



SMALL BUSINESS

# BIG IMPACT

A step-by-step guide to measuring and managing impact to boost the competitiveness of micro and small businesses.





## United Nations Development Programme

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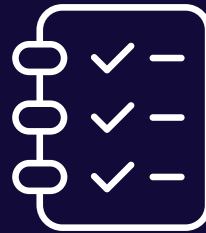
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About this  
**GUIDE**



## WHO THIS GUIDE IS FOR (AND A DISCLAIMER)

This guide was created for people who are ready to start an impact-driven business and are looking for a practical tool to help them on that journey.

It is also aimed at micro and small business owners who want to transform their current business model, because they see sustainability as the way forward or because they want their businesses to take the lead in driving positive change in their communities.

In short, this guide is useful for anyone interested in learning how to measure and manage impact, and how this is tied into the strategy and daily operations of a business.

It also seeks to answer a key question: how can sustainability be integrated into a business, project, programme, or any initiative connected to the productive ecosystem?

Most likely, this guide will be used by entrepreneurs managing very small businesses with fewer than 10 people. However, it can also be valuable for public sector officials working on sustainability who want tools to strengthen strategic planning and policy design for this type of business.

We have also seen that this methodology is highly useful for people working in the financial sector, whether in banks, microfinance institutions, or investment funds, since they can apply the tools in this guide to design financial products or build investment portfolios. This guide is not primarily intended for large businesses with specialized sustainability teams. For those cases, the contents here may seem too general or basic. We recommend instead consulting the SDG Impact Standards Manuals developed by UNDP



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## INTRODUCTION:

This guide has been intentionally designed to be short and practical, recognizing the management challenges and time constraints that micro and small businesses face.

It serves as an introduction to Impact Measurement and Management (IMM) practices, offering clear steps to navigate this essential part of running a sustainable business.

The guide Small Business, Big Impact aims to demystify IMM and make it accessible for managing a micro or small business. It is a basic resource to help you begin your journey toward understanding and measuring the impact of your business activities. The content is concise and adapted to the realities of small businesses and designed to make the IMM process faster and easier without losing quality or relevance.

However, this guide is just a starting point. UNDP also offers businesses another online tool to support you in measuring and managing impact: the Impact Lab. The Impact Lab is a self-learning platform that helps businesses measure and manage their impact from start to finish. Across four modules, it provides tools for data collection, aggregation, and analysis.

Finally, remember that impact measurement is not just about compliance. It's about strengthening the positive contributions that your business makes to society. We hope this guide helps you take your first steps toward making your impact measurable, visible, and meaningful, for both your business and the people it serves.

## WHAT YOU NEED BEFORE USING THIS GUIDE

Before applying the steps in this guide, make sure your business has:

- **A business mission:** What problem does your business aim to solve, and how?
- Clear **business objectives** and a defined business model.
- Information about your **business results** (if available): This will be useful when applying the impact measurement tools.
- Basic knowledge of the **Sustainable Development Goals (SDGs)**: You can find more information from official UN sources: <https://sdgs.un.org/>
- At least one person in your business who will act as the focal point to implement the steps in the guide and prepare the report.

# IMPACT'S JOURNEY

5 STAGES | 9 STEPS





Identify your

**IMPACT**



# STEP 1:

## Identify your value proposition and the expected impact of your business

For micro and small businesses, impact means the tangible, measurable difference they create in the world, beyond financial results. It includes the economic, social, and environmental effects of their operations on the community, the environment, and their stakeholders.

*For example, a small business that adopts environmentally friendly practices not only reduces its ecological footprint but also builds a positive brand reputation, which can help attract more customers.*

In this context, impact is a powerful tool for micro and small businesses to connect with their customers and communities, build trust, and drive **sustainable growth** by showing the concrete value they bring to both society and the environment.

Integrating Impact Measurement and Management (IMM) practices is essential for micro and small businesses for several reasons, including:

1. Improving decision-making within the organization
2. Increasing operational performance and financial efficiency, boosting productivity
3. Significantly improving access to capital
4. Driving sales growth

### HOW DOES IT WORK?

By measuring impact, businesses generate indicators that provide valuable information to strengthen strategic decision-making and improve productivity.

In addition, by demonstrating a commitment to social and environmental responsibility, businesses can attract investors who prioritize sustainability, opening new financing opportunities and strengthening resilience.

Finally, being transparent about their positive impacts, these businesses are positioned as more attractive partners for customers and employees, fostering long-term growth and competitiveness in the market.





UNDP/Creciendo Con Su Negocio/Peru/n.d./UNDP Catalogue

This guide offers step-by-step guidance with practical tips to help micro and small businesses identify the economic, social, and environmental impacts of their operations, manage this impact, develop an Impact Measurement and Management (IMM) strategy, and then communicate it to their stakeholders.

To do this, it is essential that, before defining an organisation's "impact," you first identify the business's "value proposition" or its "contribution" to society and the planet.

**ACTION:**

Identify the problem your business seeks to solve, its root causes, and define how the business describes the desired future and its mission.

**SEE TOOL 1** 



**THINK ABOUT THIS:**

What problem or needs does your business seek to solve?

What is causing this problem?

How does the future look with this problem solved?



## VALUE PROPOSITION:

A statement that clearly identifies, in a way that can be measured and demonstrated, the benefits a customer or consumer gains through a business's products or services<sup>1</sup>.

## OUTPUT:

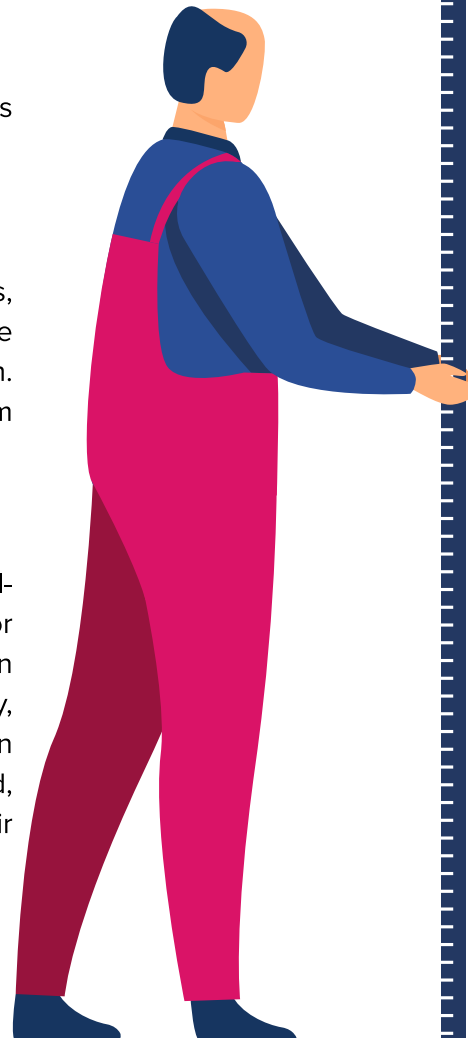
An immediate change resulting from a business activity.

## OUTCOME/EFFECT:

An observable change in the behavior, capacities, or conditions of beneficiaries, directly attributable to a business activity in the short or medium term. Outcomes contribute to achieving long-term impact.

## IMPACT:

A long-term change in outcomes (aspects of well-being) caused by an organization's actions or decisions, either directly, through its own products, services, and operations, or indirectly, through its supply and value chains. Impacts can be positive or negative, intended or unintended, direct or indirect, and vary depending on their contribution to the SDGs.



## IMPACT MEASUREMENT:

The ongoing practice of quantifying the effects directly or indirectly attributable to your actions, and tracking progress against set objectives and outcomes.

## IMPACT MANAGEMENT:

The ongoing practice of integrating impact considerations into organizational decision-making to optimize contributions to sustainable development and the SDGs. This includes:

- Setting ambitious impact objectives, with clear baselines and timelines.
- Engaging stakeholders in decision-making.
- Identifying, measuring, valuing, managing, and communicating tangible or “material” impacts.
- Establishing mechanisms for learning and continuous improvement

## IMPACT MEASUREMENT AND MANAGEMENT (IMM):

Impact measurement and management (IMM) is a system of practices that helps businesses make better decisions, improve productivity, and increase their impact.

<sup>1</sup>Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., & Papadakos, T. (2014). Value Proposition Design: How to create products and services customers want. Wiley.



## ADVANTAGES OF MEASURING IMPACT:

Organizations adopt IMM practices for several reasons, including:

- Improving operational and financial performance
- Strengthening risk management and seizing market opportunities
- Enhancing the efficiency of products and services
- Strengthening relationships with stakeholders and customers
- Demonstrating credibility and sharing a clear impact story with stakeholders
- Having a clear positioning on sustainability, both internally (with employees) and externally
- Expanding long-term impact and contributing effectively to the achievement of the SDGs

In addition, it is estimated that there are USD 12 trillion in business opportunities linked to unlocking solutions<sup>2</sup> to some of the greatest challenges facing businesses today, including:

- Opening up new business or investment opportunities and increasing operational efficiency
- Businesses prepared to face emerging megatrends
- Managing risk more effectively and efficiently
- Strengthening reputation and brand value
- Securing a social license to operate in specific territories
- Keeping pace with and anticipating political developments
- Attracting and retaining workers, consumers, B2B clients, and investors
- Strengthening stakeholder relationships and improving customer engagement in value chains
- Driving innovation, designing effective products and services, and developing new customer insights
- Contributing to the stability of societies and markets on which future business outcomes depend



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<sup>2</sup> Business & Sustainable Development Commission (2017)



## SUSTAINABLE DEVELOPMENT GOALS (SDGs):

These are the minimum thresholds of sustainable development that all UN Member States have agreed are necessary to secure our common future. They form a global plan to ensure a more sustainable and inclusive future for all.

Unlike the Millennium Development Goals that came before them, the SDGs apply to all countries—developed and developing—and to everyone: individuals, governments, the public sector, civil society, non-profit organizations, and the private sector.

The SDGs recognize that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality, and stimulate economic growth, while tackling climate change and working to preserve our oceans and forests.

The SDGs consist of 17 integrated and indivisible goals, grounded in human rights and balancing the three dimensions of sustainable development: economic, social, and environmental. There are 169 targets and 231 indicators that monitor their progress. Of these, 88 require active engagement from the private sector.

It is estimated that achieving the SDGs requires USD 5 to 7 trillion annually. This means not only channeling resources to where they are most needed, but also for transforming the financial system toward sustainable capital so that we stop contributing to problems faster than we can solve them.

This is why the consulting firm PWC stated that:

“

*The next 10 years will be critical for action. Those organizations that show leadership on the SDGs will be the ones most likely to gain the support of their stakeholders, including investors, regulators, consumers, employees, and society at large.”*





## WHY ARE SUSTAINABILITY AND THE ACHIEVEMENT OF THE SDGS SO IMPORTANT, AND WHY DO THEY MATTER NOW MORE THAN EVER?

Because we are not currently on a sustainable path. It is clear that the SDGs cannot be achieved without the private sector. At the same time, the future of the private sector depends on our ability not only to preserve but also to regenerate the ecosystems on which we all depend to live, work, produce, and sell.

- As we reach the limits of our social and planetary systems, we are witnessing crises that are increasingly complex, severe, and frequent: health, food, climate, armed conflicts, political, economic.
- Today's context of uncertainty at multiple levels, driven by the pandemic, ongoing conflicts, and climate change, has caused significant setbacks for sustainable development and is putting economic prosperity, both current and future, at risk.
- As we reach the limits of our planetary and social systems, this uncertainty on multiple levels has also revealed how interconnected economic, social, and environmental outcomes are with our collective futures.
- Even though the link between sustainability, profitability, and the urgent need to act is increasingly recognized, we remain far from achieving the SDGs.





**TOOL** 

**1**

**UNDERSTANDING THE  
BUSINESS CONTRIBUTION**



**WHY?**

Tool to understand the economic, social, and/or environmental contribution of the business



**HOW?**

1. Describe the problem: what need is being addressed and/or solved
2. Identify the causes: Elements and/or factors that contribute to the problem
3. Describe a desired future
4. Conclude the exercise with a purpose connected to one or two Sustainable Development Goals (SDGs).



**PURPOSE**

**To shift the business's operational mindset toward an "impact" mindset, while connecting its value proposition and contribution with the Sustainable Development Goals (SDGs).**




# 1 UNDERSTANDING THE BUSINESS CONTRIBUTION


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Select 1 or 2 SDGs.

Company:

 **Mission** In one sentence, state the purpose of your business model.

 **Desired future** Having defined the problem to be solved, envision what the future of your business would look like and how it contributes to addressing the problem.

 **Problem** What need is being addressed and/or solved?

 **Causes of the problem** What elements cause the problem?

 **Tip:** If it helps, you may research, use images, and draw case studies from the internet.



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Example  
**Amazonía Café**

# 1 UNDERSTANDING THE BUSINESS CONTRIBUTION

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Select 1 or 2 SDGs.

Company:

**AMAZONIA CAFE**

**Mission** In one sentence, state the purpose of your business model.

To promote the sustainable development of coffee-growing communities in the Ecuadorian Amazon by offering specialty coffee of the highest quality, produced through responsible practices that protect the environment and strengthen local coffee-growing traditions.

**Problem** What need is being addressed and/or solved?

The lack of access to decent work for coffee farmers in the Orellana region.

**Causes of the problem** What elements cause the problem?

- Lack of access to or presence of services from the Ecuadorian government
- Lack of technical assistance for coffee cooperatives in the Orellana region
- Limited negotiation capacity between cooperatives and businesses that process coffee.

**Desired future** Having defined the problem to be solved, envision what the future of your business would look like and how it contributes to addressing the problem.

- Technical training to improve coffee planting and cultivation processes through sustainable practices.
- Improvement in the main input of the business thanks to process improvements.
- High-quality product with a cup score above the Ecuadorian average.
- Highest standards of quality while respecting the environment and local communities.



**Tip:** If it helps, you may research, use images, and draw case studies from the internet.



Understand your  
**IMPACT**

## STEP 2:

### Identify the effects on the main stakeholders

Identifying “stakeholders” is a very important step in the IMM process. It means identifying the people or organizations who affect or are affected by the main services, products, or operations of your business. It’s important to highlight that these stakeholders are involved in the IMM process.


#### **ACTION 1:**

Select one key activity for which you want to analyze your business’s impact. Make a list of the stakeholders that have affected (or will affect) or have been affected (or will be) by that activity.

#### **ACTION 2:**

Describe the social and environmental effects (positive or negative changes) that your business creates.

**SEE TOOL 2** 

 **Recommendations:**  
When selecting the key activity, prioritize those that are essential to the existence of your business.



UNDP/Uruguay/2025/AI-generated image

## STAKEHOLDER OR STAKEHOLDER GROUP:

People or organizations that affect or are affected by the activities being analyzed.

Some types of stakeholders that may come to mind are:



When you begin this activity, you might come up with an endless list. At the same time, there's always the risk that the initial list is incomplete, not detailed enough, or includes irrelevant stakeholders. This list will evolve as you move forward with your analysis. As you go, you may identify:

### NEW STAKEHOLDER GROUPS:

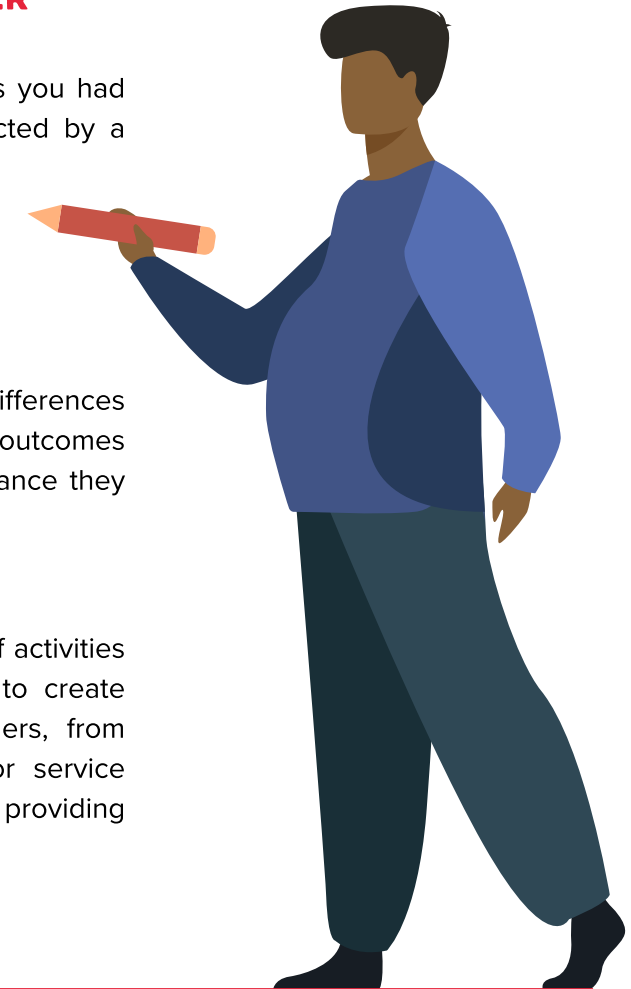
People or organizations you had not realized were affected by a given activity.

### SEGMENTS (OR SUBGROUPS) OF STAKEHOLDERS:

Which emerge due to differences in their experiences of outcomes or in how much importance they give to those outcomes.

### VALUE CHAIN:

A value chain is a set of activities that a company does to create value for their customers, from designing a product or service until delivering it and providing after-sales support<sup>3</sup>.



**TOOL** 

**2**

**IDENTIFY THE EFFECTS ON THE MAIN STAKEHOLDERS**



**WHY?**

Identify who (stakeholders) is affected by the business operations in order to begin listing the different types of effects the organization has through its activities.



**HOW?**

1. Organize the key activities from Canvas B in the value chain table.
2. Identify the stakeholders for each stage of the value chain.
3. Determine the effect (positive or negative) of each activity on its respective stakeholder.
4. Link the positive effects to their contribution to the SDGs prioritized in Tool 1



**PURPOSE**

Starting point to reduce potential negative effects and impacts, and to increase positive impacts.



## 2 IDENTIFY THE EFFECTS ON KEY STAKEHOLDERS

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### BUSINESS VALUE CHAIN

	Inbound logistics	Operations	Outbound logistics	Marketing & sales	After-sales service
	Activities related to the receipt, storage, and inventory control of a company's raw materials, including relationships with suppliers.	Procedures to transform raw materials into a finished product or service.	All activities involved in distributing a final product to a consumer, including storage and distribution systems (external or internal).	Strategies to increase visibility and target the right customers, such as advertising, promotion, and pricing.	Activities to maintain products and enhance the customer experience, including customer service, maintenance, repairs, refunds, and exchanges.
<b>Stakeholders</b>					
<b>Effects and SDGs</b>					

**Tip 1:** The environment is also a stakeholder.

**Tip 2:** Focus on identifying effects less from an operational perspective and more from an impact-oriented (long-term) perspective.



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Example  
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## 2 IDENTIFY THE EFFECTS ON KEY STAKEHOLDERS

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### BUSINESS VALUE CHAIN

	Inbound logistics	Operations	Outbound logistics	Marketing & sales	After-sales service
	Activities related to the receipt, storage, and inventory control of a company's raw materials, including relationships with suppliers.	Procedures to transform raw materials into a finished product or service.	All activities involved in distributing a final product to a consumer, including storage and distribution systems (external or internal).	Strategies to increase visibility and target the right customers, such as advertising, promotion, and pricing.	Activities to maintain products and enhance the customer experience, including customer service, maintenance, repairs, refunds, and exchanges.
<b>Stakeholders</b>	<ul style="list-style-type: none"> <li>Coffee producers and cooperatives in Orrellona</li> <li>Suppliers of inputs (organic fertilizers, biodegradable packaging)</li> <li>Rural development and sustainability organizations and NGOs</li> <li>Government institutions supporting agriculture (Ministry of Agriculture)</li> </ul>	<ul style="list-style-type: none"> <li>Plant staff (roasting, grinding, packaging)</li> <li>Suppliers of machinery and maintenance</li> <li>Quality and sustainability auditors or certifiers (e.g. organic, fair trade)</li> <li>Graphic designers for labels and packaging</li> </ul>	<ul style="list-style-type: none"> <li>Local transportation and logistics companies</li> <li>Export and customs agents</li> <li>National distributors and wholesalers</li> <li>International business partners (importers, coffee brokers)</li> </ul>	<ul style="list-style-type: none"> <li>End customers (specialty coffee consumers)</li> <li>Gourmet stores, cafes, and restaurants</li> <li>Media and gastronomic press</li> <li>Influencers and barista brand ambassadors</li> </ul>	<ul style="list-style-type: none"> <li>Recurring customers and coffee subscribers</li> <li>Customer service centers and social media channels</li> <li>E-commerce platforms and marketplaces</li> <li>Consumer associations</li> </ul>
<b>Effects and SDGs</b>	<ul style="list-style-type: none"> <li>Direct purchase of organic coffee → Producers and cooperatives → Positive: improves income and economic stability</li> <li>Training in sustainable practices → Producers → Positive: enhances productivity and coffee quality</li> <li>Strict quality control → Suppliers → Positive: ensures standards and strengthens reputation; Negative: may cause rejection if production is refused</li> </ul>	<ul style="list-style-type: none"> <li>Coffee roasting and packaging → Plant staff → Positive: local employment and skills development</li> <li>Quality certifications → Certifiers → Positive: recognition and access to premium markets; Negative: additional costs for the company</li> <li>Use of biodegradable packaging → Packaging suppliers → Positive: promotes innovation and sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Distribution to cafes and stores → intermediate customers → Positive: access to a differentiated product</li> <li>Export → International agents and buyers → Positive: market access; Negative: risk due to delays or customs</li> </ul>	<ul style="list-style-type: none"> <li>Campaigns on origin and sustainability → Consumers → Positive: builds trust and perceived value</li> <li>Participation in fairs → Clients and distributors → Positive: increased visibility and potential sales; Negative: high participation costs</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and replacements → End consumers → Positive: loyalty and reputation</li> <li>Satisfaction surveys → Recurring customers → Positive: continuous improvement; Negative: if complaints are not addressed, it affects the company's image</li> </ul>

- Tip 1:** The environment is also a stakeholder.
- Tip 2:** Focus on identifying effects less from an operational perspective and more from an impact-oriented (long-term) perspective.

## STEP 3:

### Assess the significance of the effects and prioritize the most important social, economic, and environmental impacts

Understanding the importance of effects means identifying which ones have the potential to generate deep, lasting, and systemic change; that is, an effect that, over the long term, becomes impact.

This step involves evaluating the effects, identifying and prioritizing the most relevant impacts linked to sustainable development and the achievement of the SDGs, always from the perspective of the prioritized stakeholders.

This is where you analyse the relevance and significance of the social and environmental changes (impacts) experienced by the stakeholders you have identified, and which you will consider in the IMM process.

Once you have analyzed what matters most to stakeholders and what influences their decisions, it is important to prioritize the most critical economic, social, and environmental impacts that will be considered in the IMM process. The prioritization of material impacts may be carried out by choosing to focus on:

- **Reducing the most severe negative impacts.**
- **Achieving the greatest positive impacts.**

#### **ACTION 1:**

Identify the most significant effects of the activity on people and the planet (material impacts), considering how relevant and meaningful these effects are to the identified stakeholders.

#### **ACTION 2:**

From the list of material impacts, prioritize those that are most relevant to your business and those in which your business has the greatest capacity to make a substantial contribution.

Assess your organization's ability to contribute to reducing the most severe negative impacts or to achieving the highest positive impacts.

**SEE TOOL 3** 



#### **LET'S REFLECT:**

What is most relevant from the perspective of these stakeholders?

What matters most to those affected, and what influences their decisions?

Which effects on stakeholders are the ones that generate sustained, long-term change?



#### **LET'S REFLECT:**

Where can you focus to achieve the greatest material impact?

## FROM EFFECT TO IMPACT:

The change from effect to impact is a transition that can take several forms, sometimes happening at the same time:

- **By scale:** the effect reaches more people or territories.
- **By duration:** the change lasts over time.
- **By depth:** the change reshapes structures, relationships, or behaviours.
- **By accumulation:** several effects together create a larger, lasting transformation.

### EXAMPLE:

The business implements a materials recycling program:

**Effect:** Workers develop the habit of correctly separating waste.

**Impact:** The business reduces its environmental footprint, saves on materials, generates an additional income stream, and establishes a recycling policy.

### MATERIALITY:

This is the process used to identify which impacts should be managed and to determine whether the information available is enough for decision-making.

Any approach to understanding the impact of a business or its activities must find a way to focus on outcomes that are relevant and meaningful, such as:

- Outcomes that matter to stakeholders who experience (or may experience) them.
- Outcomes that are important for sustainable development and for achieving the SDGs by 2030.
- Areas where the business can have (or is having) the most significant positive or negative impacts.
- The most significant sustainability risks and opportunities for the business's ability to create value, since strong, resilient, and sustainable businesses are better able to contribute positively to sustainable development and the SDGs.





## **INFORMATION ON SUSTAINABLE DEVELOPMENT:**

Any information that can reasonably influence the conclusions drawn by:

- Stakeholders, regarding the organization's positive and negative impacts on achieving the SDGs and/or sustainable development.
- Investors or finance providers, regarding the organization's ability to create long-term value for both the business and society.
- Sustainability issues that are relevant and material to an organization's activity.

The ability of an organization to create long-term value and avoiding value destruction represent risks and/or opportunities for stakeholders, including society and the planet.

Some helpful tips for analyzing the materiality of impacts:

- Don't limit only to what is relevant for your business objectives. Include what is relevant for your stakeholders.
- Assess all possible effects from the stakeholders' perspective.
- Consider both positive and negative impacts, as well as the potential risks of negative impacts and opportunities for positive ones.

**TOOL** 

**3**

**ASSESS THE SIGNIFICANCE OF THE EFFECTS AND PRIORITIZE IMPACTS**



**WHY?**

Understand how relevant and significant these effects are for the company and for the identified stakeholders.



**HOW?**

1. Gather the stakeholders and the effects identified in Tool 2.
2. Answer the different questions to quantify the importance of each effect for the stakeholder.
3. Sum the values to enable a comparison of importance.
4. Focus on the stakeholders and effects of highest importance (4/4) = impact.



**PURPOSE**

Identify the most important effects of the activity on people and the planet (material impacts) and define the focus of the impact strategy.



### 3 ASSESS THE SIGNIFICANCE OF THE EFFECTS AND PRIORITIZE IMPACTS

### SMALL BUSINESS BIG IMPACT



Identified stakeholder	Effect: Positive or Negative?	Describe the effect	Measurable long-term effect (material impact)	Direct or indirect stakeholder?	Capacity to influence	Importance for the business	Importance for stakeholders	Importance
Information from Tool 2			Choose: 1 if it is measurable in the medium and long term. 0 if it is measurable only in the short term.	Choose: 1 if it is a direct stakeholder. 0 if it is an indirect stakeholder.	Does the company have the capacity to meaningfully influence the effect? 1 (Yes) 0 (No)	Is the effect significant for the business? 1 (Yes) 0 (No)	Is the effect important to the stakeholder? 1 (Yes) 0 (No)	Colour in the number of circles corresponding to your 5 previous answers. 1 Colour in 0 Do not colour in
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	○○○○○
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	○○○○○
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	○○○○○

- **Describe** the stakeholders and the effects that impact those same stakeholders.
- **Respond** with 1 or 0 in each column.
- **Sum** the values in the columns.
- **Fill in** the corresponding number of circles in the Importance column.
- **Important:** Only stakeholders and effects with the highest importance (5) will be used in the next tool.

- **Tip 1:** The capacity to influence can be used to reduce negative effects or enhance positive ones. The business may leverage its human, financial, logistical, and other resources to do so.
- **Tip 2:** Effects and stakeholders with the highest importance constitute the material impacts and main stakeholders.



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Example  
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### 3 ASSESS THE SIGNIFICANCE OF THE EFFECTS AND PRIORITIZE IMPACTS

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**BIG IMPACT**



Identified stakeholder	Effect: Positive or Negative?	Describe the effect	Measurable long-term effect (material impact)	Direct or indirect stakeholder?	Capacity to influence	Importance for the business	Importance for stakeholders	Importance
Information from Tool 2			Choose: 1 if it is measurable in the medium and long term. 0 if it is measurable only in the short term.	Choose: 1 if it is a direct stakeholder. 0 if it is an indirect stakeholder.	Does the company have the capacity to meaningfully influence the effect? 1 (Yes) 0 (No)	Is the effect significant for the business? 1 (Yes) 0 (No)	Is the effect important to the stakeholder? 1 (Yes) 0 (No)	Colour in the number of circles corresponding to your 5 previous answers. 1 Colour in 0 Do not colour in
Coffee producers and cooperatives in Orletona	Positive	Improves income and economic stability.	1	1	1	1	1	●●●●●
Plant staff	Positive	Local employment and skills development.	1	1	1	1	1	●●●●●
End consumers	Positive	Local consumption of a quality product.	1	1	0	1	1	●●●○●

- **Describe** the stakeholders and the effects that impact those same stakeholders.
- **Respond** with 1 or 0 in each column.
- **Sum** the values in the columns.
- **Fill in** the corresponding number of circles in the Importance column.
- **Important:** Only stakeholders and effects with the highest importance (5) will be used in the next tool.

**Tip 1:** The capacity to influence can be used to reduce negative effects or enhance positive ones. The business may leverage its human, financial, logistical, and other resources to do so.

**Tip 2:** Effects and stakeholders with the highest importance constitute the material impacts and main stakeholders.



Plan your

**IMPACT**

## STEP 4:

### Define an impact objective.

Based on the most important effects (your priority material impacts), define an impact objective that is aligned with your business mission. This is the first step in building your impact plan.

#### **ACTION:**

Define your impact objective, ensuring that it is aligned with your business mission and linked to one or two SDG targets

**SEE TOOL 4** 



UNDP/Innova Tu Mercado/Peru/n.d./UNDP Catalogue

### IMPACT OBJECTIVES SHOULD BE:



It is essential to set impact objectives that are aligned with your business mission and that address the problem described in your mission. An impact objective aligned with your mission should include:

- Action verb: **describe what, not how.**
- Clear target population: **focused on the stakeholders** who will benefit.
- Measurable outcomes: include **concrete results.**

**TOOL** 

**4**

**DEFINING AN IMPACT OBJECTIVE**



**WHY?**

Establish clear intentions regarding the impact the organization aims to contribute to. This will underpin the organization's impact plan



**HOW?**

1. Simply describe your main activity or specify the mission.
2. Identify the prioritized effects and stakeholders from Tool 3.
3. Describe the geographic focus.
4. Link to an SDG target.



**PURPOSE**

This is the first step of an impact plan.



## 4 DEFINING AN IMPACT OBJECTIVE

SMALL BUSINESS  
**BIG IMPACT**



Taking into account the most significant effects (material impacts), define an impact objective aligned with the mission.

 **Main business mission:** Tool 1

Impact objective: What + Who + Where + SDGs

 **WHAT:** Measurable long-term effect (material impact) Tool 3

 **WHO:** Stakeholders that experience the material impact Tool 3

 **WHERE:** Geographic area in which the material impact is observed

SDG targets

 **Which SDG**

 **Tip 1:** Add as many impact objectives as you wish. Feel free to duplicate the slide according to the number of objectives your organization has.



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Example  
**Amazonía Café**

## 4 DEFINING AN IMPACT OBJECTIVE

SMALL BUSINESS  
**BIG IMPACT**



Taking into account the most significant effects (material impacts), define an impact objective aligned with the mission.

 **Main business mission:** Tool 1

To promote the sustainable development of coffee-growing communities in the Ecuadorian Amazon by offering high-quality specialty coffee, produced through responsible practices that protect the environment and strengthen local coffee-growing traditions.

**Impact objective: What + Who + Where + SDGs**

 **WHAT: Measurable long-term effect (material impact)** Tool 3

Sustainably increase incomes, productivity, and quality of life.

 **WHO: Stakeholders that experience the material impact** Tool 3

Coffee producers and cooperatives in the Ecuadorian Amazon region, Amazonía Café plant employees

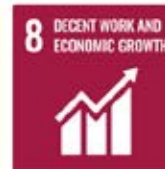
 **WHERE: Geographic area in which the material impact is observed**

Orellana Province and other coffee-producing areas in the Ecuadorian Amazon

**SDG targets**

 **Which SDG**

8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services.



**Example:** Reduce premature mortality from non-communicable diseases (**WHAT**) among low-income women (**WHO**) in rural areas of Colombia (**WHERE**), in line with SDG Target 3.4 – to reduce premature mortality from non-communicable diseases through prevention and treatment, and to promote mental health and well-being.

 **Tip 1:** Add as many impact objectives as you wish. Feel free to duplicate the slide according to the number of objectives your organization has.

## STEP 5:

### Design an impact value chain.

Once you have defined your impact objective, the next step is to develop your impact thesis, in other words, your plan to achieve it. This plan is usually expressed through an “impact value chain”, which explains how the outputs (product) of your business activities is expected to lead to short or medium-term outcomes, generating long-term positive impacts.

#### **ACTION 1:**

Define the specific activities your business will carry out to address the identified problems and opportunities

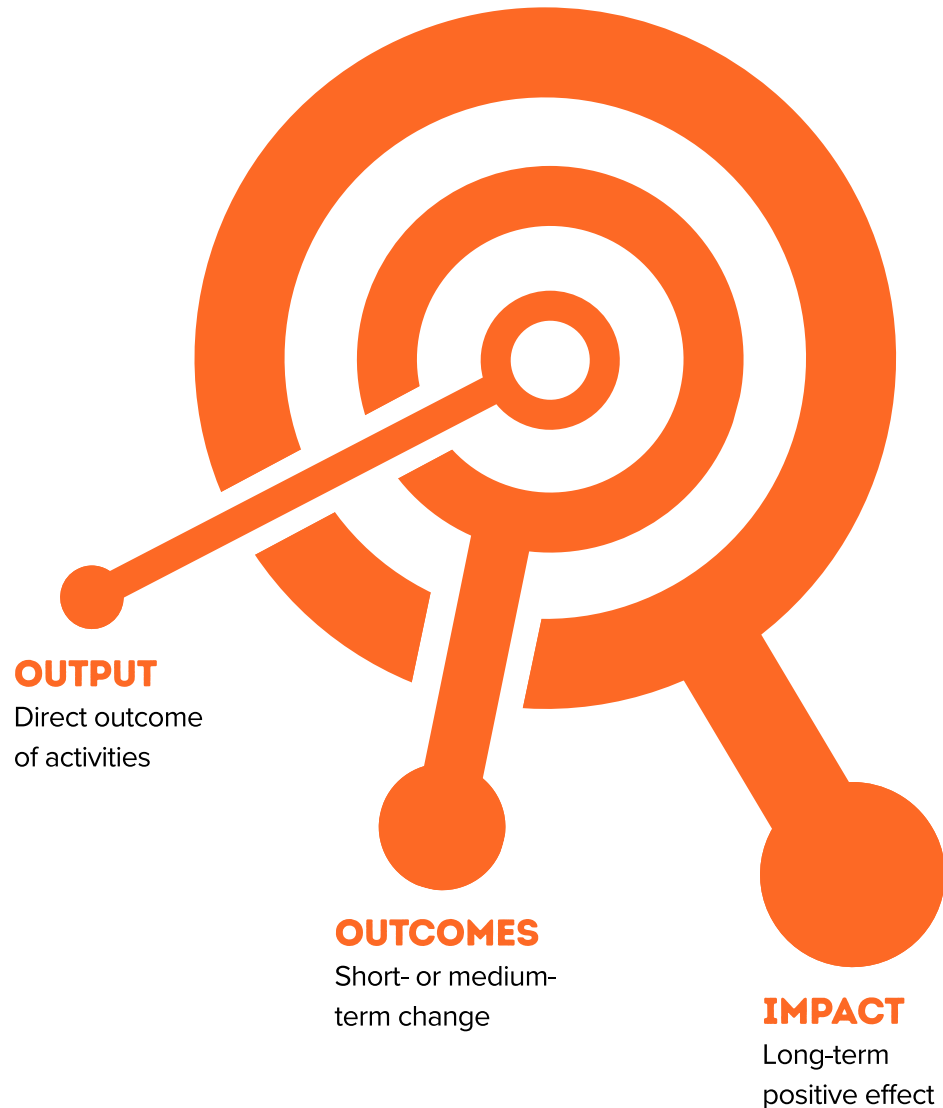
#### **ACTION 2:**

Identify the immediate result of your activities

#### **ACTION 3:**

Describe the short and medium-term outcomes attributable to the results of your activities and link them to the long-term effects they contribute to.

**SEE TOOL 5** 





## IMPACT THESIS:

A hypothesis based on results about how your business expects to contribute positively to sustainable development and the achievement of the SDGs. It translates as: “If we do X, we expect Y to change.” An impact thesis can be structured through an impact value chain.

## IMPACT VALUE CHAIN:

Based on the business value chain (see Tool 2), this is a value chain that highlights only those activities that generate the expected impact, describing the specific inputs needed, the actions planned, who will be affected, and how.

## POTENTIAL TRAPS:

**1**

**Attribution vs. Contribution.** This relates to the difference between what is under the organization’s control and what is under its influence.

The first three elements: the needs/opportunities to be addressed, the activities to be undertaken, and the immediate result of those activities, are attributable to the organization, meaning they are under its control.

However, as you move along the Impact Value Chain, the organization loses control over the changes or effects it intends to achieve, since other external forces also come into play.

**2**

**The second trap may seem like a semantic issue only, but it is way deeper. How to differentiate between your activities with short, medium, and long-term effects? The key to differentiating them is in the use of action verbs.**

When describing inputs and activities, use action verbs such as “deliver”, “provide”, and “offer”.

When describing outputs, outcomes, and impact objectives, use the past tense: “attended”, “used”, “trained”, “improved”, “increased”.

**3**

**Differentiating between outputs, outcomes, and impact. Why does this matter?**

Organizations often consider it irrelevant to include outputs. It is important to note that while carrying out a training session suggests that participants gained knowledge, it does not guarantee skills development. To confirm this, you must measure how many reported receiving trainings, and to what extent their knowledge increased.

To differentiate between outputs, effects, and impact, think about how you will measure them. Outputs are usually easier to quantify and measure. For example, the percentage of people who report having received training, or the percentage of correct answers. Effects (short and medium-term) and impact (long-term) are related to behaviour change and are harder to measure. For example, the percentage of organizations trained that test an IMM framework.

**TOOL** 

**5**

**DESIGNING AN IMPACT VALUE CHAIN**



**WHY?**

A framework that helps you define the specific contributions needed, the actions you plan to undertake, who will be affected, and how



**HOW?**

1. Add the effects, impact objectives, SDGs, and targets from Tools 3 and 4.
2. Identify the problems and/or opportunities being addressed.
3. Identify the activities that address these problems.
4. Identify the results generated by these activities.



**PURPOSE**

It is an organization's impact plan and the main pillar of the entire IMM exercise.



## 5 DESIGNING AN IMPACT VALUE CHAIN

SMALL BUSINESS  
**BIG IMPACT**



Explain how the results of your inputs and activities are expected to lead to a short- or medium-term change (effect) that contributes to a long-term positive impact (impact objective).

Problems and opportunities	Inputs and activities	Results	Effects	Impact objective(s)	SDGs	SDG target(s)
Social and environmental limitations or needs that the company seeks to address.	Specific activities carried out by the company to tackle the identified problems and opportunities.	Immediate results of the activities implemented.	Short- and medium-term effects attributable to the company's results.	Long-term positive or negative effects to which the company contributes directly or indirectly.	17 Global Goals to address pressing social, economic, and environmental challenges (info <a href="#">here</a> ).	169 Targets to provide specific, measurable, and time-bound objectives for achieving each SDG (info <a href="#">here</a> ).
		Remember: A result can and should lead to more than one effect.				

**Tip:** When filling in the first three columns, ask yourself: What problem and opportunities does the impact objective address? What inputs or activities are needed or should be carried out to generate change? What result should be achieved to produce the short- and medium-term effect?



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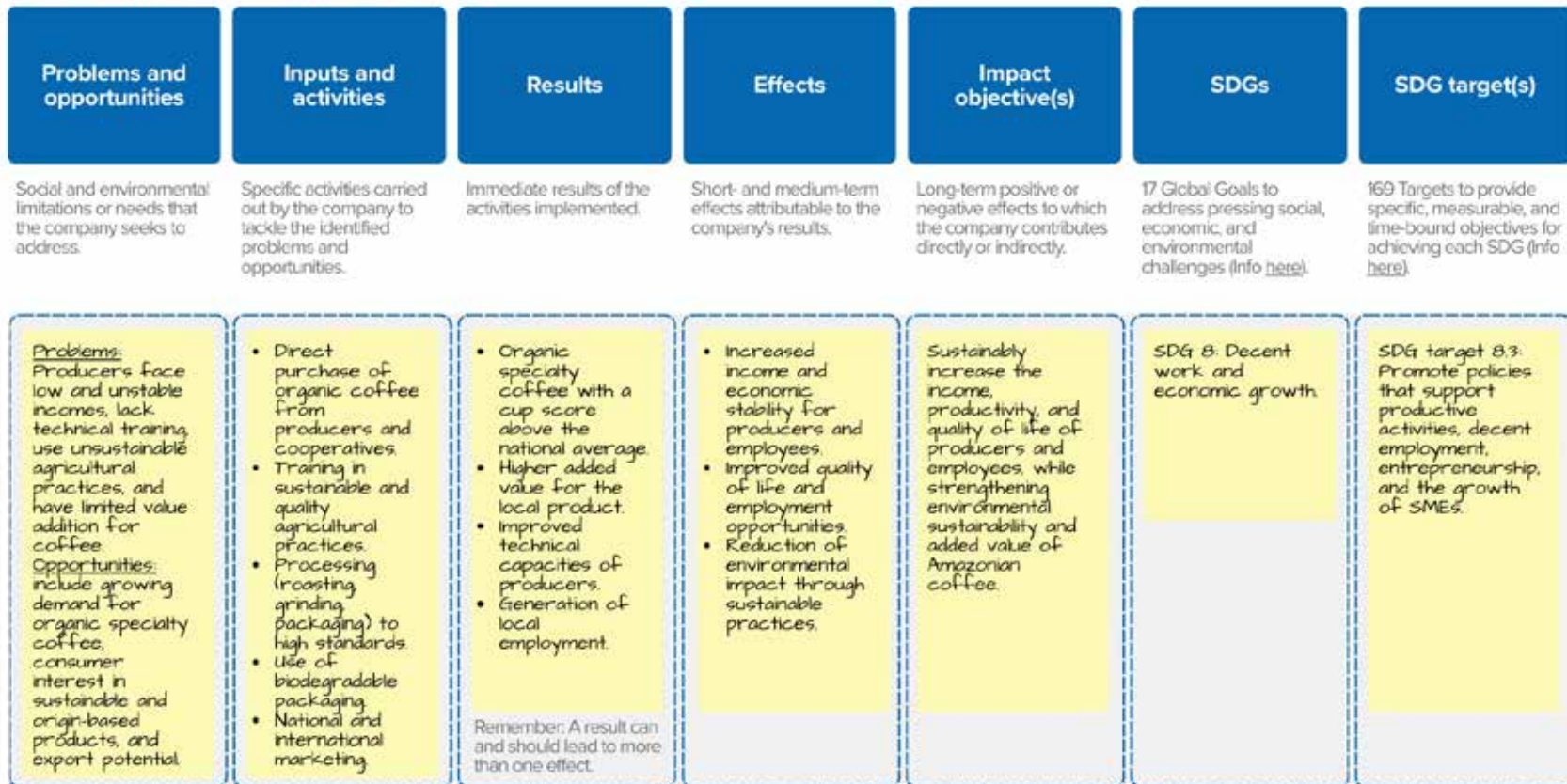
Example  
**Amazonía Café**


## 5 DESIGNING AN IMPACT VALUE CHAIN

SMALL BUSINESS  
**BIG IMPACT**



Explain how the results of your inputs and activities are expected to lead to a short- or medium-term change (effect) that contributes to a long-term positive impact (impact objective).



 **Tip:** When filling in the first three columns, ask yourself: What problem and opportunities does the impact objective address? What inputs or activities are needed or should be carried out to generate change? What result should be achieved to produce the short- and medium-term effect?



Measure and  
manage your

**IMPACT**



## STEP 6:

### Build an indicator table.

To measure the amount of change in an output or outcome, it is useful to create an Indicator Table that includes 10 elements: indicators, units of measurement, timeframe, baseline, target, threshold (or limit), benchmark, stakeholder or stakeholder group, data collection method, and data source.

#### **ACTION 1:**

Determine the indicators and units of measurement you will use to track each output and outcome, clearly identifying the stakeholder. For example: “change in tons of CO<sub>2</sub> emitted by a factory.”

#### **ACTION 2:**

Set the deadline for when the change in the outcome is expected. For example: “change in tons of CO<sub>2</sub> emitted by a factory by 2030.”

#### **ACTION 3:**

Establish a target by determining (or estimating) your organization’s current values (baseline), and setting the goal for the change you would like to achieve within the set timeframe. For example: “reduce tons of CO<sub>2</sub> emitted by a factory by 95% by 2030.”

#### **ACTION 4:**

Define a minimum threshold for the change to still be considered positive, even if the target is not met. This involves comparing your results against those of your peers. For example: “if the organization does not achieve the 95% target but achieves a reduction greater than or equal to 70%, the change will still be considered positive.”

#### **ACTION 5:**

Select a benchmark, or the recognized industry standard, against which you will compare your results. For example, the World Benchmarking Alliance is a good resource to find recognized sectoral benchmarks that allow you to compare your organization’s results against the average or median results of peers in your sector.

#### **ACTION 6:**

Determine the most appropriate method and source for data collection.

**SEE TOOL 6** 



## SELECTING INDICATORS

Selecting indicators means measuring how much change has occurred between the baseline and the final level. You can choose standard indicators from globally recognized databases or create custom indicators that are better tailored to your business context.

### CUSTOM INDICATORS:

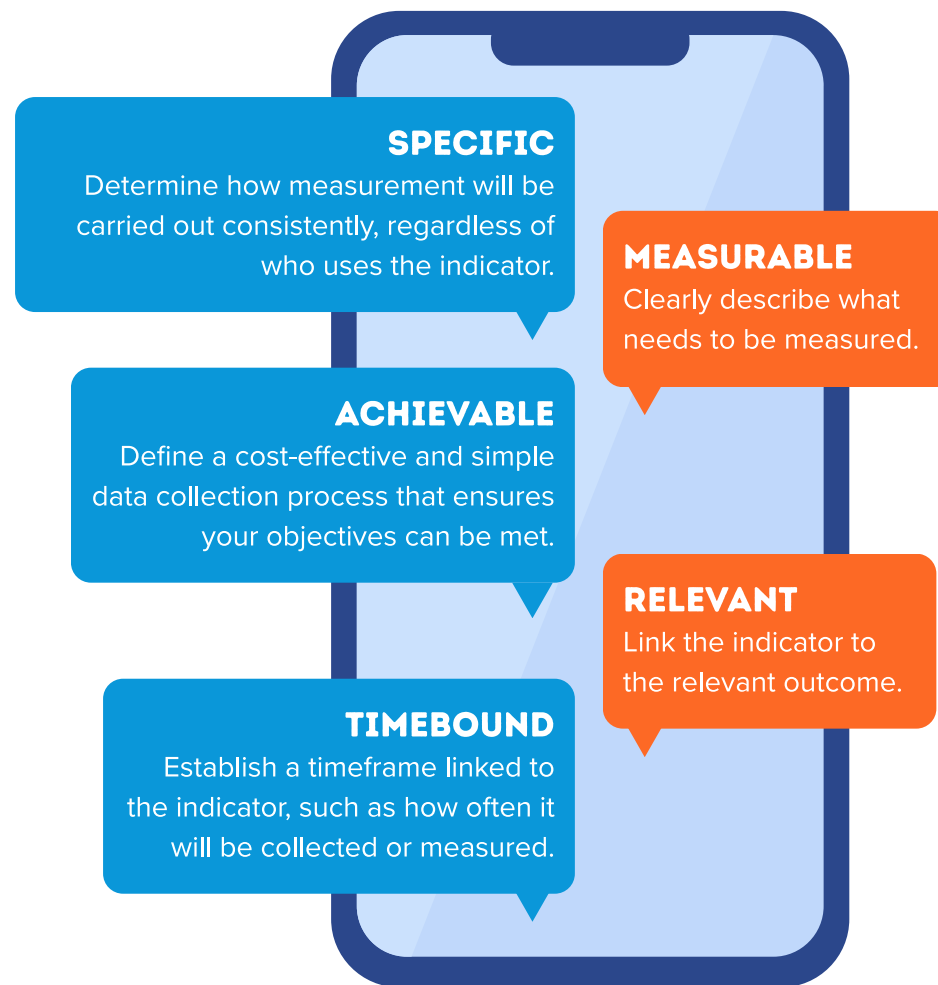
Are specific to your organization's needs and can be useful when standard indicators are not available, but they do not allow for comparisons or benchmarking.

### STANDARD INDICATORS:

Are well defined with established calculations and are based on sector/industry data, making them comparable and aligned with global standards and best practices. There are many resources for selecting standard indicators, such as GRI, CDP, and IRIS+.

Even if you do not find a suitable indicator, these databases can still serve as inspiration when defining custom indicators.

If you choose custom indicators, make sure they are SMART:





It is also important to consider sub indicators. These provide more granularity on changes in outcomes for different stakeholder subgroups. For example:

- A gender sub-indicator can measure how much change is created for female vs male stakeholders.
- A territorial sub-indicator can measure how much change is created for urban vs rural stakeholders.
- An age sub-indicator can measure how much change is created for children, adults, and elderly stakeholders.

When selecting an indicator and sub-indicators, it is important to define the unit of measurement, such as number, percentage, kilograms, or hectares.

The second step in impact measurement is to estimate the duration of the change in the outcome. It is important to know how long the change lasts. If it only lasts for a very short period after the activity is completed, you should consider measures that could increase the duration of the outcome.

The baseline is the value of your indicator at time zero.

The target is the value of your indicator you aim to achieve within a set timeframe.



UNDP/En Marcha/Dominican Republic/n.d./UNDP Catalogue



The process of setting ambitious and achievable targets requires:

- Estimating thresholds for each relevant impact, both positive and negative.
- Setting goals within the business's longer-term strategy and impact thesis for the coming years, recognizing the need for goals set above thresholds.
- Comparing with peers and competitors.
- Agreeing and sharing goals with stakeholders.

Thresholds are necessary to determine whether the change is positive, even if the target is not reached.

- If the amount of change between the baseline and final level exceeds the minimum threshold, the change is positive, and the company is contributing positively to the SDGs.
- If the amount of change between the baseline and final level is below the minimum threshold, the change is negative, and the company is not contributing to the SDGs.

A benchmark is a recognized industry standard against which you can compare your results with peers to assess and evaluate your performance toward the SDGs. Several global organizations are developing benchmarks, including:



**World Benchmarking Alliance benchmarks.**

Free, publicly available corporate sustainability benchmarks that rank companies based on sustainability performance and their contribution to the SDGs.



**B Impact Benchmarking.**

Provides a high-level overview of how your scores compare with those of peers.



**UN Global Compact: SDG Ambition Benchmark Reference Sheets.**

Provides illustrative details on the steps needed to integrate each of the SDG Ambition Benchmarks into a company's business systems, as well as the key design decisions needed to engage technology partners.



**TOOL** 

**6**

**BUILDING AN INDICATOR TABLE**



**WHY?**

Measure the amount of change (how much) in a result or effect.



**HOW?**

1. Gather all results and outcomes from Tool 5.
2. Select an indicator that evaluates the change in a specific result or outcome.
3. Provide additional information about the indicator:
  - Unit of measure
  - Baseline and target value
  - Minimum threshold



**PURPOSE**

It underpins the management of your company's impact measurement strategy. The indicator table will serve as the basis for your data collection plan (Tool 7)



## 6 BUILDING AN INDICATOR TABLE

SMALL BUSINESS  
**BIG IMPACT**



Define indicators to measure how much change has occurred for the stakeholder as an immediate result of your activities (results) and in the short- and medium-term (effects).

Result or effect	Indicator	Unit of Measure	Baseline / Year 0	Target / Year X	Minimum threshold by year X

**Remember:** The minimum threshold represents the company's commitment to the least it should achieve by the target year (Year X)

- Tip 1:** Make sure to include all results and outcomes from Tool 5.
- Tip 2:** Indicators should be formulated in a neutral format: for example, 'change in X' rather than 'increase in X'.
- Tip 3:** The tool is easy to use for enterprises with record-keeping systems, but challenging for those without information management systems.



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Example  
Amazonía Café

## 6 BUILDING AN INDICATOR TABLE




SMALL BUSINESS  
**BIG IMPACT**



Define indicators to measure how much change has occurred for the stakeholder as an immediate result of your activities (results) and in the short- and medium-term (effects).

Result or effect	Indicator	Unit of Measure	Baseline / Year 0	Target / Year X	Minimum threshold by year X
Increased income for producers and cooperatives.	Average annual income per producer.	USD/year.	3,500	5,000	4,500
Improved technical capacities of producers.	% of producers trained in sustainable practices.	%	20%	80%	60%
Generation of local employment at the facility.	Number of direct jobs at the facility.	# of people	5	12	8
Improved quality of the coffee produced	Average cupping score (SCA)	SCA Score (0-100)	82	86	84
Reduction of environmental impact in production and packaging	% of biodegradable packaging used	%	50%	100%	90%

**Remember:** The minimum threshold represents the company's commitment to the least it should achieve by the target year (Year X)

-  **Tip 1:** Make sure to include all results and outcomes from Tool 5.
-  **Tip 2:** Indicators should be formulated in a neutral format: for example, 'change in X' rather than 'increase in X.'
-  **Tip 3:** The tool is easy to use for enterprises with record-keeping systems, but challenging for those without information management systems.



## STEP 7:

### Make a data collection plan.

**Lean Data** is an impact measurement approach developed by Acumen<sup>4</sup> that has two main elements:

- A shift in mindset away from reporting and compliance, and toward creating value for a business and its customers.
- The use of methods and technologies for data collection that emphasize efficiency and quick feedback, while still ensuring rigor and transparency in information management.

#### ACTION 1:

Define your data collection objectives and establish what you want to learn.

#### ACTION 2:

Based on the data you need to make informed decisions, use examples of tested question to design a short set of questions.

#### ACTION 3:

Determine the technology/method you will use to communicate with stakeholders and collect their data.



UNDP/En Marcha/Ecuador/n.d./UNDP Catalogue

#### ACTION 4:

Review and adjust your survey protocol to define how the survey will be carried out, ensuring high-quality data collected consistently.

#### ACTION 5:

Create a tailored survey, making sure it includes the essential sections to guarantee reliable and valid results.

SEE TOOL 7 

<sup>4</sup>Acumen is an organization/investment fund that invests in high impact organizations with the goal of eradicating poverty. More information at [www.acumen.org](http://www.acumen.org)



The main challenge organizations often face is choosing a combination of measurement approaches that fits their purpose. This choice should be guided by:

- **Clearly defined objectives:** Keep in mind why you are collecting data. What is your purpose?
- **Purposeful connection to intended use:** Be clear about how you will use the data collected and ensure informed consent from participants regarding the use of their data.
- **Adjustment to context and constraints:** Adapt the approach, methods, and data collection tools to work with each stakeholder, considering the underlying context and potential ethical, safety, and resource limitations.

Regardless of the measurement approach, the measurement cycle generally follows this flow:



### MEASUREMENT DESIGN

Adapt the approach, methods, and data collection tools to interact with each stakeholder based on the type of data you want to collect.

### DATA COLLECTION

Gather the data outlined in the indicator table.

### DATA EVALUATION

Analyse the collected data according to the indicator table and validate insights through stakeholder feedback loops.

### ACT

Integrate the information into decision-making processes and take action to improve net positive impact



To organize the data collection process for each indicator, it is useful to consider:

**1 From whom will you collect data?**

- Employees
- Customers
- Suppliers
- Partners
- Local communities

**2 What data collection method will you use?**

- Primary data collected through fieldwork.
- Secondary data from other sources, such as government census
- Administrative data already available within the organization

**3 What data sources will you use?**

- Surveys
- Interviews
- Focus groups
- National statistics
- Company records
- Published reports

**4 Type of decision to be made with the data: While indicator measurement should inform strategic business decisions, these can include:**

- Operational strategic decisions
- Purpose or mission-related strategic decisions
- Expansion or scaling decisions
- Decisions to establish new partnerships
- Innovation or business model improvement decisions
- Territorial/community impact decisions





TOOL 

7

MAKE A DATA COLLECTION PLAN



**WHY?**

Having an organized framework for data collection that streamlines the process between the data collection team and management



**HOW?**

1. Bring together all results/effects and indicators from Tool 6.
2. Establish where, in what format, and how frequently reliable data can be systematically collected.
3. Define who is responsible for collecting this data
4. Clarify what type of decision the data will inform.



**PURPOSE**

The data collected will provide an accurate picture of your impact, validating some of your hypotheses and demonstrating that others are incorrect



## 7 DATA COLLECTION PLAN

SMALL BUSINESS  
**BIG IMPACT**



Establish where, in what format, and how frequently reliable data can be systematically collected to measure the defined indicators. It is also important to define who is responsible for collecting this data.

Result or effect	Indicator	Data source	Data collection tool	Frequency of data collection	Responsible person or team	Type of strategic decision

**Remember:** Data source is where the data is obtained from. Tool: If the source is a survey, a digital online survey tool was likely used. Frequency is how often the data should be collected. Depending on the type of indicator, different teams may be involved, but there should be only ONE responsible party to avoid complicating the process. The information provided by the data collection plan should inform a strategic decision.

 **Tip 1:** Add all indicators from Tool 6.



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Example  
Amazonía Café

## 7 DATA COLLECTION PLAN

SMALL BUSINESS  
**BIG IMPACT**



Establish where, in what format, and how frequently reliable data can be systematically collected to measure the defined indicators. It is also important to define who is responsible for collecting this data.

Result or effect	Indicator	Data source	Data collection tool	Frequency of data collection	Responsible person or team	Type of strategic decision
Increased income for producers and cooperatives.	Average annual income per producer.	Producers' accounting records.	Economic surveys and record review.	Annual	Finance team.	Adjustment of technical assistance policies.
Improved technical capacities of producers.	% of producers trained in sustainable practices.	Training records.	Survey on training received.	Every 6 months.	Training team.	Planning of training programs.
Improved quality of the coffee produced.	Average cupping score (SCA).	SCA cupping reports.	Cupping sessions and digital records.	Annual.	Production team.	Strategies to improve production processes.

**Remember:** Data source is where the data is obtained from. Tool: if the source is a survey, a digital online survey tool was likely used. Frequency is how often the data should be collected. Depending on the type of indicator, different teams may be involved, but there should be only ONE responsible party to avoid complicating the process. The information provided by the data collection plan should inform a strategic decision.

**Tip 1:** Add all indicators from Tool 6.

5



Communicate your  
**IMPACT**

## STEP 8:

### Publish an impact report.

An impact report is not about selecting only the positive stories your organization has created for society. It is a transparent description of your positive and negative impact on people and the planet, and the benefits.

#### **ACTION:**

Prepare an impact report that is balanced, credible, comparable, and effective.

SEE TOOL 8 





## WHY?

Impact reports are crucial for micro and small businesses for several reasons.

1°

**First**, they allow organizations to meet the growing expectations of stakeholders, including beneficiaries, partners, and funders, who seek transparency and accountability regarding the organization's social and environmental impact.

Impact reports enable businesses to communicate their efforts and progress toward social impact and sustainability goals in line with stakeholder expectations.

2°

**Second**, impact reports help companies identify areas for improvement by collecting data and measuring their impact on various social and environmental factors. This process allows organizations to set targets for future progress and address any shortcomings identified.

3°

**Finally**, impact reports help build trust and enhance the organization's reputation. By being transparent about their impact, companies can demonstrate their commitment to creating positive change, improving their reputation and generating trust among stakeholders.

In a world where consumers are increasingly conscious of their purchasing decisions, a strong reputation for social and environmental responsibility can be a competitive advantage.

For these reasons, **impact reports are essential** for micro and small businesses to communicate their efforts, identify areas for improvement, and build trust with stakeholders.





## HOW?

To create an effective impact report, organizations should follow a structured approach covering key components:



1°

**First**, an assessment of the materiality or the most significant social and environmental issues for the organization. This involves engaging stakeholders and analysing social impact trends to focus efforts and resources on areas with the most substantial impact.

2°

**Second**, data collection and measurement are crucial, and requires tracking metrics such as job creation, carbon emissions, and community engagement. You need reliable and consistent data collection methods, like surveys and audits, to ensure the accuracy of the report.

3°

**Lastly**, reporting and communicating is vital. Present the collected data in a comprehensive report that outlines the organization's sustainability goals, progress, and future plans. The report should be accessible and understandable for all stakeholders and shared across multiple channels, such as the organization's website and social media. It should also tell a story of change and progress, going beyond the mere presentation of data.

By following these steps, organizations can communicate their impact and progress to stakeholders in a structured and engaging way.

## TOOL

# 8

## GUIDELINES FOR PREPARING AN IMPACT REPORT

Guidelines for micro and small businesses on how to draft an impact report are their passport to showcase the remarkable difference they are making in society. Inspired by best practices and examples<sup>5</sup> from organizations that have effectively communicated their social, economic, and environmental impact, this report represents an opportunity to tell your story in a way that is as unique and dynamic as your business.

The sections in this tool will guide you step-by-step, from the executive summary to describing your organization's commitment, impact approach, and the specific actions you plan to take based on the insights and feedback collected from the impact assessment. Each section also indicates which tools from the Guide should be considered to streamline the process of writing the report.

“

*Let's make this report engaging, capturing heart and minds, and leaving everyone applauding the incredible work of your company!*

### SECTION I: EXECUTIVE SUMMARY

*Consider Tool 1*

The executive summary is a key section of the impact report because it provides an engaging overview of the content. It should be brief, clear, and capture readers' attention, including the following elements:

- Brief description of the organization's **vision, mission, and purpose**.
- **Main achievements** of the impact achieved.
- Concise summary of the **report's content**.

<sup>5</sup>Examples::  
Smart Havens Africa – Informe de impacto ([here](#)), BLUETOWN ([here](#)), Bive ([here](#))

**TOOL** 

8

**GUIDELINES FOR PREPARING AN IMPACT REPORT**

**SECTION II:**  
**IMPACT HIGHLIGHTS**

*Consider tools 2, 3, 4 and 5*

This section should provide a concise summary of the organization’s key achievements and results. It should include the following elements:

**The Impact Highlights** section should communicate effectively the organization’s achievements, the challenges it addresses, and the positive impact it has on its stakeholders. It should provide a clear and compelling overview of the organization’s work and its commitment to creating meaningful change.

**Key metrics:**

Highlight important quantitative and qualitative metrics related to the organization’s impact, such as the percentage of workers saving money, income growth, satisfaction levels, and health improvements.

**Challenges addressed:**

Briefly describe the social or environmental challenges the organization is tackling, such as the housing challenge for women in Africa, including high housing costs, low incomes, and limited access to finance and land ownership.

**Impact on stakeholders:**

Share the impact of the organization’s work on stakeholders, such as increased income for homebuilders and improved living standards and stability for homeowners.

**Impact goals:**

Describe the organization’s impact learning goals, such as using impact data for effective decision-making, building trust, improving accountability, and managing risks.

**Solution overview:**

Provide a brief description of the organization’s unique model and innovations, such as rent-to-own financing, building materials that are climate friendly, or skills training for women and youth.

**Impact management process:**

Summarize the organization’s impact management process, including data collection strategies, stakeholder feedback collection, and impact metrics analysis.



TOOL 

8

**GUIDELINES FOR PREPARING AN IMPACT REPORT**

### SECTION III: THE PROBLEM

*Consider tools 1, 4 and 5*

This section should provide a clear and concise description of the social or environmental challenge the organization is addressing. It should include the following elements:

#### CONTEXT:

Describe the specific social or environmental challenge being addressed, such as the lack of affordable housing for low-income families, particularly those headed by women, and the impact of high housing costs and limited access to financing and land ownership on these families.

#### STATISTICS:

Include relevant statistics or data to highlight the severity and scale of the problem, such as the percentage of income spent on rent, the number of families affected by the housing challenges, and the limited access to housing finance.

#### RELEVANCE TO THE ORGANIZATION'S MISSION:

Connect the problem being addressed with the organization's mission and objectives, demonstrating why it is a priority for the organization to address this specific challenge.

#### IMPACT ON STAKEHOLDERS:

Explain how the problem affects the organization's stakeholders, such as its impact on the economic stability, health, education, and overall well-being of the communities served.

#### PERSONAL STORY OR ANECDOTE (OPTIONAL):

Where appropriate, you can include a personal story or anecdote related to the problem to add a human dimension and illustrate the real-life impact of the challenge.

**The section Problem** should communicate effectively the importance of the issue, why it matters to the organization, and set the stage for the reader to understand the context in which the organization operates.



TOOL 

8 GUIDELINES FOR PREPARING AN IMPACT REPORT

**SECTION IV:**  
**OUR SOLUTION**

*Consider tools 5, 6 and 7*

This section should articulate the organization’s approach to addressing a specific social or environmental challenge. It should include the following elements:

The section **Our solution** should effectively communicate the organization’s commitment to creating positive social or environmental impact and provide a clear understanding of how its activities are contributing to meaningful change.



**Proble-based approach:**

Clearly state how the organization’s solution directly addresses the identified problem or challenge



**Innovative strategies:**

Describe any unique or innovative strategies, products, or services the organization has developed to address the problem.



**Results and impact:**

Articulate the expected outcomes and impact of the solution, including how it will benefit target stakeholders and contribute to the organization’s mission.



**Measurable metrics:**

Highlight any measurable metrics or key performance indicators (KPIs) that will be used to assess the solution’s effectiveness.



**Stakeholder involvement**

Discuss how stakeholders, such as employees, clients, or local communities, are involved in or affected by the solution.



**Long-term sustainability:**

Address the long-term sustainability of the solution, including plans for scalability, replication, or ongoing maintenance.

TOOL

8 GUIDELINES FOR PREPARING AN IMPACT REPORT

**SECTION V:**

**OUR WHY**

*Consider tool 1*

This section should provide a compelling narrative explaining the organization’s motivation, values, and the personal or historical context that led to its founding. It should include the following elements:

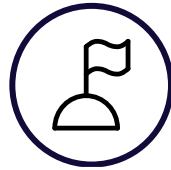
The section **Our why** should effectively communicate the organization’s passion, purpose, and commitment, providing a clear understanding of why it exists and the positive impact it seeks to create.



**Personal story and motivation:**

Share a personal story or anecdote illustrating the founder’s or leadership team’s motivation to start the organization.

For example, in the case of Smart Havens Africa, the CEO’s personal experience of being displaced from her home and her passion for providing affordable housing for low-income families, particularly those headed by women, is a powerful example.



**Mission and values:**

Clearly articulate the organization’s mission and values, and how they connect to the shared personal story.

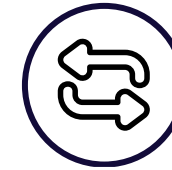
For example, Smart Havens Africa’s commitment to providing affordable housing to low-income families, deterring the “rental poverty trap”, and empowering women, is a key part of their “why”.



**Social or environmental context:**

Provide an overview of the broader social or environmental context in which the organization operates, including relevant statistics or data that highlight the severity and scale of the problem being addressed.

For example, Smart Havens Africa’s focus on tackling the lack of affordable housing for low-income families in Uganda, and its impact on health, education, and economic stability, is a crucial part of its “why”



**Vision for change:**

Articulate the organization’s vision for change and the specific outcomes it seeks to achieve.

This could include Smart Havens Africa’s vision for enabling “low-income women and families to become owners of land and climate-smart homes, end poverty, gain financial independence, build wealth, skills and create a bright future for their children and families”.

**TOOL** 

8

**GUIDELINES FOR PREPARING AN IMPACT REPORT**

## **SECTION VI: FROM OUR STAKEHOLDERS**

*Consider tool 3*

In this section, the organization should present **direct feedback** from stakeholders, reflecting their experiences and perceptions across the five dimensions of impact: what, who, how much, contribution, and risk.

This feedback should be collected through **surveys or interviews** designed to capture stakeholders' voices regarding outcomes, their significance, who experiences them, and the organization's contribution to these results.

The section should include **direct quotes, stories, or data** that provide a clear and authentic understanding of stakeholders' perspectives on the organization's impact.

This comprehensive overview will demonstrate the **organization's commitment** to understanding and responding to the needs and experiences of its stakeholders.

## **SECTION VII: NEXT STEPS**

In this section, the organization should describe the actions it plans to take based on the insights and feedback collected from the impact assessment. This may include specific initiatives to address any identified areas for improvement, such as enhancing the features of the product or service, refining customer experience, or expanding outreach to underserved populations.

The section should also highlight the organization's commitment to ongoing impact measurement and management, including plans for regular data collection, analysis, and reporting. This comprehensive overview will demonstrate the organization's dedication to using impact insights to drive continuous improvement and maximize its positive contribution to society and the environment.



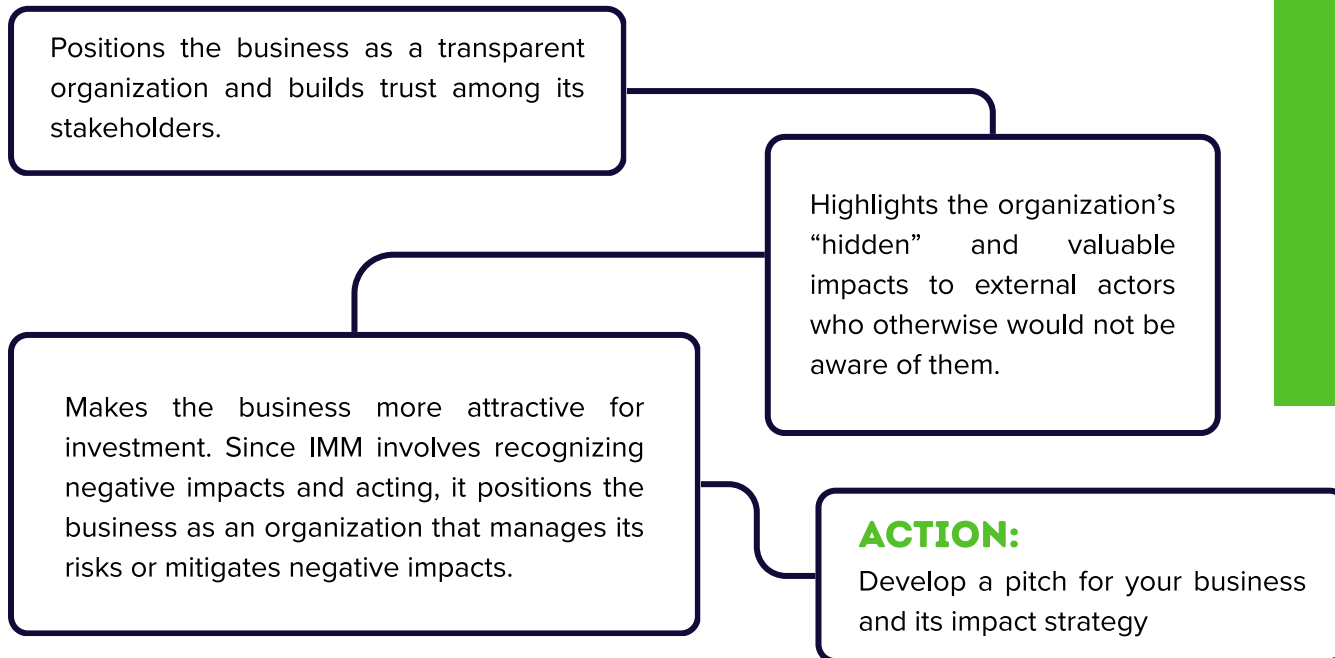
## STEP 9:

### Communicate your impact with a pitch.

All the effort put into this guide so far multiplies when strategic information is communicated to key stakeholders, especially potential investors or funders.

It is essential for a business to position the results of its impact measurement and management (IMM) process as part of its value proposition. In other words, it is very important for the business to use this information to attract new customers, partners, and, most importantly, funding.

A strategically communicated IMM approach generates the following benefits:



### WHAT IS A PITCH?

A pitch is a prepared and rehearsed speech designed to explain a business's value proposition clearly and briefly. Brevity is key: most pitch opportunities in innovation or entrepreneurship competitions last around 2 minutes, so every word counts.

A pitch is a versatile tool that can be adapted to the audience, highlighting aspects that are most relevant or appealing to them.

Finally, having a pitch gives confidence to a business. If an unexpected opportunity arises, like meeting a potential investor at an event, the business is prepared to respond effectively.

SEE TOOL 9

**TOOL** 

**9**

**COMMUNICATE YOUR IMPACT WITH A PITCH.**



**WHY?**

While completing the IMM process and publishing the impact report is a significant step for the growth of the company, the information should be leveraged to communicate the business's impact and position it as an impact-driven company among its stakeholders or interest groups



**HOW?**

1. Prioritize key information based on the impact report and IMM process (using all the previous tools).
2. Build a narrative about the company's impact (name, purpose/mission, what it does, for whom, how it operates, and its material impact).
3. Practice having a base pitch of at least 2 to 3 minutes maximum



**PURPOSE**

Communicating about the impact can bring significant benefits, such as new allies, potential investors, and more clients. Overall, it increases trust among the company's stakeholders



## 9 PITCH TO COMMUNICATE YOUR IMPACT

SMALL BUSINESS  
**BIG IMPACT**



### Name of business

The presentation of the name may be accompanied by the slogan or phrase that represents the brand.

### Mission

The brand's purpose is reflected in its mission. What problem does it seek to address?

### What? And how?

It is the description of the business's products/services, along with a brief overview of its business model.

### For whom? Clients and market

Show that there is an unmet need in a specific market (include figures, if available).

### Impact and SDGs

The material impact addressed by the company is a fundamental part of an impact pitch. This section should highlight the intersection between the business problem and how the needs/opportunities of the stakeholders are being addressed.

### Team strengths

The narrative should include the team's strengths, demonstrating that they have everything necessary to take the company to the next level. Additionally, in an impact-driven business, it is important to highlight that the team is committed to generating the greatest possible positive impact for society and the planet.

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**Tip:** In a pitch, every word counts, so it is best to have it written down in a document. This way, multiple people or teams can have access to the core narrative on how to communicate the company's impact.



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Example  
Amazonía Café

## 9 PITCH TO COMMUNICATE YOUR IMPACT

SMALL BUSINESS  
**BIG IMPACT**



Name of business	Mission	What? And how?	For whom? Clients and market	Impact and SDGs	Team strenghts
<p>The presentation of the name may be accompanied by the slogan or phrase that represents the brand.</p>	<p>The brand's purpose is reflected in its mission. What problem does it seek to address?</p>	<p>It is the description of the business's products/services, along with a brief overview of its business model.</p>	<p>Show that there is an unmet need in a specific market (include figures, if available).</p>	<p>The material impact addressed by the company is a fundamental part of an impact pitch. This section should highlight the intersection between the business problem and how the needs/opportunities of the stakeholders are being addressed.</p>	<p>The narrative should include the team's strenghts, demonstrating that they have everything necessary to take the company to the next level. Additionally, in an impact-driven business, it is important to highlight that the team is committed to generating the greatest possible positive impact for society and the planet.</p>
<p>AMAZONIA CAFE</p>	<p>To promote the sustainable development of coffee-growing communities in the Ecuadorian Amazon by offering high-quality specialty coffee, produced through responsible practices that protect the environment and strengthen local coffee-growing traditions.</p>	<p>It produces and markets organic specialty coffee, drawing on family tradition and sustainable agricultural practices that preserve biodiversity and generate social and environmental value. Responsible processes are employed to ensure quality and environmental care.</p>	<p>National and international consumers interested in high-quality, organic, and sustainable coffee, as well as coffee-growing communities in Orellana that participate in the production process.</p>	<p>Increased income and technical capacities for local producers (SDGs 1 &amp; 8).</p>	<p>Carlos, an industrial engineer, brings experience in process optimization and management.  Ana, an expert in international trade, drives global expansion and marketing.  They combine ancestral family knowledge with professional training to run a sustainable, socially impactful enterprise.</p>

**Tip:** In a pitch, every word counts, so it is best to have it written down in a document. This way, multiple people or teams can have access to the core narrative on how to communicate the company's impact.



## ADDITIONAL TOOL



### B MODEL CANVAS



#### WHY?

It is an ideal tool to map out all the key areas of a business, making transparent the logic of how it creates, develops, captures, and delivers ‘value’ to people and the planet. Specifically, we placed it before Tool 9, as it can help in designing your business pitch



#### HOW?

1. Start with the central column, which serves as the core: the 3Ps (problem, purpose, value proposition) and impact metrics.
2. Next, complete the left-hand panel, focusing on resources (paying special attention to ensuring that required raw materials come from sustainable and renewable sources), key activities (seeking clean operations and processes), and allies related to the problem and/or purpose with whom synergies can be generated.
3. Move to the right-hand side, addressing those who will purchase or benefit from the value proposition: channels, segments, and relationships.
4. Fill in the quadrants on cost structure and revenue streams.
5. Analyze and select the SDGs where the company's contribution is most tangible



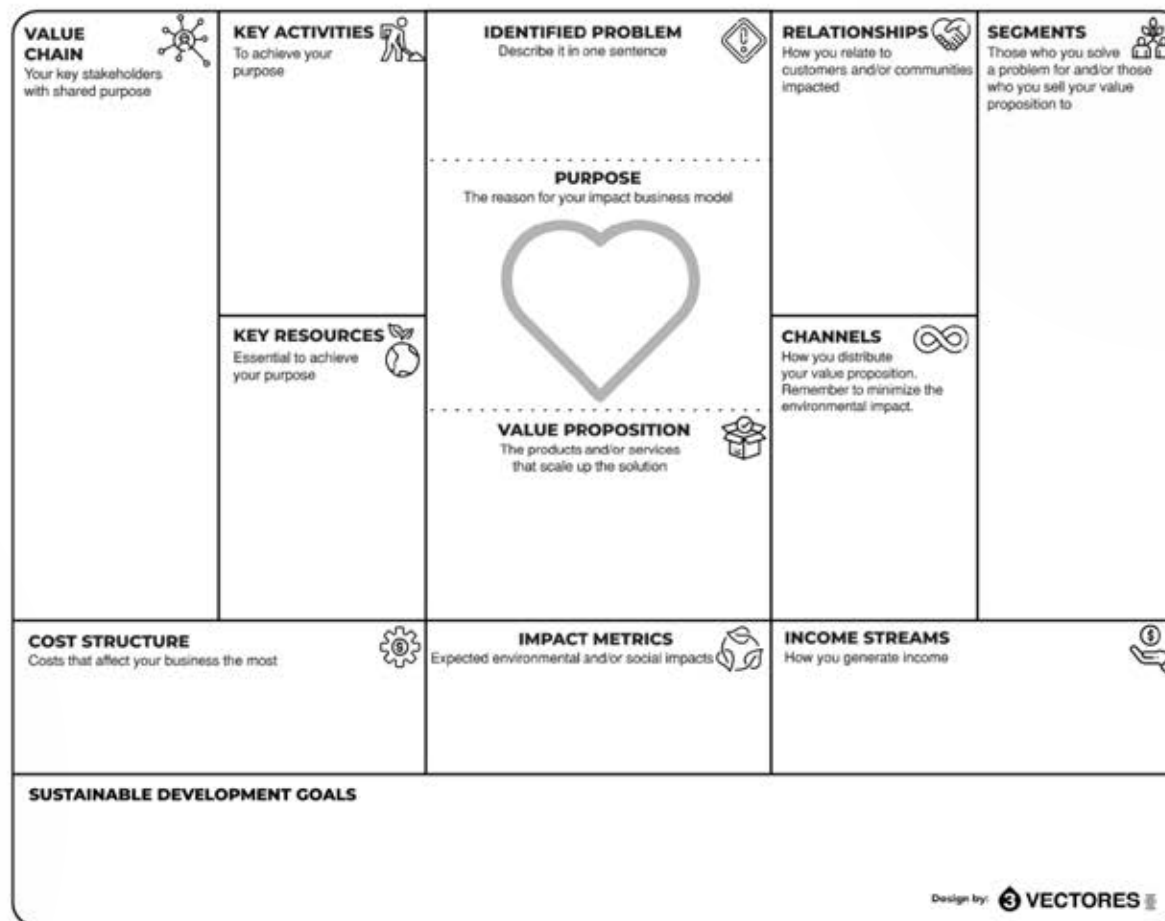
#### PURPOSE

Shift the business’s operational mindset to an ‘impact’ mindset, while linking its value proposition and contribution to the Sustainable Development Goals (SDGs).



**ADDITIONAL TOOL:  
B CANVAS BUSINESS MODEL**


SMALL BUSINESS  
**BIG IMPACT**



**Tip 1:** Try to fill each quadrant with one or more concise ideas. The less text, the better.

If you are working on a whiteboard, you can use post-its, where each post-it represents a single idea

**Tip 2:** Select 1 or 2 SDGs.

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## ADDITIONAL TOOL: WHAT ARE IMPACT INVESTORS LOOKING FOR?

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### **Impact**

They will analyze the actual problem that is being addressed, they will examine the connection between the identified problem and the proposed solution, and they will inquire into the extent to which the challenges of the affected population and/or the context, along with their causes and consequences, have been understood.

### **Product/Service**

They will assess whether the business model is truly innovative. How does this product or service differ from others already available in the market? What makes it unique?

### **Business model**

The business model makes it possible to understand how the company operates. Therefore, some of the questions that may be asked include: Is impact embedded within the business model? Is it an innovative business model? Does it have a clear value proposition? Is the business model scalable or replicable?

### **Market**

Another aspect that investors may consider is the size of the market and how it has responded in cases where a prototype has already been developed or the product/service has been launched. What is the size of the market? Who are the direct and indirect competitors? Has market validation already been undertaken? What feedback has been received from potential clients/users?

### **Team**

Demonstrating a strong team driving the company forward is essential, particularly in the earlier stages of growth. Attention is usually given to the diversity of the team in addressing the different dimensions of a business, the professions and/or experiences of its members in relation to the challenge, and the organizational structure adopted, that is, how internal responsibilities have been allocated.

### **Strategic plan**

For investors, the future is as important as the present and the past. They ask where the enterprise is heading, and for this, a well-defined strategic plan is essential. If the company is in an expansion stage, it will be critical to demonstrate how the proposal is expected to scale, how the product or service will be marketed to a larger number of clients, the logistics involved, the competition, and other related aspects.

 **Tip 1:** In a pitch, every word counts, so it is best to have it written down in a document so that several people or teams can access the basic narrative on how to communicate the impact on the organisation.



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Final

**REFLECTIONS**

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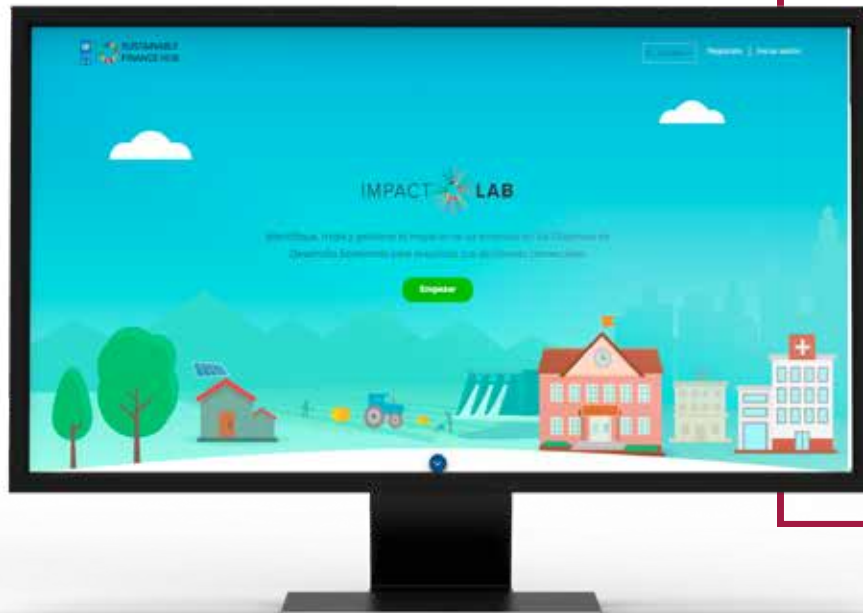


## FINAL REFLECTIONS

Globally, we are witnessing a transformative shift that places sustainability, the SDGs, and impact management at the core of value creation.

To help micro and small businesses navigate this shift effectively, we have designed a four-step impact management journey tailored to those seeking practical guidance for aligning their operations with the SDGs: Understand your impact, plan your impact, Measure and manage your impact, and communicate your impact.

This journey is supported by the UNDP Impact Lab, an online self-learning tool that guides users through the full impact measurement and management process across four self-paced modules, including tools for data collection, aggregation, and analysis.



From the Finance Hub, impact management is promoted as a comprehensive process that includes setting goals aligned with the SDGs, integrating impact into decision-making, measuring and reporting results, and continuously improving to maximize positive effects and minimize negative ones—shifting from “do no harm” to actively contributing to sustainable development.

The Impact Lab platform is the leading platform for organizations to better measure and manage their impact on the SDGs. It helps users understand, demonstrate, and enhance their impact.

**SEE TOOL 10** 



For those who want to deepen their understanding of their company's positive contributions to sustainable development and the SDGs, we recommend completing the SDG Impact Standards self-assessment for companies and reflecting on the 12 action points. The SDG Impact Standards are decision-making guidelines designed to help investors and businesses operate more sustainably and contribute positively to sustainable development and the SDGs. These standards provide a model for integrating impact management and the SDGs into internal practices and decision-making, making compliance with existing and future disclosure requirements more efficient and effective

By guiding users through this step-by-step process, we aim to help micro and small businesses understand the social and environmental impact of their operations, plan their impact, and develop a tailored IMM framework to measure, manage, and communicate their impact effectively.

The SDG Impact Standards are guidelines that help organizations integrate the Sustainable Development Goals into their strategy and operations, ensuring that impact is intentional, measurable, and managed.

**SEE TOOL 11** 

If you wish to learn more about the focus of the UNDP Finance Hub's work on Impact Management and Measurement training, you can find more information here:

<https://sdgfinance.undp.org/our-services/private-finance>



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