's needs**

As previously mentioned, for community businesses to better articulate their social impact, regular engagement with their community and wider stakeholders is needed. However, articulating social impact is not just a one-time job: it needs regular review and reflection, to allow for changes in the community and the context in which they sit. Community businesses which regularly reviewed their community's needs through methods such as surveys of villagers and monthly meetings found they were better able to adapt their services.

One Trade Up grantee surveyed by Power to Change in 2018, noted how they continually reviewed the needs of their community, so they could tweak their service as necessary:



**We have an ongoing dialogue with our participants and their parents / carers (face to face, via email and through questionnaires), and we tweak things as we go along to meet their needs.**

Trade Up grantee

As mentioned previously, feedback from participants can help understand impact while also contributing to decision-making, as shown in the example below. The community business identified key issues the organisation was not aware of, and has directly led to the development of new plan to tackle these issues:



**We ran a play scheme to aid various issues of social isolation, holiday hunger and social economic barriers. This was for 6 weeks over the summer. From this we have been requested by parents to make this all year round as [it] has supported parents with all the issues we identified, but it has also identified issues of how parents need support to bring up their children [who] were struggling to play & use imagination. Obesity issues also identified partly due to poverty & partly exercise and education. We are now developing with the support of a local school, a more detailed plan to tackle these issues.**

Trade Up grantee

### Find space to embed learning into everyday practice

Community businesses who found ways to embed learning into everyday practice found they were better able to focus on their social mission and how they achieve their goals. For example, one community business used weekly team meetings for colleagues to talk about social impact goals. This enabled staff members to understand their social mission and the reasons behind it, and develop plans on how to reach their goals.

“**We were having weekly team meetings with our staff members, a lot was about our social impact goals. For instance, you know, what we were aiming to do and what we were trying to achieve, really? I think a lot of it allowed us to really focus on our social mission a bit more because we were able to say, this is this is where we are, these are the reasons why we’re doing this. This is what we want to do and where we want to grow to... How successful are we in building that and how focused are we in terms of reaching those goals. So I think it was quite helpful in allowing the organisation to grow.**

Trade Up grantee

In terms of good practice for funders, some grantees of Trade Up reflected that the learning programme meant they changed their approach to learning in their organisation, and embedded it into their everyday practice. This allowed them to learn and adapt over time, to maximise their social impact.

“**Since the Trade Up programme the thing we changed was to make sure we meet more regularly and adopt the things I had learnt through the course. Like looking at the social impact and trying to, as I said we’re doing three different roles in one, so trying to make us regroup and think about things... It was just the learning aspect, embedding that into the everyday practice**

Trade Up grantee

It is also important to think about how to fully embed learning into an organisation, and take on board the community’s needs in the process.

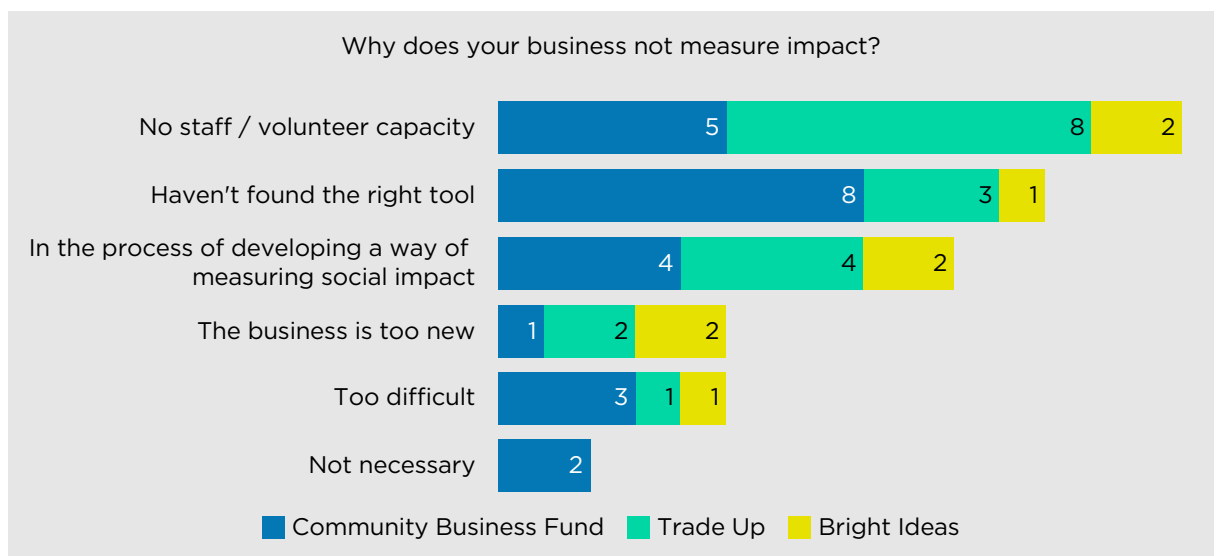
## 5. CONCLUSION AND RECOMMENDATIONS

Social impact is core to community businesses, and the activities they deliver in their communities. However, many community businesses face challenges when trying to articulate, measure, or embed social impact.

### 5.1 Challenges faced by community businesses

From Power to Change's grantee survey in 2018, community businesses across Community Business Fund, Trade Up, and Bright Ideas reported not measuring their social impact for a range of reasons, the main ones being: 'no staff / volunteer capacity' and 'haven't found the right tool'. These, as well as the other barriers to community businesses to measure their social impact, are shown in the diagram below.

Figure 2: 2018 grantee survey results split across CBF, TU, and BI on why grantees do not measure their social impact



Building on this survey, our research above has shown how lack of capacity can prevent community businesses from measuring their social impact, as well as embedding findings about social impact into their business model. Many organisations are focussed on day-to-day delivery, and taking time to step back, reflect, and learn, can be difficult.

In addition to this, community businesses struggle to define their impact for one of two main reasons: they operated across many sectors to cater to the various needs of their community, and consequently had different aims for different target groups; or they struggled to define their impact when the outcomes were indirect or intangible.

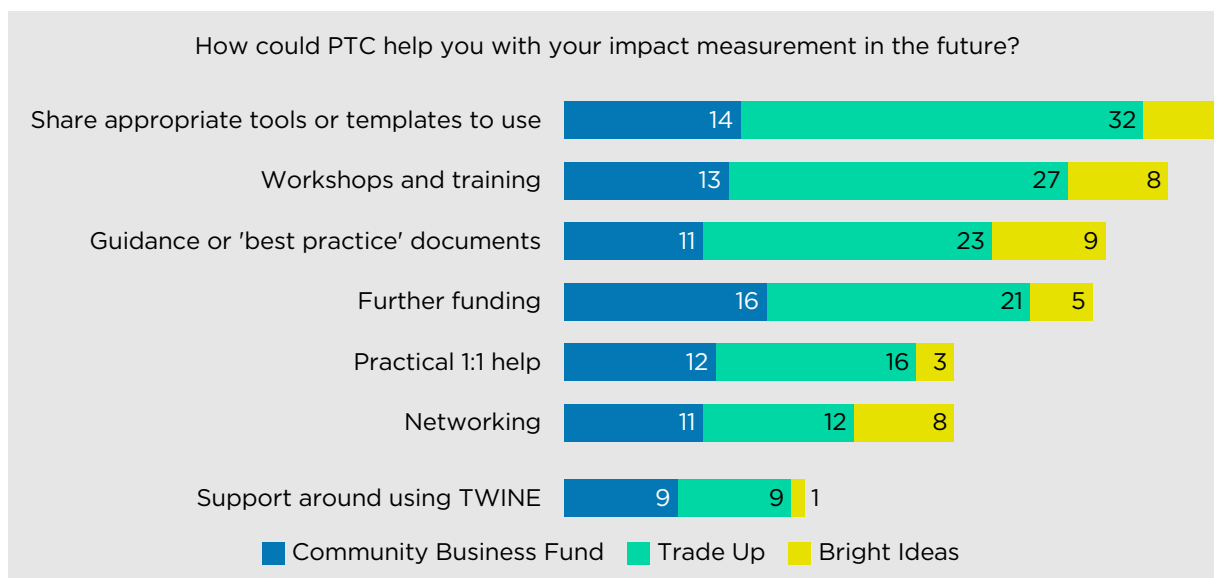
When considering social impact measurement, community businesses struggled to identify the right tools and metrics to measure impact. On top of this, some find it difficult to balance social impact with financial health. They may find it easier to monitor financial information, but face challenges in having a balanced view of their business using both social impact and financial health metrics.

### 5.2 Recommendations for Power to Change and other funders

Whilst many of the challenges faced by community businesses can be tackled by the organisations themselves, there is value in Power to Change and other funders supporting community businesses to overcome some of these challenges.

**Power to Change and other funders should support grantees to understand, articulate and measure their impact.** Data from Power to Change’s 2018 survey found that grantees would like access to tools / templates, workshops and training and guidance or ‘best practice’ documents around impact measurement.

Figure 3: 2018 grantee survey results split across CBF, TU, and BI on how could Power to Change help with impact measurement



There is a myriad of different ways that Power to Change and other funders could support grantees with their social impact. This could include practical training on social and environmental impact measurement such as evaluation framework development and impact measurement methodologies; encouraging grantees to consider and map thoroughly the impact they could have through their business, including monitoring potential negative impacts of their community businesses; and incentivizing community businesses to collect data that can also be used for decision-making.

It is important for funders to create a learning environment that encourages risk-taking, so that grantees can confidently and honestly report on their impacts without feeling that their grant or relationship with the funder would be threatened.

**Power to change and other funders should enable peer learning and sharing of good practices.** As noted throughout this report, there are a range of good practices related to social impact that community businesses are out there doing already. However, often the challenge lies in finding information on these good practices. Funders sit in a privileged position where they have built relationships with a wide range of organisations. They can use this to the advantage of community businesses by enabling space and time for grantees to learn from their peers and share good practices, so they can think creatively in how to articulate, measure and embed social impact.

**Power to change and other funders should take a relational approach to grant funding, thinking and impact.** There are many benefits to providing longer-term grant funding, as it can give financial stability and the head space to step back from their day-to-day operations, and think about their strategy, their impact, and establishing processes / habits around these. Pairing this with a relational approach can make these benefits even greater. By supporting grantees with regular check-ins and acting as a critical friend to help them think through their social impact, funders can help community businesses to embed that practice in their organisation.




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