

# CONNECTING TRUE STORIES

## FOR TRUE IMPACT



## **Storytelling as added value in messaging true sustainability stories**

*" Tell me a fact, and I'll learn. Tell me a truth, and I'll believe. Tell me a story, and I will live it in my heart forever". - Indian proverb (From: Mayhew & Wood)*

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## Introduction

Already as a child I was inspired by stories from my surroundings. Life stories that make such an impression that you do not forget them, not even in your later life. As cultural anthropologist (and later also as economist), I applied participatory observation as method during my field studies in Costa Rica and Honduras and recorded many amazing stories. These stories about entrepreneurship, wisdom and strength convinced me to want to contribute to a world without injustice. The trips I made to many parts of the world also revealed how stories inspire, motivate, and put individuals and organizations into action. And as manager at ICCO, it was clear to me that stories have a bridging and bonding force, strengthen enthusiasm and that good and transparent communication can support an organization in transition while continuing to achieve team results.

In recent years, I have been more engaged with the worldwide sustainability agenda. I started the ESAA program in Rotterdam to get a more in-depth understanding of latest developments and theories and learn about a variety of topics related to sustainability/ Corporate Social Responsibility (CSR), especially from a business perspective. Several guest speakers of this university program pointed out the ways companies search for new approaches to communicate to their stakeholders about their strategies and impact achieved. Storytelling popped-up again, but now in a different setting. Given my own background, this in particular fascinated me.

I saw an interconnection in the following five observations and leading to the next personal questions:

### ***Sustainability is on the global agenda***

Worldwide, more and more companies (the corporates, Small Medium Enterprises, as well as new start ups that construct completely new business models based on new principles) seem to have ambition to work in a more sustainable way. They are seriously thinking and talking (not always yet put into practice) about chain management, energy savings, fair sharing, sustainable procurement, and/or decent working conditions on the work floor. The number of companies with a CSR strategy is increasing and even an integrated sustainability agenda is gaining attention (though in some countries more than in others). Nowadays more than 250 of the Fortune 500 companies published a sustainability report.<sup>1</sup> More than 8000 companies are related to Global Compact, by which they promise to act according to the principles of global good citizenship (human rights, labor norms, corruption, environmental protection). There is growing market for sustainable investments.

Underlying motivations vary. Some companies are convinced CSR/ sustainability is a lucrative market (employees satisfaction and loyalty, cost reduction, competitive advantages). Often these companies are lead by a visionary CEO, with a strong believe in transformational leadership and an ambition to create impact and shared value. Others want to protect their brand reputation or act to manage risks vis-a-vis shareholders and investors. Some feel societal pressure (from consumers, UN principles, governmental regulation) to make sure their companies seriously invest in sustainability.

At sustainability conferences I attended over the past two years, very often the same stories of Dutch multinationals, ranking high on the sustainability index, were told (DSM, Akzo, Unilever, KLM). In other events I learned interesting examples of smaller companies creating value on People, Planet and Profit. CSR-Netherlands (MVO NL) for example facilitates gatherings of Small Medium Enterprises (SMEs) to share their sustainability practices. And the younger start-ups meet in for example the Impact-hub, B-Corp community events, or Social Enterprise NL. Nevertheless, I found it

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<sup>1</sup> Source: Wharton School of the University of Pennsylvania 2012.

remarkable that so often the same examples came back. I wondered if there weren't many more companies with great sustainability ambitions and strategies, which apparently are not yet communicated so prominently.

### ***More conscious consumers***

Another trend is that of the more and more critical stakeholders. Companies are challenged to ensure credible and coherent communication with a wider range of stakeholders, more than ever before. This process is fastened by technological developments that facilitate access to information. One of the company strategies now increasingly deployed is to bond with stakeholders through the line of sustainability. However, the consumer has less confidence in what companies say and do, and searches for the authentic, credible story, which it can and wants to connect with. This triggered my curiosity: does a good, true story provide an added or *the* value to engage consumers, inspire and convince them of the sustainability intentions as a company?

### ***Addressing the growing demand for transparency***

Furthermore, there seems a growing demand from stakeholders for greater corporate transparency, which seems an irreversible force. In lengthy reports, facts and figures are presented by a growing number of (especially larger) companies, decorated with info graphics, photos, and hyperlinks. For many reasons this is valuable. However, who reads these reports and do they offer what the receiver is looking for. To build trust good and sufficient, transparent (product) information (on pack, certifications) is needed. Given the fact that consumers are not always convinced yet, I found it interesting to know if storytelling according to businesses could possibly move consumers into action.

### ***Impact***

Something else I noticed during the last few years is that in the many conferences and meetings organized around sustainability the word *Impact* is easily used by many. Companies express great ambitions regarding the expected impact they want to achieve. Real change agents intrinsically want to demonstrate the impact of their work to staff, funders, clients, other stakeholders and the general public. And these groups nowadays also expect a company to have good understanding of the social and ecological impact companies are achieving through their business strategy.

Given my own background in the development cooperation sector, where discussions on outcomes and impact are conducted frequently, impact is a familiar concept. I am aware of how incredibly complex measurement of impact is. So I was curious about the way businesses measure their impact, what instruments they use and the way in which the impact found is subsequently communicated to the stakeholders to make sure their stories are substantiated with evidence and/or lessons learned.

## **Hypotheses**

All in all, thinking about all these observations, I wondered how companies could leverage the value of storytelling. This lead to the following research question: does storytelling have added value for companies working on sustainability, to get a better understanding of the impact achieved in their value chain and to communicate their story in a more coherent way to their clients.

My five working hypotheses were:

1. Storytelling is an effective instrument to communicate, to engage, to share, and capitalize on the knowledge of individuals within a company and/or value chain. This hypothesis will be addressed in Part II.

2. Storytelling has added value for companies, large and small, to reach the stakeholders (especially B2B, B2C), informing and involving them enough so that they eventually feel related to the offered product or service. For this it is essential to have an authentic and true story. A story that explains the dot on the horizon of a company, the why behind a mission, values and the results it aims to achieve and has already achieved. This story is not only about successes, but also the dilemmas, the struggles, and how it deals with these. Part II will also come back to this hypothesis.
3. An authentic, true story consists of three strongly connected mutually reinforcing stories: the organizational, corporate and product communication. External and internal communication, via owned, earned and paid media, should be relevant, coherent, consistent and transparent. Part III addresses this hypothesis.
4. To ensure that a company can bring true and authentic stories, there needs to be a good understanding of the company and the value chains, in what is happening and what impact is realized at all levels of the chains. Impact measurement and evaluation are therefore of interest. Quantitative methodologies are often applied to collect data for monitoring and evaluation. Collecting stories of people in the value chains can, in my view, improve a company's and its stakeholders' understanding of what is happening in the chain and what kind of impact is achieved. This will be addressed in Part IV, including the possibilities for the use of stories from the value chain to evaluate impact.
5. My assumption was that my hypothesis would also count for emerging economies as Brazil, Kenya, India, South Africa and Colombia. For this reason, part of this research was also implemented in Colombia. This report will include findings from research in Colombia.

The hypotheses are visualized in the following self-designed picture:



This picture will come back in the various parts of this report. In the center, you see the company with its Corporate (C), Organizational (O) and Product (P) stories (part II), which ideally is a coherent whole. The company aims to communicate- via various channels and forms- to its stakeholders on the right, some more important than others. In this report emphasis is placed on the communication to consumers (part III). On the left center you find the company's value chain, with all its layers. This is where impact should be achieved (part IV). This impact should determine the company's stories and the kind of communication to the consumers.

## Some guidance to read this report

This report has been divided into five parts.

- The **first part** of this paper is concerned with the methodology used for this study.

The sections hereafter aim to address the above-mentioned hypotheses.

- In the **second part**, I try to give the reader more insight into the concept of storytelling, and relate this to the increasingly more important agenda of sustainability. Based on literature and internet-search, I first summarize the characteristics of storytelling, and the reasons for applying it. Given the different interpretations and applications of storytelling, the notions of corporate, organizational and product stories are explained.
- To focus, in the **third part**, I concentrate on the consumer, as very important stakeholder a company has to take into consideration. I will come back to the question if storytelling adds value for companies to relate more strongly to its consumer. In this part the way stories can be transmitted is presented. In particular, insight is given into the channels and the forms of communications.
- In order to communicate on the sustainability impact achieved, it is crucial for companies to monitor closely and evaluate what's happening in the value chain. The story told externally should reflect the outcomes of this evaluative process. In the **fourth part**, I dive into the world of impact measurement, in order to get a better understanding of the terminology and discussions taking place. I describe how impact is usually defined and for what reasons measuring impact is important for companies. I also explain what companies measure and how they do this (or not), and with what kind of instruments. Also the complexity of impact measurement and evaluation is given attention. Given my assumption that recording stories might provide an interesting additional source of information in evaluating interventions and determining impact, in the latter part of this chapter I focus on three qualitative research methods in which stories are prominently used. In annex III and IV some other research methods are presented for those interested to receive a broader range of information.
- **Part five** summarizes my conclusions based on this research.

## Acknowledgements

This research was executed in the framework of the ESAA executive management program on CSR in Rotterdam.

An expression of my most profound appreciation goes to all the people in Colombia and in The Netherlands that took time to fill in a questionnaire or to be interviewed, and share their experiences and thoughts with me. It was very inspiring to meet people from different companies and organizations, often in their workplace, and hear from them how they, within their sector, are engaged in the re-engineering of their business strategy. And how they turn their ideals into new markets and business models aimed at gains for people, environment and society. Your stories were a wonderful source of knowledge and inspiration!

The organization of a series of lectures on storytelling and sustainability through the Impact Academy came to me at just the right moment. Thanks Lars Moratis for this initiative and for inviting very interesting guest speakers.

I would also like to thank Karen Maas for her guidance and patience in my research process, for the interesting education modules she prepared and her great commitment to the program.

Last but not least I would like to thank ICCO Cooperation for giving me the possibility to invest in my own personal development by attending the CSR program at Erasmus University. It was an enriching learning experience, in which I got the chance to get to know enthusiastic business professionals (my fellow students), guest speakers and a very friendly team responsible for the education program.

## Part I - Research methodology

This report presents the main findings and conclusions of my research on the added value of storytelling for enterprises working on sustainability in terms of their communication to their stakeholders, in particular their consumers and the measurement and evaluation of the impact of their sustainability strategies. In this report, the term sustainable development refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The research question and hypotheses are described in the introduction. The research target group consisted of companies active on CSR/ sustainability (social entrepreneurs, companies). Focus was on companies in fast-moving-consumer good business (Business to Business, Business to Consumers). I wanted a mixture of social enterprises, retail and bigger companies.

Research was executed in The Netherlands and to a minor extent in Colombia. Reason for including Colombia in this research had to do with the assumption that trends, as described in the introduction, in emerging countries are similar to those in The Netherlands. Another reason to include Colombia was my personal fascination for this emerging economy, full of contradictions. A country where new economic opportunities on the one hand are booming, which is full of initiatives and networks that aim to deliver sustainable development, is rich in resources and attractive to foreign investors and where more and more companies communicate to feel socially responsible.<sup>2</sup> On the other hand, a country that officially is still in conflict, has an extreme inequality, huge numbers of displaced people, an unfair distribution of land and where human rights of union-activists, farmers, women are frequently abused by businesses. Where stories about ambitions and innovations, as well as about the harsh reality are told.<sup>3</sup> So part of the research was also implemented in Colombia.

The study ran between November 2014 and June 2015 and was executed in three phases:

- Inception phase (including the definition of the research scope, the sample and research instruments), and defining a further focus (November/ January 2014).
- Implementation phase, including:
  - Desk research to review policy documents, academic literature, other relevant data with respect to storytelling, impact measurement, and sustainability, in order to get a grasp of the issues that are at stake and to deepen my understanding (November – June). The literature overview on page 55 presents an overview of the documents studied.
  - Execution of a semi-structured survey in The Netherlands and in Colombia. This study covered results from 100 respondents in The Netherlands and 10 in Colombia. The outcomes were used to adapt and further fine tune the insights gathered during the desk research phase and to add first and indicative appreciations of the results generated through the surveys. The results of this survey, where illustrative, are presented in a box.
  - In-depth interviews with representatives of several companies and key resource persons

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<sup>2</sup> More and more is published about sustainability/ CSR in Colombia. All kinds of institutions and media (CECODES, GRI Colombia, Global Compact Colombia, ANDI, RS, Semana Sostenible, Sistema B, etc.) promote the acceleration of sustainability thinking and acting. There is also criticism. In the book Responsabilidad Social Empresarial (RSE), Claudia Toca, Jesus Carrillo and Merlin Grueso (Editorial Académica Española, 2012) criticize the way Colombian enterprises use RSE for all kinds of strategies, while there are still many cases of non-responsible acts by enterprises (think of the human rights abuse, contamination by mining companies, tax reduction).

<sup>3</sup> I would like to refer to two blogs I have written about Colombia: <http://www.icco.nl/Actueel/Blog/Blogitem/Article/de-twee-gezichten-van-colombia#.Vg1mASiQtyZ>. As well as: <http://www.icco.nl/Actueel/Blog/Blogitem/Article/extra-aandacht-voor-ruggiebeginselen-in-ruraal-colombia#.Vg1mGiiQtyY>

in The Netherlands and in Colombia (March - August). See annex I for an overview of these people.

- Staff of 11 companies in The Netherlands (open interviews): 8 business 2 businesses, 1 social enterprises and one retailer (see annex I for an overview).
- 11 representatives of agencies in Colombia (through semi-structured Skype-interviews and via email).
- 8 interviews with resources persons in the field of storytelling, sustainability and impact communication.
- 4 interviews with resource persons in the field of monitoring and evaluation.

In this report, examples / quotes coming from these interviews are presented in italics.

- Participation in a course on storytelling and sustainability, organized by the Impact Academy, which was a wonderful opportunity to get more insight in storytelling trends and future perspectives (November – January).
- Participation in a conference, organized by Wageningen University on Responsible evaluation (March 2015), as well as on impact measurement in a value chain, organized by Avance (July 2)
- Reporting phase (August-September)

The research methodology was elaborated during the inception phase. Changes to this methodology and planning were necessary. The survey-results did not provide me the insight I was hoping for. On the other hand, the open interviews, attended conferences, lectures and literature study provided a lot of interesting in-depth information to answer the research questions. I am convinced that the combination of literature research, survey and interviews sustain the conclusion I present. I do however not pretend to present a thorough academic analysis and substantiation of research. The research remains rather anecdotal. After finalizing this report, I hope to continue my search for material and discussion with experts in the field of storytelling and impact measurement. The topic as such keeps fascinating me.

## Part II: Telling stories as a “new” phenomenon

Doing business today is quite different than in the past. Businesses, large and small, have new issues to contend with: greater expectations of their stakeholders, a societal demand for transparency, rising consumer power in the digital information age, environmental constraints, economic uncertainty in the aftermath of the global financial crisis, a new style of marketing and leadership and new business models. Establishing connections, competitive differentiation, a good vibe around a brand and a convincing way of doing *good* business are more important than ever before.

More and more companies seem to embrace storytelling as a way to communicate and interact with their internal and external stakeholders. Storytelling is an ideal means to communicate in an inspirational way about what a company, its people and products stand for. Stories possess the power to convince customers, employees and providers, of “The Big Why” of the company, and be part of a larger whole: a movement, an ambition.

In this part, I will first explain what storytelling is about, and why companies tend to tell their story. This is based on theory and interviews. I will clarify the difference between corporate (C), organizational (O) and product (P) storytelling, and how these are interrelated.

### 1. The what and why of storytelling

#### What is storytelling?

Stories are centuries old. There is still a lot of confusion about what a story is and what isn't. A story can be everything from a 140-character tweet, to a long form interactive narrative, to a 60 second video. Also the platform, the channel and medium may differ. For this research the definition of Olivier Serrat is used: “Storytelling is the use of stories, of narratives as “a communication tool to value, share, and capitalize on the knowledge of individuals. It is the vivid description of ideas, beliefs, personal experiences, and life-lessons through stories or narratives that evoke powerful emotions and insights.”<sup>4</sup>

A *story* is a medium. *Telling* is the interactive process of meaning, sharing of experiences, transferring knowledge and negotiating identity (related to sustainability eg.).

In literature and during interviews<sup>5</sup> a few core elements for a good story come back structurally:

- A good story is **authentic and transparent**. It has the power to explain, engage, and **make sense of information** and by telling the story a **shared purpose** is felt.
- Good stories speak to our head, belly and heart. They create sense, inspire to change, take action and help to connect people and ideas. They are the best way to motivate and **mobilize people**.
- A powerful story has a beginning, a middle and ending. It is **compelling**. It has a sense of realism; the experience is almost as real, like in a novel. The character of the story is a **protagonist**. The story articulates your own **values**. You evaluate the protagonist positively.
- A good story has the power to transport the narrative, meaning you get sucked into the story, until it **influences** your behavior, judgment and leads to positive brand attitude.

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<sup>4</sup> Serrat 2010.

<sup>5</sup> Interviews with representatives of companies in The Netherlands and in Colombia. See also literature overview.



Interviewees, for example the director and marketing manager of Peeze, also mentioned many of these characteristics:

***Peeze: Passion, authenticity and quality***

*Peeze is an environmental-friendly refinery in the higher echelons in the coffee market. The company has a passion for quality coffee and wants to remain frontrunner in terms of CSR. "A story is something you have to feel, there is a philosophy behind. Listening to a good story, you feel the need to act, you feel commitment, passion, and a personal connection." A story should be transparent. As a company, you need to dare to be vulnerable, listen, search for a connection, it must be real, and feel as your own story." The director and marketing manager have both personally visited Sri Lanka for their tea-line, and can speak from their own experience. "We tell a story that you do not get from a book."*

## Why sharing stories?

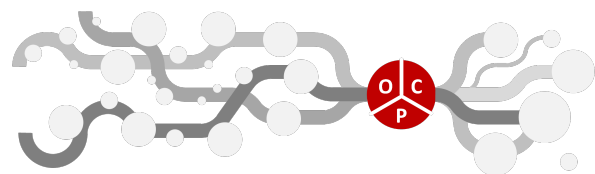
In general, there are numerous reasons why people make use of storytelling. These reasons also apply to companies:

- To *handle uncertainties* and to deal with very strong emotions, people tell, invent and structure important *values*. Religion addresses such uncertainties and provides rules for how to behave. Stories are another way to make our lives bearable.
- Stories provide us an *identity*. Stories help us understand the world around us. They create a reality that the listener can identify itself with. Telling, hearing, reading a story makes us feel that we should be there, it connects people, creates the attention that we need. In this way storytelling can contribute to brand identity and brand experience.
- Stories help us retain information and *facilitate learning* processes. People learn best by combining listening (10%), reading (20%) and seeing (70%). Stories establish linkages, relations that give meaning and clarify goals.
- They can provide a *human face to data*. Stories can connect rationalities and emotion.
- Stories link us to our sense of generosity and *influence* how we decide. Personal stories help the client/ consumer/ reader relate to concepts in a way that numbers and charts often don't. They bring (sustainability) initiatives to life.

## 2. Three kinds of stories companies tell

Storytelling for companies can refer to:

- a corporate
- organizational and
- product story

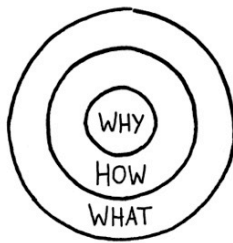


Often storytelling by companies is a combination of these.

## Corporate storytelling

Aim of a corporate story is to present the mission of a company, its values, its strategic compass for the future and to be a starting point for all communication to its stakeholders in a way that motivates them to think or act favorably. It explains the Big Why of the company, the reasoning behind a company's mission and how it creates value, now and in the future.<sup>6</sup>

### The Golden Circle



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#### What

Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

#### How

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

#### Why

Very few organizations know WHY they do what they do. WHY is not about making money. That's a result. It's a purpose, cause or belief. It's the very reason your organization exists.

Stories can help a company to present who it is (as organization/ company); how it aims to impact human life and to what end; why it should care (now); why it should do; how different it is; what it wants to be known for; what difference it is making?

It provides a *compass to navigate*; a story that is propagated everywhere, inside and outside the organization. Corporate stories usually contain little emotion, dilemmas, struggles and are often "wishful stories".<sup>7</sup> They form part of the formal organization.

*"In order to tell a better story, you need to be a better story".*

A condition for an effective corporate story is that the story is authentic, alive at all levels of the company. Leadership throughout the whole company at all levels is fundamental. And what is preached should be common practice within the company. Most interviewees did underscore the importance of having a CEO that feels the story throughout its capillaries in order to make it a good business story. Paul Polman, CEO of Unilever, is famous for his ambitious and inspiring leadership, aiming Unilever to fully decouple its growth from an overall environmental footprint and increase its positive social impact through the Unilever Sustainable Living Plan. Within the company there is room for engagement and sharing of ideas. Ray Anderson was such an influential leader at Interface. His story was powerful:

#### ***The Interface CEO***

*It happened from one day to another in 1994 for self-made (now deceased) man Ray Anderson: a reversal. He had single-handedly set up Interface, a manufacturer of carpet tiles with 3,500 employees in 110 countries and more than one billion dollars in annual sales. Interface just had left behind a difficult period. Profits were good again. "And then, suddenly, Anderson decided that his company had to be 100 percent sustainable in 2020. No timid target of reducing its environmental impact by 20 percent or 30 percent. No, it had to be 100 percent. Mission Zero was born: Our Promise is to eliminate any negative impact our companies may have on the environment by the year 2020. "This ambitious common goal is challenging our people constantly to come up with good ideas and try them out." The company is now on the worldwide list of world's most sustainable companies. And it seems like it is completing its mission.*

Corporate storytelling is also a way of information-, knowledge- and value transfer. A corporate story can encourage collaborative discussions (a story raises yet another story), dialogue and co-creation processes within an organization. This stimulates the creation of organizational stories.

<sup>6</sup> Source: Sinek: [https://www.youtube.com/watch?v=4KV\\_BDIhRJY](https://www.youtube.com/watch?v=4KV_BDIhRJY)

<sup>7</sup> Tesselaar & Scheringa 2013: 9.

## Organizational storytelling

Organizational stories come from the informal organization. They give insight into the heart and soul of the organization, in what is often considered as elusive, namely the organizational culture. These stories connect the informal and formal side of a company.

Aim of companies to make use of the existing organizational stories is to understand and interpret organizational life in their organization, in their value chains. Organizational stories might also serve the internal organizational change, learning and communication processes. They have the power to bind, make change visible within an organization, engage, and give meaning to change. How this can work out, was expressed in one of the interviews:

***Storytelling should be telling an authentic story that is lived throughout the organization***

*Perfetti Van Melle is one of the world's largest manufacturers and distributors of confectionery and chewing gum. It employs around 19.000 people. It creates products and brands (think of Mentos, Fruitella, Klene, Frisk, Smint, Chupa Chups, Van Melle, Look-O-Look and Mentos Gum) that are consumed in over 150 countries. "Beautiful stories often come from our own experiences, the emotion of staff or actors from our value chains. These kind of stories convince."*

To speed up and/or facilitate an organizational transition, a few contributing factors are important: Having shared values and leadership; clear goals and a reporting and communication strategy; engagement (involvement of people and truly listening to them); and structure (decision making). It is clear that in all of these components, telling and sharing organizational stories is instrumental.

***On regaining pride of the company***

*"Several years ago Perfetti Van Melle, after a big reorganization, collected stories in a book. This was a very exciting process, and produced a stunning special image of our company. It helped all of us in this company change process and made me feel proud of the company."*

Organizational stories are spontaneous; they have a more informal character. Collected systematically they form a useful extra information channel, next to the existing management information.

## Product storytelling

The purpose of investing in product storytelling is to seduce consumers with a convincing message about a product, its production, ingredients and the value chain. Aim is mainly to attract new customers, to bind existing fans and increase brand awareness.

As indicated above, the underlying vision of an organization has become increasingly important, especially for an increasing group of more critical customers. As Simon Sinek says, "People do not buy what you do, they buy *why* you do it." Just praising tea from Sri Lanka as "the most sustainable tea in The Netherlands" no longer works. Customers are more critical and no longer believe everything that is claimed in advertising.

For customers' loyalty, more and more companies opt for a complete brand experience, as you experience at Peeze.

### **Brand experience with Peeze**

*Storytelling at Peeze is part of their B2B customer engagement. At Peeze's refinery, you encounter yourself in the delicious smell of coffee while being received in a special coffee room with a perfectly made coffee by a barista. In this room, the faces of the coffee farmers on the packs of coffee are watching you. Everything exudes passion for quality coffee, which has been established in a fair and sustainable way.*

A brand experience is not only about the product, but also about a company's vision. Having a good story as a company and communicate well is therefore a way to connect customers to a product, a brand and a way of doing business. Customers who recognize the (sustainability) vision of a company are more likely to use their products and services, even in times when business is going less well.

Entrepreneurs do their best to make their product stand out, and connect to the needs of the customer. Their story is often integrated in the product design: its uniqueness and having a great ideal.

### **A Beautiful Story**

*In 2012, the Social enterprise A Beautiful Story<sup>8</sup> won in Amsterdam the most sustainable enterprise award. The company sells fair trade, handmade jewelry from Nepal (with a growth in products coming from India). The social entrepreneur has a story to tell and the products (jewelry) tell a story, at the same time giving an insight into other cultures. The jewelry is now characterized by a symbol of a fingerprint, from the heart, a spiral of growth. This aligns perfectly with the core values of the company: Connection, courage, compassion, and creativity.*



*Recently, A Beautiful Story has seen the need for the business concept to constantly adjust. "The factory in Nepal was once the first reason to start; it would create jobs. But why do people buy our product? People/ consumers are often mostly touched by their own story, the inspiration in themselves. A jewel is something very personal. You want to find the good stories in any person. Therefore, our story is increasingly about people here and there." Our motto is "Let's care, share and co-create".*

Ideally, the company and product story are integrated and mutually reinforcing. When lived throughout the company, the organizational story will be in coherence as well. See for example the previous two examples, and the following two examples of Kuyichi and Interface.

### **Kuyichi: True storytelling telling through the value chain**

*In the year 2000 the founders of Kuyichi,<sup>9</sup> the NGO Solidaridad, wanted to introduce organic cotton in the clothing industry. During their experience with the development of fair trade organic coffee and fruit business in Latin America, they found the cotton industry caused a lot of pollution and poverty among indigenous Indians and factory workers.*

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<sup>8</sup> Source: <http://www.abeautifulstory.nl/over-a-beautiful-story>

<sup>9</sup> The name KUYICHI is derived from the Peruvian god of the rainbow who brought colour in society as well.

*Solidaridad decided to make a change. First, Solidaridad tried to convince the big players in the denim industry to use organic cotton, in order to improve the working and living conditions in developing countries. None of the brands were interested and Solidaridad started their own fashion brand in response. In 2001 Kuyichi was born with a belief that sustainability isn't just a trend. And it shouldn't be the next generation's job. Kuyichi is convinced that quality fashion should be created in a 100% sustainable and responsible way. By being part of a bigger plan that drives the use of progressive sustainable materials, socially responsible production and cleaning up its production processes through collaboration, innovation inspiration and transparency.*

*Kuyichi sells a product: sustainable clothing. Storytelling is the narrative behind this product. How it was made, where the cotton comes from, what makes this product different from other products. "The story we tell has a beginning and an end. For Kuyichi products we go all the way back to their source, the raw materials, and biological cotton. We describe the production process, we present a product photo with our authentic story. We notice that the story around our products influences the consumer's decisions to buy the product. Consumers want an authentic story, and no marketing story. Our revenues from the online shop have doubled since the launch of the new website."*

*Let's Be True...*

FASHION IS MADE OF REAL STUFF.  
BY REAL PEOPLE. WITH REAL HANDS. AND REAL LIVES.  
WE CAN'T DENY IT.  
AND WILL NOT HIDE IT.

WE WANT OUR STORY TO BE TRUE.  
TRUE TO OURSELVES.  
TRUE TO THOSE WHO MADE IT.  
TRUE TO THE WORLD.

THAT'S WHY WE ARE TOTALLY OPENING UP  
AND TELLING THE COMPLETE STORY

SO, THIS IS IT.  
FROM THE FIRST FIBRE TO THE LAST ZIP.  
NO FAKE. NO FEIGNING.  
JUST RADICAL SEE THROUGH FASHION.

**KUYICHI**  
PURE GOODS

### **Interface: innovative new products as consequence of cross-sectoral collaborations**

*An innovative product comes from our NetWorks project, the result of a cross-sectoral collaboration with an NGO. One inclusive repurchase program whereby discarded fishing nets (from the sea, the beach) serve as raw material for Interface carpet tiles. The old fishing nets serve as material*

*for a supplier of yarns who developed a machine to make these yarns usable again. Fishermen in the Philippines, and now also in Cameroon, collect broken fishing nets and become supplier of raw materials for Interface carpet tiles. They thus restore their own environment, get extra income to save and have a better life. "It seems like a fairy tale, but it is a true story of one of our wonderful products." This product story is strengthened by the broader company story, proving that sustainability-thinking can be a smart business case.*



### **Survey: Reasons to communicate about your CSR/ sustainability**

According to respondents to the survey in The Netherlands, the four most important reasons to communicate about CSR/ sustainability strategies:<sup>10</sup>

- 1) it is important to show a societal contribution (63%);
- 2) It is positive for our image (60%);
- 3) It makes us a better employer (58%);
- 4) Our stakeholders encourage us to do so (50%).

Other reasons mentioned were: To manage our risks (46%); We cannot stay behind our competitors (43%); To reduce costs (42%); Our customers ask for it (41%); and our investors ask for it (36%).

In the research sample, storytelling is in particular used for communication about the company's core values (63,4%), sustainability results (51,2%), challenges (43,9%), product characteristics (46,3%), and financial performance (41,5%, especially for the bigger companies). 17,1% also communicate about the type of partnerships established.

80,5% aims to engage clients, 70,7% to inform/ engage employees. Only 14,6% indicates it could also serve monitoring & evaluation in the own value chain.

In Colombia communication on CSR/ sustainability is too a large extent done to engage with employees and clients (as indicated by interviewees). Interesting is the fact that in the survey for this research, international cooperation agencies are also mentioned as target group for communication.<sup>11</sup>

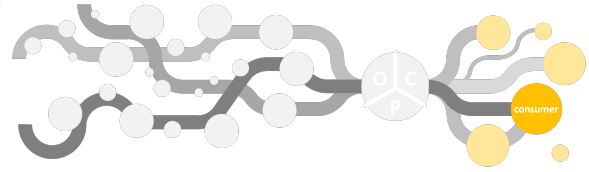
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<sup>10</sup> In comparison to the MVO Monitor 2015, some of these survey-outcomes are comparable, others are not. According to this Monitor, CSR-drivers for Dutch SME-companies are the ethical responsibility they feel (62%), which is also very much related to image/ reputation; cost reduction (30%); the request from clients (15%); from employees (6%); and an increase in revenue (9%). 51% of the companies consider CSR as a strategic choice, 40% as a good business case. Others (43%) see it as an accelerator of innovation.

<sup>11</sup> According to a survey done by the Colombian ANDI in 2012, in which 292 companies participated, CSR drivers in Colombia are: better stakeholder relationships (76.7%); reputation (63,4%); reasons related to human resources (56,8%); shareholder value creation (50,5%) and risk management (49,8%).

## Part III: Storytelling and sustainability as a way to build trust with consumers

Companies have a variety of stakeholders to engage with. For each of these groups different communication channels and forms are desired. For sake of focus, I hereafter concentrate on sustainability communication and stories for consumers (B2B, B2C) as important stakeholders, link this to sustainability and see if storytelling has added value in communication.



### 1. Tension between marketing and sustainability

As Frank van Eerd of Bisschopsmolen concluded:<sup>12</sup> "Consumers, especially with the introduction of social media, raise more and more critical questions. They want to know where their products come from and what is in it. They are no longer satisfied with a marketing story about sustainability." Based on research done by GfK, b-open and Tribal Amsterdam, we know the number of consumers that focus on sustainable aspects when purchasing products or services indeed increased in 2014 by as much as 12% to 42%. In Colombia, consumer behavior is not changing that rapid yet, though especially amongst middle/upper class a growing demand for healthy and organic products is noticed, according to interviewees.

Before discussing this in more detail, I recall the citizens-consumer paradox that several interviewees mentioned. Citizens seem to have a split personality. On the one hand citizens tend to emphasize the importance of sustainability. On the other hand, these same citizens as consumer do insufficiently translate their sustainability morals into their own purchasing behavior. I will not further elaborate on the psychology of consumer behavior, but this is certainly worth studying more.

In particular large companies through their CSR policy create enormous expectations from the general public. CSR is emotionally charged. This makes the subject more susceptible to a reaction from consumers and businesses extra vulnerable. Consumers do no longer quickly believe intentions, strategies and businesses. There is growing skepticism: 5 out of 10 consumers distrust claims such as "sustainable" or socially responsible. More than half of the consumers distrust advertisements-stories of businesses.<sup>13</sup> Consumers are suspicious and are reluctant to believe that companies practice what they preach.<sup>14</sup> They quickly suspect a rather commercial than social motive behind the good corporate behavior. This lack of trust among the public has to do with:

- The kind of company sending the message. E.g. a chemical company that communicates its focus on green is not rapidly believed; a candy manufacturer that communicates about health issues ditto, rightly or wrongly.

<sup>12</sup> Source: <http://www.mvonderland.nl/praktijkvoorbeeld/bisschopsmolen-en-sonneveld-group-transparantie-doen-we-samen>

<sup>13</sup> Fishburne and Jigsaw 2013.

<sup>14</sup> Research conducted by market research firm GlobeScan shows that barely one in three West Europeans believe that companies communicate honestly about sustainability.



### **Perfetti Van Melle**

*For a company as Perfetti Van Melle, active in the candy industry using sugar, it is extremely difficult to deal with comments from the media on what they are doing. Much of what the company does is not believed, despite a SA 8000 certification, commitments and achieved CSR results. "By the media, many initiatives are being presented as slick marketing or are taken out of their context." The CSR part in the companies' core business is being accepted more easily than the communication expressions related to the brands, which is more often considered to be only promotion/ marketing.*

- It is rather hot and sexy to include your values in your story, but if consumers notice (via own digital research, NGOs, the press, social media) that these values are not lived, practiced in the organization, a story will "work against you". A counter-narrative is harmful for your credibility.<sup>15</sup> As explained by one of the interviewees:

*Storytelling for Perfetti Van Melle means "to communicate a message in a personal way and make a story, an authentic story. It is not a fairy tale." "The condition is of course that your story is based on the truth."*

- Green washing. Bringing out selective positive news about environment-related and social activities, without full disclosure of negative information on operations, as to paint a too positive image is damaging for a company's reputation. A too rosy picture of the sustainability strategy of a company occurs when claims are not true, there is no evidence, strategies are too vague, or when cooperation with NGOs is mainly used to distract from the core processes. Result is that companies are often reluctant to communicate about what they do on sustainability.

### **Credibility of stories of cooperation with charities**

In Colombia, according to a study done by the Fundación DIS and Fundación Promigas, with support of AFE, 129 corporate foundations are active in the country (2012). Their funding comes mainly from the companies that founded these. A large majority of their projects are education related (80,5%), community development or economic development.

Many resource persons in Colombia indicated that CSR/ sustainability strategies in Colombia are too a large extent interpreted as supporting social goals by making donations, having your own private foundation or mobilizing staff (social voluntary engagement) to contribute to social goals. Companies aim to communicate especially stories about these initiatives. Using this kind of communication should be based on openness, honesty and mutual respect to make sure the general public (media, a consumer, investors, citizens, NGOs) does not interpret this kind of communication as opportunistic and untrustworthy. A sustainable partnership with a charity, a social organization or the sustainability strategy of a company foundation is the most durable and credible, if this is connected to the core of the business.

- The way that a message about sustainable behavior is "framed". "The trick is to develop and apply bridges between what you want to say and the issues that your audience is interested in. But without inadvertently promoting values that make sustainable behavior less achievable in

<sup>15</sup> For example: The Milk Story from Friesland Campina's Milk Story (<https://www.youtube.com/watch?v=KB5vuGU5KPQ>) was contradicted by Milieudefensie in The True Story of Milk (<https://www.youtube.com/watch?v=Td38TkeEMwA>). Based on article of Scheringa and Schutte 2014.



the longer term”.<sup>16</sup> People who promote sustainability do not (and should not) seek to try and change peoples’ values.

- The story about motives, your why, your mission and values is often not told. Knowing the broader picture makes consumers understand failures much better. Where consumers are aware of your problems / issues, honesty is often rewarded. It is positive to communicate about what is not going well. DSM took the initiative to report as first major company on "What went Wrong?" Both Dutch and Colombian interviewees stressed the importance of also telling about failures and complications. At the same time, they also thought this is still not often put in practice by companies.

## **2. Reaching out the consumers and addressing the growing demand for transparency**

So sustainability needs a new story, especially in the Business to Consumers market. The S-word is weakening and as a “label” no longer enough. Yale School of Management concluded that Sustainability is not helping in sales. Also the latest CSR Netherlands<sup>17</sup> Trend Report 2015 emphasizes that "sustainability" is not selling and encourages among other things to tell the real story!<sup>18</sup>

There are various ways to reach out to consumers in order to build trust and provide more transparency. Hereunder several forms are described.

### **Certifications/ labels**

To tell a product story and show that a product meets the sustainability requirements, at the level of individual producers, the so-called certifications / labels are a way to “guarantee a story” behind the product. Very familiar labels are Max Havelaar (Fair Trade), UTZ Certified and Rainforest Alliance Forrest, but also Made-by, EKO, FSC, Made-By, Ik Kies Bewust, Beter Leven, etc.

They are needed as evidence for the sustainability claims. They prevent in many cases the criticism of green washing, sustain sustainability claims that are made, and are useful in tendering processes in the B2B market. A spin-off advantage of purchasing a certificate is that it also helps to structure and sharpen the internal company discussions on sustainability.

Certifications offer a starting point for business.<sup>19</sup> They “inform customers, suppliers and other stakeholders in the supply chain about the characteristics of a product, or process by which a particular product was made”. They are a means to indicate, promote and prove a company’s commitment to sustainability. They give consumers a kind of assurance that the products have been produced in an ethical and responsible manner. As in the case of Kuyichi for example:

#### ***The importance of certification/ labels for Kuyichi***

*“We communicate results at company level through the presentation of the Made-By Scorecard. This scorecard is publicly available for everyone. We are monitored by the external NGO Made-By. Kuyichi uses certified materials to ensure the claim "organic". “Via the product stories how it's made / where it's made / who made your clothes, we tell the consumer how*

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<sup>16</sup> Corner 2012: 24.

<sup>17</sup> CSR Netherlands is the Centre of Excellence for Dutch companies that are striving towards CSR. More than 2000 companies are affiliated with this network organisation.

<sup>18</sup> Source: <http://www.mvonderland.nl/trendrapport-2015>.

<sup>19</sup> Certification: a Sustainable Solution? Insights from Dutch Companies on the Benefits and Limitations of CSR Certification in International Supply Chains. MVO Nederland. 2015. Eliza Charlemagne e.a.; Interview Jeroen de Vries.

*the fabric is certified, and we also explain what this certification is about. In this way, stakeholders can see our progress and our concerns. We also do this because we have to deal with the critical consumer who buys clothes only if it is certified. The moderate critical consumer is less critical and trusts us, and the non-critical consumers are not looking at this at all. We want to provide this information to all these target groups. We have confidence in the certification system. Our whole approach is based on this. If we cannot trust on the certification then there is no basis for a sustainable brand.”*

The labels also have an awareness function for consumers and a minimum standard for companies to take into account. Added value for some companies is that formulating a certification scheme for a group of companies can start a broad discussion, sets a baseline and creates a level playing field.<sup>20</sup> Certifications serve as learning and networking tool and help companies build capacity on sustainability. Last but not least, standards and certifications systems have introduced new forms of partnerships between Civil Society Organizations (CSO) and leading business, shifting the landscape of sustainable production and consumption in important ways”.<sup>21</sup>

### **Kuyichi**

*We are affiliated with Made-By and Fair Wear Foundation. These external NGOs check our work annually, and guide us through the progress. If you claim to be a sustainable brand, you should be checked by a third independent party, in order to fulfill your claim. And communicate in a transparent manner about it. By way of example, the Made-By scorecard and audit reports of the Fair Wear Foundation are accessible for the broader public. Our brand performance is also listed on the website of Fair Wear Foundation.*

During this research, also the downside of certifications and labels came to the front. Certification schemes cost too much time for especially smaller companies and are often experienced as an administrative burden, that most smaller companies do not have the financial capacity for.

Getting and meeting the requirements of a label also leads to only a minimal commitment to continue to work on sustainability. It does not lead to innovation. Why would you need to go beyond the label or a benchmark agreed upon? And last but not least, a certification itself is not enough to have impact.

Consumers complain about the increasing proliferation of logos, leading to a “choice overload problem.” The claim of a logo becomes weaker with every new logo appearing on the market.<sup>22</sup>

A certification seems merely a tool, which can facilitate a company’s sustainability initiatives, but is not a prerequisite for achieving sustainability, and should not be considered as the only way for business to tell its sustainability nor impact story.

### **Interesting initiatives to reestablish trust of consumers, truly connect and increase transparency**

In September 2014 Teun van de Keuken<sup>23</sup> of the Keuringdienst van Waarde even proposed to abolish the quality stamps.<sup>24</sup> There is a tendency amongst consumers to be in contact with the source of a

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<sup>20</sup> Charlemagne e.a. 2015: 6.

<sup>21</sup> Charlemagne e.a. 2015: 7; Interview Jeroen de Vries.

<sup>22</sup> Charlemagne 2015: p. 15.

<sup>23</sup> Volkskrant September 15, 2014.

product/ service. All small-scale renewable energy initiatives, coming up like mushrooms out of the ground, especially in health care, food and energy sectors, show how important contact has become between companies within collectives.<sup>25</sup> VandeBron e.g. enables consumers to buy energy directly from the wind turbine owner. No certifications are involved, but as a customer you know where your energy comes from and from what source (wind, water, sun). Also in food there are plenty of initiatives such as Willem & Drees that bring the consumer closer to the farmer and its products.<sup>26</sup>

Van de Keuken pleaded for a new model, one that is based on *trust* and introduced the so-called Cees model. "In this model, manufacturers know where their products come from and under what conditions they are produced. They are completely honest to their clients. If they do not know something, they say. And try to find out what it is. If something is wrong, they tell you as well. And they try to do something. No sweet talk when reality is not pretty. The trader takes responsibility for the things he sells. Only in this way the relationship between the customer and the food producer can be restored." Transparency, traceability and trust are key principles in this model. Not only applicable in small companies, but also for the large industry.

This is confirmed in many interviews. As Jos Reinhoudt put is: "Consumers clearly need to get honest information so that they themselves can choose whether to buy a product or not. Transparency seems to be a core concept!" Michaël Wilde from EOSTA explains what that looks like in practice:

#### ***EOSTA: transparency and traceability***<sup>27</sup>

*EOSTA, an international distributor of fresh organic vegetables, fruits and juices gives consumers insight into the stories of producers and growers. This is done via the "trace and tell" system that Nature & More offers. It provides consumers complete transparency on organic products from different continents. On the website, as a consumer you pay a virtual farm visit and meet the producer members of the organic fruits and vegetables. Based on a so-called "sustainability flower", you can also check how a producer deals with earth, water, air, plants, animals and energy (the petals of the flower) and social sustainability (the heart of the flower). This "flower power" is the model that EOSTA uses to evaluate the sustainable performance of the organic growers. With Nature & More consumers get the opportunity to make a conscious choice for their purchases.*

#### ***Kuyichi's transparency***

*"In our social report we communicate openly what points still need attention and which we are dealing with already. By being transparent, our stakeholders can see what we are doing*

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<sup>24</sup> In February 2015 Gustaaf Haan of TheQuestionMark.org suggested to adjust the standard of normal products. 'Good' products should not be rewarded with a label, but 'bad' should be punished. He wanted a term that is applicable to such faulty products and organized a competition for the best name for a new label for faulty supermarket products (Volkskrant February 28, 2015, 4). The winning name became (in Dutch) "Woeker Product".

<sup>25</sup> Source: Lecture Jan Jonker and Jeroen Kruijd.

<sup>26</sup> In emerging economies, these trends are visible as well. In China more city inhabitants buy directly from small farmers in rural areas because they do no longer trust the quality of products from the cities (Simons 2015: 19-20). Also in Colombia, especially Bogota, you see a new type of business arising for the growing middle class/ higher-class people, preferring healthy and organic food. At the same, this increase is slow. Consumer awareness is rising, but this is not yet translated into different consumer behavior and demand. Local consumption of sustainable foods remains negligible. Colombia is an important producer of natural ingredients. However, the major source of fair trade products, organic fruits are sold in Europe/ the USA (cacao, sugar, coffee). Too a large extent this has to do with the high prices (organic is still perceived as luxury) and the lack of consciousness of the amazing biodiversity of the local natural products. Source: <http://www.organicmonitor.com/r1203.htm>.

<sup>27</sup> Source: <http://www.natureandmore.com>

*and where we are working towards. We do not mislead our stakeholders, and the only way to be honest about this is transparent communication.”*

In this framework, many other initiatives are trying to bring the importance of transparency further. *Questionmark* is a neutral, independent organization that collects product and sustainability information based on scientifically accepted standards. Questionmark informs consumers through an app and website about the products they purchase, with the aim to give consumers the opportunity to make conscious choices. A consumer reads how products are produced and what the impact is on human being, animals and the environment. The ambition is to have a growing database (each year with 10 thousand products) until the entire range of products in the supermarket has been investigated. Later also products such as electronics and clothing will be included. If a particular product is not yet analyzed, it can be reported directly to Questionmark. Within a few weeks, the product is then added.

*Rank a Brand* is another initiative offering a (mobile) tool to choose the most sustainable and consumer-known brands. This stimulates simultaneously the trademark owners to perform better. Rank a Brand is Europe 's largest sustainable brands comparison site with over 600 brands in apparel, electronics, telecom, media and food & drink. Rank a Brand has become a reliable source for the media that companies can profit from, as Kuyichi indicates:

#### ***Kuyichi's Rank a Brand assessment***

*Recently Rank a Brand has done an independent study among all jeans brands, and we were considered to be (under Rankabrand) the most durable jeans brand. Our content is perceived as very authentic and is a source of information for journalists interested in sustainability.*

#### ***Jumbo***

*“One of the initiatives that keeps us sharp is the way Rank a Brand reports about our supermarket.”*

### **New type of relationship building with consumers**

In the changing context, where consumers really expect different behavior of companies, the rules of marketing have radically changed. In the old style marketing, focus was on the short term, mass production, efficiency driven production and sales and on consumption. Companies aimed to “evangelize”. The new marketing style is paying attention to the longer run, personalized products, are more purpose driven, focus on use instead of consumption and engage and influence positive behavior.<sup>28</sup>

Marketing based on just the word Sustainability or only a certification/ logo is not always enough. It does not sell.<sup>29</sup> People expect more from their brands.

Much more attention is paid to create space for dialogue, sharing experiences (games, events, workshops, online) and having a shared goal. A brand can be built and turned into a powerful catalyst for change.<sup>30</sup> See annex II for a reference to Ben & Jerry's activism.

Sharing a history and values and jointly developing a product (personalized sneakers for example) is another trend. An interesting example I found is the following:

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<sup>28</sup> Source: Impact Academy.

<sup>29</sup> Edelman 2014.

<sup>30</sup> Fauconnier and Baghuis 2015.

### **ISYOU: shoes telling a story<sup>31</sup>**

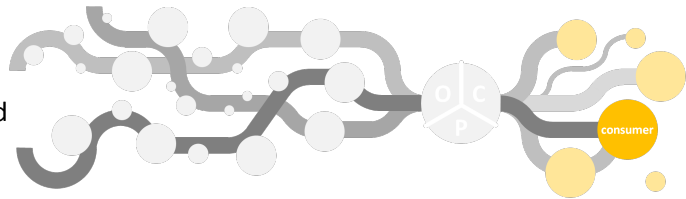
*Sneaker brand ISYOU, is the business case of two Dutch entrepreneurs doing business in amongst other Colombia. ISYOU sees the sneaker as “the voice of the country”.<sup>32</sup> Colombia is still known for its war, drugs, the FARC and poverty. At the same time, there is an enormous creative and positive vibe in the country, increasing energy and possibilities. The shoe brand makes use of this Colombian potential and strongly believes in a co-design philosophy. ISYOU established a business that supports local entrepreneurs and talents. The brand wants to be a platform for talents and a marketing tool for the country. What counts are the stories behind the brand: the designer of the prints, the people that make the canvas, etc. The type of shoes you wear tell a lot about your identity. ISYOU has become a living proof that through a pair of shoes great stories can be told.*



It seems an intrinsic motivation and truly desire to be sustainable or socially responsible is what really counts. Certification is a possibility to demonstrate commitment. Enhancing consumer awareness and emotional attachment, by showing the story behind a company and a product, has added value to truly connect.

### **3. How to communicate your story?**

Companies have the opportunity to communicate through a multitude of channels and in different forms. Within and outside a company their story can be targeted to different audiences and be shaped in many forms (art, photo, video, digital, etc.). For different types of stakeholders and purposes different channels are applicable. To strengthen the company's relationship with its customers, messages are sent out via:<sup>33</sup>



- owned media (often focusing on editorial content, narratives, more facts, and less on advertising);<sup>34</sup>
- earned media (social media posted by others, customer reviews, bloggers, journalists, ambassadors);
- and paid media (advertorials, posters, etc.).

Kuyichi explained what kind of channels it uses to reach its customers:

<sup>31</sup> Source: <https://www.syou.com/es/ab>; Stamkot 2015.

<sup>32</sup> Stamkot 2015.

<sup>33</sup> Kerkhoff 2012.

<sup>34</sup> An interesting example of clever use of owned media is provided by Triodos, providing editorial content for its magazine "The Color of Money". In this magazine the name Triodos is hardly used. The Allerhande of the Albert Heijn is another powerful example. You could say that this magazine learned the Dutch to cook. It is focused on customer education, entertainment, there is room for complex issues such as sustainability, and use is made of info graphics to make complexities understandable. It is voluntary communication (you are not required to read the magazine opposed to advertising on television). The magazine pays for itself. The ANWB has a similar strategy with its magazine The Champion and Travel Guide.

### ***Kuyichi makes use of several medial channels and forms***

*Owned media: Own blogs, news letter/ 2x month, social media (FB, Instagram, Twitter, Pinterest, LinkedIn on a daily basis), video channels (Youtube + Vimeo / 2x year new videos are uploaded)*

*Earned media: Rankabrand, oneworld, Duurzame bloggers (6x/month)*

*Paid media: branded content, advertisements / 4x year, a PR office helps to publish content prepared by Kuyichi in magazines (12x year)*

I will focus on the way companies can communicate to their consumers/ clients. Reporting as a form of owned media is described; social media and the role of ambassadors as earned media (the most powerful media to leverage the power of storytelling and to reinforce a company's intended impact); and product packaging as paid media. All of these media channels and type of stories need to be coherent, consistent, relevant, authentic, transparent and mutually reinforcing.

## **Reporting**

Companies communicating about sustainability or impact often do so in the form of an annual report: a separate CSR report or an integrated sustainability report. Most important reason for doing so is, either because stakeholders ask for it or because it is required as for listed companies (and some companies use it strategically for internal learning).

### ***Interface's reporting***

*"We are a stock market listed company and must justify every investment we make, we do so financially on a return on investment, but we also do this on sustainability, in relation to our objectives."*

Especially the bigger corporates are embracing the trend of integrated reporting. Stakeholders are no longer satisfied with a traditional annual report, but want to know what value is added in economic, social and environmental fields, and how it is processed into a sustainable business model.<sup>35</sup> One of the corporate tools for today's business is integrated thinking<sup>36</sup> and reporting. This extends strategy and daily management beyond the pure financial to encompass the social and environmental factors that deeply affect a company's future viability in the 21st century. Integrated reporting tells the company's story of how it creates value and how it can create value in the future. Integrated reporting provides insight to the stakeholders into the state of affairs of a company.<sup>37</sup>

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<sup>35</sup> EY 2013.

<sup>36</sup> Integrated thinking comprises of: security, environment, human capital, commercial activities, internal audit, financial, governance, PR, sustainability.

<sup>37</sup> According to an online survey of [www.2degreesnetwork.com](http://www.2degreesnetwork.com) (May 2015) Integrated Reporting is the most important issue in future reporting. Furthermore, respondents concluded that reporting should be simple, relevant and honest; interactive, real time and digital; the right information should be targeted to the right audience. And companies should bring reports to life (video, dialogue).

A whole industry has grown to address this new urgency: a transparency benchmark, GRI standards,<sup>38</sup> ISO26000 self-declaration, etc. Especially in Colombia, interviewees mentioned the growing interest in GRI-4 (the regional office of GRI is based in Bogota).<sup>39</sup>

Problem of all these frameworks/ instruments is that they are very time consuming and reports are only read by a relatively small group of stakeholders (very interested consumers, investors, governments, NGOs).

Smaller companies therefore either present a separate CRS or social report, or do not spend time on reporting at all. Writing an annual report (let alone a GRI report) is often considered time consuming and not adding much value.

### ***Intertaste's reporting***

*"We do not have a GRI report. It requires a lot of work and for whom? Our clients are satisfied with our CSR report as it is: informative, with less focus on accountability. We do have a "company magazine", written by staff itself, for appropriate information sharing within the company".*

The written word is a good way to communicate large amounts of complex information, but it has its limitations. You need to sustain the interest of the stakeholders. The written reports can sometimes be too long and complicated to be read and understood by all. People don't read masses of information. They do not need long text versions of documents.<sup>40</sup>

According to CSR Netherlands, only 25% of the SMEs working on CSR, communicates about their sustainability activities. Now that more and more SMEs in The Netherlands are being forced to work on sustainability, in order to comply with regulations/ requirements (as supplier), companies seek for ways to bring their mission to the front. For this reason more SMEs feel the need to formulate their policy (for example in the form of a "zelf-verklaring") and to tell their story in an attractive way.<sup>41</sup> "Sprankelend Vonk" offers training to entrepreneurs to define their story. "What I hear from entrepreneurs is that they especially struggle with a lack of time. Also they fear that not everything is 100% in place, so they think this makes them too vulnerable. Others just do not have the communication capacity within their enterprise to pay attention to external communication. The same information got to me from Colombia: SMEs don't have time to report, think reporting is far too complicated and belongs to bigger corporates.<sup>42</sup> Another interviewee in Colombia however also said: "Once the SMEs in Colombia become more conscientious of the power of communication, of storytelling, they can use it to promote their products and ideas much faster and in innovative ways."<sup>43</sup>

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<sup>38</sup> To avoid 'greenwashing' and present a meaningful report, GRI's guidelines include the following principles: balance, comparability, timeliness, accuracy, clarity and reliability.

<sup>39</sup> In 2013 77% of the Colombian companies reported *based on* the principles of the GRI guidelines. This is much higher than the global average of 25% of 162 reports studied in 2014. This fast growth can be explained by the fact that companies relatively recently started reporting (Deloitte 2015). Research done by ANDI (2012-13) concluded that 42,1% of the companies presents an annual internal report; 26,3% submits a GRI report; and 14% a separate CSR report.

<sup>40</sup> 2degrees/ Alison Azaria, 11 June: <https://www.2degreesnetwork.com/groups/2degrees-community/resources/top-10-reporting-tips-experts-how-improve-your-reporting/>

<sup>41</sup> Source: Interview Elise Vonk; <http://www.nenblog.nl/2015/06/12/waarom-verhalen-de-iso-26000-zelfverklaring-verlevendigen/>

<sup>42</sup> Source: Interview Steve Ramirez.

<sup>43</sup> Source: Interview Angela Cadena Muñoz.

## Digital reporting

Increasingly companies report online instead of a printed brochure (not just in a pdf, but as interactive document, or an APP). More and more (online) reports are full of visualizations, videos, photos, info graphics, which have the power that they can communicate qualitative data more efficiently in a medium that is easily understood by most people. And digital media can more easily deliver added features that print publications cannot, for example sound, movement, human expression and emotion.<sup>44</sup>

Online real-time, simple reporting is another new way to reduce to a minimum the formal reporting requirements and free up time to provide more real-time updates (text, GPS location, pictures, videos, etc.).<sup>45</sup> This form is increasingly used in the development sector or by corporate foundations (as was also observed also in Colombia).

### ***Social reporting***<sup>46</sup>

*Van Perfetti Van Melle presents a Social Report (published in a HTML5 format), in which the results over 2013 are presented. The report emphasizes that CSR is fun, that it gives energy and that it provides great things.*

## Social media

The context in which companies nowadays operate has radically changed. Up to 2004, companies were able to control their own information. They were in control of which stories to share, and hardly had to present any form of accountability to the outside world. Nowadays, you see a “democratized power to publish”. Citizens all over the globe move online (mobile handsets, websites and social media) to access information and interact. Everyone (consumers, employees, etc.) has a voice via social media (twitter, facebook, instagram, etc.). Everyone can publish easily any story about a company, a product, or a service. Reviews (especially the bad one) and likes are getting viral rapidly.

### ***Social media in Colombia***

*All Colombian interviewees emphasize the increased importance of social media (in particular Twitter) to reach consumers. Due to the rapidly increased connectivity in the country, even in more isolated areas, people can quickly inform themselves and give their opinions on prices, quality, behavior of public services, restaurants, companies, and other topics related to the market. Social networking provides an opportunity for consumers to actively connect to one another, as well as creates a channel that companies can profit from to engage with consumers in a two-way relationship.*

This requires new ways of communication. In this context it is of utmost importance that companies learn to listen: What does your audience care about? What do you have to say that is useful? Send

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<sup>44</sup> See more at: <http://www.probonoaustralia.com.au/news/2015/01/showcasing-your-strategy-through-storytelling#sthash.MuD2zOmw.dpuf>

<sup>45</sup> UNDP 2013: 8. See as example the work of the Dutch WASH Alliance: [www.washalliance.nl](http://www.washalliance.nl).

<sup>46</sup> <http://www.perfettivanmelle.nl/mvo>



them a signal that you are listening to what they have to say about your organizational ethical stance and behaviors and show that you care about their concerns. It is crucial to engage your supporters and inspire them to take action. Even involve them in creating your company and product story. As Zady (“a lifestyle destination for conscious consumers”) from the USA puts it: “As company you communicate with your community, instead of your consumers. To manage your risks as a company it is important to respond immediately and proactively on blogs, wiki’s, ratings/ review, discussion fora, and social gaming.”<sup>47</sup> Honesty, authenticity, transparency and building a community have become key in success.

In this framework, it is remarkable that still a small percentage of companies (though growing) appear to be using Social Media actively (excluding the exceptions).<sup>48</sup> Interviewees indicated not to be active on social media for reasons of costs, time or for not being a brand.

### ***Intertaste***

*“We deliberately avoid social media. That’s more for brands. There is a distinction between the brands and the bricks, the story and what we do.”*

### ***Van Melle Perfetti***

*“The social media is used to reach consumers. Facebook pages exist for the different brands (as for Look-O-Look). You can advertise in a funny, attractive way. FB provides the most up to date news of your website.”*

Some companies recognize the need, but also see it costs a lot of time and try to find creative solutions in order to maintain an online community.

### ***Communication by A Beautiful Story***

*Founder and director Cathelijne Lania explains how communication channels and forms evolved over time. To reach consumers we started with Tupperware type of events and fair-like activities. These had most impact. This was and is however very time consuming. Once we became a brand, Facebook for example became important. Experience shows us that social media also takes a lot of time.*

### ***Kuyichi***

*We work with small marketing budgets and a small marketing / communications team so we have to be creative in reaching our stakeholders. Social and online media are good channels to reach your stakeholders. If we need an in-depth consumer research we ask graduate students to help us out. This is inspiring and effective. And also very motivating for the students. Furthermore analysis of online behavior is analyzed using Google Analytics. In this way, we are able to monitor the frequency of searches for Kuyichi.*

## **Ambassadors**

Companies telling themselves how good they are often not taken seriously. The companies’ own employees, consumers/ NGO, celebrities and the press are the ones telling the best stories about your organization.

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<sup>47</sup> KLM is investing enormously in its social media communication. With more than 7 million likes on FB, it really tries to give KLM a conversational human voice and present the people behind the brand. The risk of such a strategy is that you open up all possibilities for critics. The other side of the coin is that through your social media you can show what you are doing and changing (source: Impact Academy).

<sup>48</sup> According to ANDI this was 22,7% in Colombia in 2012-13.

Research conducted by Edelman (2014) concluded that own employees are the most important ambassadors.<sup>49</sup> In order to create a group of ambassadors and engagement of staff, a clear corporate story about the mission, the Why of your company, its identity creates power/ influence. If practiced in the company, it influences the organizational stories, communicated by staff. "The public wants to hear directly from employees as ambassadors for the company who can attest to its integrity, the quality and relevance of products and services offered and the operational strength of the company, including its leadership.

Interface seriously invests in an internal ambassadors program:

***Interface: Storytelling is involvement/ engagement, internally and externally***

*Everyone who comes to work at Interface will hear how we look at sustainability and employees are stimulated to join the program "Fast Forward 2020", if they want, to contribute to solutions. People encourage each other, the 'engagement' is contagious in a positive sense. Stories of people themselves are convincing because they are able to remain close to themselves, to their own expertise. We learned you should therefore facilitate a process in which people discover what may be their contribution.*

*Once people know how they can contribute to the company's mission, within their own field of expertise, it is a flywheel effect. For example, my sales colleagues discourage their customers to buy new carpeting, and recommend instead to clean the carpet tiles and to just replace the worn ones. Customers find it quite unusual ... And in practice we realize projects where the old carpet tiles can be reused up to 70% and people still have the feeling of a having a new floor. And precisely these sales colleagues are the most successful ones in our company. Because he might earn less with this customer, but the word-of-mouth advertising that follows is priceless!"*

*"Put an ambassadors program in place, mobilize your people, start sowing, from the bottom up. The people here are the most important. Thanks to virtual networks all employees inside Interface are involved. "We now have a platform where we ask for ideas and inputs from our various divisions on different continents on specific challenges regarding products or on questions/ needs from our customers. We have also published a booklet with all the ideas of those ambassadors. People like it and are proud of their company.*

Loyal customers and NGOs representing consumers are important as ambassadors to attract potential new customers, especially in niche markets. They do so by mouth-to-mouth promotion and using social media tools.

Another way to ask for attention for your company is by working with an appealing role model, as G-Star is doing with celebrity Pharrel Williams in their Jean collection of recycled Waste Ocean.<sup>50</sup> Julia Roberts also gained attention by expressing her support to the Save Our Soil campaign, alerting consumers to the urgent need to end irresponsible farming practices. The advantage of working with celebrities as ambassadors is that people want to associate with these famous people, and that they increase the credibility of a story.<sup>51</sup>

## **Survey results**

Survey-respondents indicate they mainly communicate via the following channels: annual report

<sup>49</sup> Edelman 2014.

<sup>50</sup> MVO NL 2015.

<sup>51</sup> Source: Interview Michaël de Wilde.

(47% in case of larger companies > 250 employees; 19 for smaller ones), website (in particular for the bigger companies), newsletter, social media (28%). External presentations, TV, press are used to a minor extent as channels (though in Colombia more often). For the large majority (97%) these channels serve well enough and no other channels are needed.

According to the survey, company's target groups are best reached via Internet, the website and mail. SMEs often prefer to communicate via a newsletter (17,1%) and social media (16%). Intranet is mainly used for internal communication.

Remarkably non of the respondents of the survey mentioned the stories that are communicated in the shop/ supermarket, nor the on-pack stories.

In Colombia getting an article in the magazines of Centro de Responsabilidad Social or Semana Sostenible was also mentioned by interviewees as useful channel.<sup>52</sup>

## Dialogue

Reputation is a delicate topic. It is earned over time and destroyed in a second. To maintain your reputation, regular face-to-face communication with your stakeholders is important, in particular the key people with influential power. Investing in the relationship, by asking for stakeholder advice, responding to their requests and questions rapidly, and organizing a two-way conversation is mentioned by most interviewees as key to success. Bigger companies more often invest in stakeholder management and organize dialogue sessions. For smaller companies, being closer to their clients, this often means frequent direct personal contact.

### ***Intertaste's "just doing" story***

*Intertaste is more pragmatically oriented, is more of "just doing". Intertaste stands for quality, good management of processes and of a fair supply chain. This is the story we want to sell. It is a story that will keep evolving. Our story is mainly transmitted orally in dialogue with the customer.*

### ***Intersnack***

*Our communication is "walk the talk". We have a sustainability charter, are working on an improved website and annual report, but invest especially in a good dialogue with our clients. The more you communicate via different channels, the more feedback you get, and time you need to spend to address all this feedback.*

### ***OM Shanti Group (Colombia)***

*Our clients look for information about healthy food trends, organic or natural products. Our communication with our clients so far is direct, without intermediaries.*

The importance of good oral presentations, speeches is confirmed by Fryer (2013). "Most executives struggle to communicate, let alone inspire."<sup>53</sup> "They get lost in the accoutrements of company speak (powerpoint slides, dry memos, hyperbolic missives from the corporate communication department)" Top level should be able to find the key to the hearts of their audience. Fryer's advise is: "Tell a story! We tend to forget lists and bullet points, but remember good stories."

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<sup>52</sup> Source: [www.rsnoticias.com](http://www.rsnoticias.com); [sostenibilidad.semana.com/home](http://sostenibilidad.semana.com/home).

<sup>53</sup> Fryer 2003.

## Survey results

According to the sample, clients/ stakeholder groups that companies aim to reach, in particular appreciate a scientific kind of story with vivid images (video etc.).

In 48,8% of the answers a communication department within a company compiles the story. In 36.6% this is done by the strategy department; 12,2% mention a professional writer/ consultant.

In Colombia the communication department was also mentioned, as well as the company's own foundation, a marketing agency, a shared value department or a sustainability committee. Interviewees said that usually consultants are contracted to organize the information collection and communication.

Form in which stories are being told: Long reads, power points, stories of own employees, scientific epistles, journalism type of story or novels.

## On pack media communication

In Part II, the increasing importance of the brand experience was mentioned. Peeze brought a unique package on the market that tells the story of the tea pickers in Sri Lanka.



*Peeze developed its own tea line, called Communitae: an original interpretation of enjoying your tea from Sri Lanka consciously. Peeze wants to create a link between the country of origin of their sustainable / fair product and the consumer. The concept idea behind Communitae is 'Mail from Sri Lanka'. It creates a connection between the tea drinker and the country of origin. The community in Sri Lanka has helped to*

*shape the tea packaging through drawings, personal items or objects. These can be found as an image on the boxes and bags of tea you drink: high-grade black, green and herbal teas. In addition, each tea flavor carries its own message for the tea drinker in the form of a note. Through this post the story about the tea is told, about the people involved in the production chain. The Communitae also informs the drinker that he / she can be assured that the tea is Fairtrade / Max Havelaar and organic certified.*

Also other ideas for communication forms were mentioned to make sure clients keep connected:

- Use of text, photos and info graphics in the store

### **Jumbo**

*You could think of providing more information (text and photographs) on the shelf, explaining what is occurring in the value chains.*

- Use of shocking information

To confront consumers with their own behavior, Swedish supermarkets approach them more aggressively with information that hinder a form of "willful ignorance".<sup>54</sup> For example by explaining

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<sup>54</sup> Source: Interview Michael Wilde.

why cage eggs are so cheap and are crammed in an equivalent space like a shopping cart. Another example is a supermarket that sells organic bananas alongside sprayed bananas in the store.

- Use of visuals/logos within the company

***Interface's internal use of logos, quotes and other forms***

*"Take the logo of the Mission Zero. It is everywhere and thus a constant reminder of our mission. People also walk around in T-shirts that read War on Waste. On the floor in our factory in Scherpenzeel you read People Making History. Ray Anderson himself was especially good in quotes: 'Doing well by doing good'. 'That statement everyone knows inside and outside interface.'"*

- Use of much more video/ documentaries

Videos, short movies appear to be a popular way to present a corporate vision. The combination of storytelling and online video makes it possible to present a company or an organization in a more dynamic way, connect with your stakeholders, and link products to a strong story. As I was informed in Colombia:

*One of the bigger corporate foundations in Colombia - the Fundación Bolívar Davivienda - explained how it communicates its social stories (and contribution to Colombian society) via videos. A video was demonstrated to me about the history of a group of talented young people playing in a Philharmonic concert (with support of the foundation). "This video can be found on internet (websites, youtube) and is also demonstrated at the beginning of concerts in theaters, having an inspirational effect on people watching it." <sup>55</sup>*

- In interviews in Colombia I also heard ideas about sustainability stories as part of telenovelas (soaps) or reality shows on small businesses working on sustainability, though not (yet) sustained by any concrete examples.

With exception of a few companies, such as Kuyichi, videos made by companies from people working in the value chain are not so often demonstrated yet. An interesting initiative in this regard is the documentary film "The True Cost", that "pulls back the curtain of the untold story". It is a film about the clothes we wear, the people who make them and the impact industry is having on our world.<sup>56</sup>

To conclude this part about the communication to consumers, I here present the most powerful elements of convincing stories:<sup>57</sup>

- Stories are about mission, vision, values, the moral, they bind us together by getting a group to share a sense of what is important and what is not.
- Declare your moral: be clear about what you want to say. Authenticity is crucial.
- Prove that your moral is true and plays out in the lives of tangible characters.
- Focus on what is interesting for your audience. Make sure your audience is the hero, not your company. Use a character. Admire this character more for trying than for their successes. Also

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<sup>55</sup> Source: <http://sostenibilidadfamiliabolivar.com/https/nuestras-companias-fundacion-bolivar-davivienda.html>; Interview Juan Andres Rojas Castillo.

<sup>56</sup> <http://truecostmovie.com>

<sup>57</sup> Source: Sachs in Makeapowerfulpoint.com; Tesselaar 2012; Friedenwald-Fishman 2012.

create an opposite character, challenging your main character. Give these characters opinions and a conflict, make the audience aware of what is at risk. Adding a little shock value helps.<sup>58</sup>

- Make use of action-oriented emotions: stories should convey emotions that move people to act, and provide easy to find pathways to get them to those desired actions.
- Make use of a plot, a journey with a beginning, middle and an end, and tell a story with a call to action.
- The audience should immediately be able to know who's story it is, what's happening and what's at stake. Therefore it is wise to stay on ground level: the story comes to life by using visuals, verbal details and simplified language.
- Speak language of your clients so that your story resonates. Facilitate a process in which people can choose their own wording and assume their own responsibility to contribute to a company's mission.
- Choose an attractive format. Use videos, graphics, imaginary to communicate a story, quotes, eyewitness, etc. Make the complicated more straightforward.
- Do not mention the S word of Sustainability. There are too many different definitions and interpretations of S, which makes it confusing.
- Do make sustainability fun for consumers, though it should not always be about entertaining. It is also about a fair supply chain, ethical sourcing.
- Crowd source innovation and make sure you engage your audience. Be where your community is, open your brand into an open platform. Give the community something useful (e.g. recipes to prepare food with waste food). Make your message entertaining.
- All in all the corporate, organizational and product story need to be in coherence, consistent, relevant, authentic, transparent and mutually reinforcing.

"A good Storyteller tells a good story, a great story tells a story that allows yourself to be a Storyteller"

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<sup>58</sup> See: Volkswagen China, riding while phoning: <http://www.stuff.co.nz/motoring/videos/10142005/VWs-stop-texting-while-driving-ad-is-brilliant>

## Part IV – Stories for impact measurement

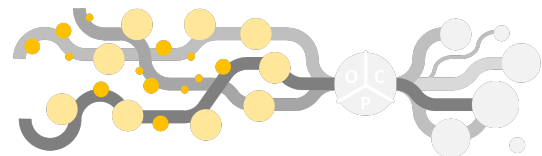
As mentioned in the previous Part, the three types of CSR/sustainability stories must be true, authentic, consistent, relevant and transparent. This can only be achieved if the stories relate to the input, output, and mostly to the outcome and impact of a company's sustainability policy and efforts. In this way, stories become even more inspirational and convincing. But how much "impact information" do companies actually collect?

The 2015 New Year's event of CSR Netherlands was titled "From Ambition to *Impact*". The HUMAN conference this year focused on "Social *Impact*".<sup>59</sup> For many companies the expected impact is though not clearly defined. What impact is achieved now or will be in the future by CSR strategies or impact investments is often not that clear and reporting on outcomes and impact is still weak. In 2014, KPMG concluded that only 20% of 100 largest companies reported on quantified metrics for the impact of the programs they fund.<sup>60</sup> 93% of companies quantify social investment *inputs* (financial contributions, employee time and donations) and 88% quantify *outputs* (e.g. number of participants in a social program)(2014: 8). Hardly any report refers to outcomes and impact on longer term and social wellbeing.

Of the companies performing best on the Dow Jones Sustainability Index, around half did not have any system to measure their impact, and it is questionable what kind of impact information was produced by the systems that do exist. Often only output or performance information, or focus on only part of the impact on society is taken into account.

Despite the motivation of social entrepreneurs to add societal value, to be a role model, to show business can be organized differently and action can be accelerated, and to claim their impact, impact measurement still is no common place amongst social enterprises either. The Monitor Social Enterprise 2015 states that only 50% of social enterprises in The Netherlands structurally measures its impact.

One of my hypotheses was that collecting stories of people in the value chains can improve 1) a company's and its stakeholders' understanding of what is happening in the chain and what kind of impact is achieved, and 2) that this understanding is needed to ensure that a company can bring true and authentic stories.



The outcomes of the interviews and the survey reflect above figures. Only few companies I have spoken to invest in impact measurement and evaluation of what is happening in the value chain, though they are conscious of the increasing importance. Other resource persons confirmed the explorative phase in which many sectors still find themselves. Interviewees were highly interested to learn more about sustainability impact measurement in general and the way stories might fit into this. Therefore, in this chapter, also more general information based on literature is presented. Questions that will be addressed in this part are:

- What does impact actually mean? And why do companies measure their impact?
- What and how? What are the steps to take?

<sup>59</sup> A conference on "Towards Social Impact. A multi-stakeholder perspective on corporate human rights performance and reporting," June 16, 2015. Organized by CNV Internationaal, PwC, VBDO and ICCO Cooperation.

<sup>60</sup> Only 32% of companies reported a detailed investment strategy.

- What makes it so complex?
- And could qualitative storytelling related instruments be interesting to get a better understanding of the impact of a company sustainability strategy?

## 1. The what and why of impact measurement

### What is impact?

There is a variety of wording, a range of definitions and interpretations of the term *impact*. Just think about *impact* investors, *impact* boosters, an *impact* evaluation / assessment, the *impact* of the sustainability strategy in a broader sense or of a sustainability pilot, on the long and short run, at producers or systems level, product or sector level, *impact* in the Life Cycle Assessment (LCA), etc..

The World Bank defines impact as: Changes in the well being of individuals, households, communities or firms that can be attributed to a particular project, program, or policy. Maas defines impact as a societal change caused by an organization or a specific project. How can resources/ tools/ interventions within the framework of a mission lead to effects. She argues that impact can be measured at the level of the mission of a company (have objectives been achieved) and at the level of society (this is much broader).<sup>61</sup> Liket likewise distinguishes mission related impact (the impact that an organization, program, policy intends to realize according to its mission)<sup>62</sup> and public good impact (beyond the scope of the missions, any societal effect, intended, or unintended, positive or negative).<sup>63</sup>

The most commonly used definition is that of the OECD/DAC (2002) which defines impact as “the positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.”<sup>64</sup>

### Why measuring impact?

This definition fits best with my hypothesis about the need for a company’s true story to have information about the true effects produced. Measuring impact drives the truthfulness, authenticity and self-transcending quality of company’s stories on sustainability. Next to this, assessing your impact, can also serve several other purposes:<sup>65</sup>

- Generating input for better **steering** and improving management and monitoring systems, decision making and enlarging your impact (“what gets measured gets managed”).
- Social impact assessments can benefit a company by making more effective investments and **creating a business case** for future investments.
- Impact measurement accompanied by planning, monitoring, evaluation and learning is often rooted in the idea of being **transparent and accountable** towards its donors/ investors/

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<sup>61</sup> Maas 2014: 52-53.

<sup>62</sup> This type of impact is always limited to a notion of intent. Measuring on mission-related impact assumes that the mission statement depicts in the right way an organization wants to strive for, but this might be not the case.

<sup>63</sup> Liket 2014: 88.

<sup>64</sup> <http://www.oecd.org/development/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

<sup>65</sup> KPMG (2014): p. 17; WBCSD: p. 9



shareholders, and towards its beneficiaries/ clients/ consumers (upward/ downward/ horizontal accountability). Impact measurement is often motivated by a demand from stakeholders (board, funding agencies, government, clients and as mentioned by Colombians by international standards).<sup>66</sup>

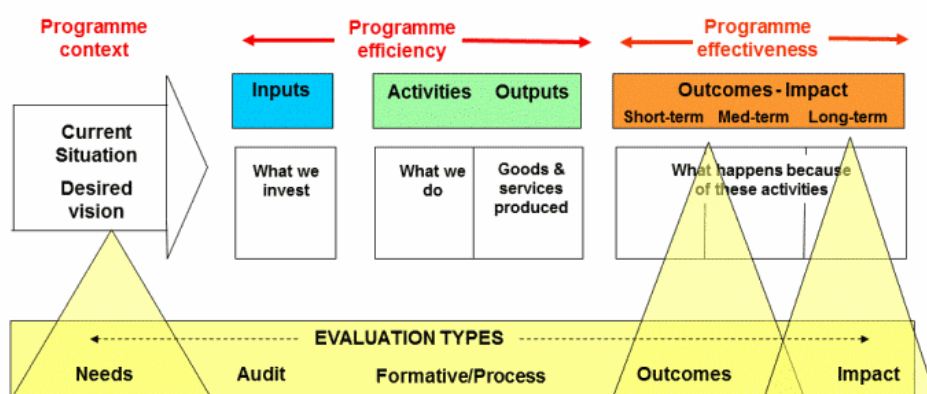
- It also contributes to **testing** the validity of a theory of change, pioneering approaches and the results a company wants to achieve within its customer base.
- It facilitates sharing of results and lessons learned beyond the project and program level, and **learning** and identifying opportunities to improve programs. It creates the possibility to know why, how, for whom, and under what conditions certain interventions might work and to decide whether they should be expanded and pursued at a larger scale.
- Information about impact achieved can be used as instrument to mobilize groups, to facilitate transition processes. **Telling, touching, and engaging** – collecting information is used for good communication purposes, to make visible what your company is doing. This facilitates building stronger relationships with own employees (motivated employees are the best ambassadors), community stakeholders, suppliers and (very important) the customers/ clients, distinguishing your company's sustainability strategy.
- For social entrepreneurs, impact investors, sustainable companies that want to make a difference, knowing the impact achieved is important. Being able to show/ present your impact gives your story and your company and its products and services **legitimacy**.<sup>67</sup>

Social impact measurement with these purposes in mind can ultimately contribute to strengthening the company's true corporate, organizational and product story.

## 2. What and how to measure?

### What to measure?

"Learning for Sustainability" presents the following impact measurement model:<sup>68</sup>



<sup>66</sup> Social Enterprise NL 2015; Avance 2015: I; Interview Laura Velez.

<sup>67</sup> Social Enterprise NL 2015: p. 12.

<sup>68</sup> Source: <http://learningforsustainability.net/evaluation/>

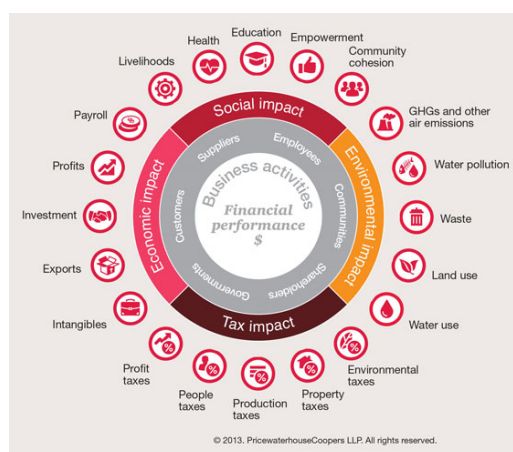
The inputs, outputs, outcomes and impact are differentiated in most models ([www.AVINA.net; wbcsd social capital](http://www.AVINA.net/wbcsd-social-capital)):

- **Inputs** or resources invested in an activity: these are the means by which the business aims to achieve the committed impact;
- **Activities** as interventions that lead to defined outputs (e.g. training, compliance with standards, products/services, etc.).
- **Outputs** or immediate results are the direct products obtained through the activity, such as number of customers, units sold or credit amount achieved;
- **Outcomes** or results (medium and long term) are the changes generated in the life of the people exposed to the business activity (such as percentage of people with growth of capital, access to markets or reduced vulnerability);
- **Impact** is the estimate of the outcomes (medium and long term), analyzing what would have happened without the intervention of business impact. Impact can be divided into economic, social, environmental, cultural and political impact (these last two elements do hardly not come back in the literature on CSR/sustainability impact).

This model is a simplified flow. In reality planning, implementation, monitoring<sup>69</sup> and evaluating processes are much more iterative. The output/outcome/impact way of thinking can be helpful to give structure to analysis. Conventional measurement techniques mainly focus on inputs and outputs. This is however shifting more to outcome, impact and value-thinking of impact.<sup>70</sup>

## How to measure?

### Defining scope



First step in impact measurement is to define what impact *means* for a company/ organization. What kind of societal change you aspire? For whom? At what level (the farmers or society as a whole)? What is your scope and focus? For what purpose (accountability, learning, improvement products, etc.). What does your Theory of Change (ToC) look like and what are your impact questions? A ToC can explain how a company will deliver on the desired outcomes and what conditions are needed to do so.<sup>71</sup> It specifies how you think an intervention can contribute to a chain of intermediary results to achieve the ultimate results, while making your assumptions, products and services explicit.

<sup>69</sup> There is often confusion about the difference between evaluation and monitoring. Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress in the use of allocated funds (OECD/DAC Glossary). Reasons to monitor include: internal use by management, tracking data, quality, early warning system, planning/ management purposes, address accountability of board, funding agents, shareholders, etc.

<sup>70</sup> Often we assume that inputs and outputs lead to positive impacts/ transformation in society. However, this is too simplistic. E.g. having a radio commercial on the radio does not automatically lead to positive impact.

<sup>71</sup> <http://www.theoryofchange.org/>

## Materiality analysis and determining impact indicators

Most (bigger) firms first do a **materiality analysis**, looking at the issues that have most probably a direct or indirect impact on the ability of a company to create economic, environmental, and social value for themselves, the society and their stakeholders.

Based on this scope, a company defines the type of information it needs in order to answer its impact questions. It specifies the type of key performance indicators (financial and non-financial) it will monitor and evaluate. Most companies distinguish indicators in relation to People, Planet and Profit<sup>72</sup> or to the social, environmental, tax and economic domain (see image developed by PwC), depending on where most impact seems to be achieved, most value is added. Indicators can be quantitative or qualitative. They should be meaningful, direct, useful, and practical.

It is interesting to see that the bigger accountancy firms, such as PwC,<sup>73</sup> are actively developing measurement approaches and organizing learning reflections to sharpen their models. For smaller enterprises, adjusted approaches are promoted by Social Enterprise NL and Avance, aiming to promote a new and still pragmatic way of working, addressing the need entrepreneurs feel to do a quick-scan. From University side, evaluation research is done as well with a more scientific approach (for example Wageningen/ LEI; Erasmus University).<sup>74</sup>

Also worth mentioning are the initiatives, such as the Green Deal, KPMG sector analysis, CSR transition networks, the Sustainability Consortium, and IDH/SIFAV (fruits and vegetables) or IDH-cocoa, that aim to bring businesses together to *jointly* identify and report on the social impact of their operations and supply chains. "The impact is much bigger and goes much deeper when we tackle sustainability industry-wide."<sup>75</sup> An interesting example is the IDH-SIFAV program, fruits & vegetables. 31 companies have committed themselves to achieve impact at scale and become sustainable before 2025 (for example, C1000, Albert Heijn, Jumbo, Van Oers, EOSTA, Chiquita, Dole, etc.). Companies involved aim to agree on sector-wide harmonization of 8 social and environmental labels (BSCI, Fairtrade, Rainforest Alliance, SA8000, GlobalCAP, etc.), using the Social Compliance Program and GlobalGAP as benchmark. Implementation support comes from civil society organizations ICCO and Solidaridad.<sup>76</sup> Also in the timber industry a serious effort has been made to reach a common understanding and an indicator that everyone should report about (% of sustainable, legal timber). A company that does not join this initiative is out. Many associations do not go that far out of for fear of losing members.

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<sup>72</sup> In Colombia gender, human rights, ethnic and racial diversity, energy, water, recycling and voluntary works are topics that get a lot of attention (Interview Steve Ramirez). In general indicators often found in documents, depending on the company / organization could be:

Social Impact: Vitality of employees; Employability; Income; Labor conditions (child labor, slavery, position women, labor unions, freedom of expression); Knowledge; Human rights (in the chain); Health; Education; Security; Integrity; Community cohesion; Housing; Legislation and taxes; Consumers: protection, privacy.

Environmental Impact: CO2 performance ladder; Use chemical fertilizers/ pesticides; Water; Land use; Noise / Light; Toxic substances; Animal welfare; Exhaustion commodities; flight kilometers; Waste production.

Financial Impact: Purchase; Profit, turnover, return; Fraud prevention Good governance Poverty / distribution; Credit crisis, confidence; Assets; Damages / liability; Access to finance; Access to markets, income; Productivity; Quality of products.

<sup>73</sup> PwC developed a Total Impact Measurement and Management approach, in which measurement is about quantifying and monetizing the impact-value, in a language that business understands. Management refers to evaluating the options and optimizing the trade-offs to make better decisions (Source: PwC 2013: 5).

<sup>74</sup> An interesting social enterprise in this framework is Sinzer: a software platform for measuring impact. Sinzer helps social investors (public and private) and mission driven organization collect data efficiently and analyze the results and manage their impact.

<sup>75</sup> MVO manager Nature's Pride in P+ (nr.3, 2015), p. 47.

<sup>76</sup> Source: P+, p. 44- 47; Interview Jeroen de Vries.

## Data collection: sources and frequency

Furthermore, before doing impact measurement, a company needs to define *which sources* it will and can use and *who's* perspectives it will take into account (Who to involve and in what way?). It also defines *when* it should collect its data. Once a year or on a regular basis?

More timely data collection implies a different information flow. Better and cheaper satellites, inexpensive mobile phones and tablets, and more sophisticated software for data analysis also make data collection easier. To accurately reach also the providers at the beginning of the value chain, the introduction of mobile data collection can be effective and easily introduced nowadays, even in more remote areas. These also provide the possibility to include photographs, video and a geographic location. Also the rise of new data sources (blog posts, tweets, online searches, satellite images, mobile banking transactions, etc.) combined with the ability to analyze these (big) data, creates an explosion of digital data, holds the potential to allow decision makers to track the performance and effects of policies, strategies, and to understand what to steer on and what to adapt. With the right computer techniques, trends and patterns can be unveiled into useful information.<sup>77</sup>

Companies should take into account that a large number of people actively inform themselves on a situation around them, often using mobile phone technology and open source platforms. Citizens report what they see or hear, especially related to sensitive issues (waste, violations, corruption, use of pesticides, bad working conditions, etc.).<sup>78</sup> These types of citizens' stories will certainly influence the true story companies present.

## Evaluating

In order to get a better understanding of the how and why, to understand the "what" and the root causes behind why something works or not, investing resources in evaluation is beneficial.<sup>79</sup> As a company or organization you will probably want to understand what works in what context, under what conditions, for what groups of people, in what ways and to what extent, so that you can achieve efficacy reliably at scale.

## Communication

Based on all the data collected, a company will define how and with whom to share the results of the assessment, and with what reasons. How to do this was explained in previous Part III.

## 3. The complexity of impact measurement and evaluation

The quality of a good monitoring and evaluation (M&E) process and final product depends on many factors: Design, participation and ownership, planning/ timing, evidence, follow-up, evaluator's credibility, skills, political awareness, organizational culture and leadership, relationship between evaluation outcomes/ communication, etc.. It is not surprising that defining your impact and conducting an impact evaluation is experienced as a complex exercise full of challenges, as some of

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<sup>77</sup> Though I could not collect any information on the number of Colombian companies using ICT technology in their M&E, mobile technology was mentioned by several interviewees and respondents to the survey.

<sup>78</sup> UNDP 2013: 6-7.

<sup>79</sup> Source: [www.fsg.org](http://www.fsg.org); Wageningen Conference.

the interviewees said. What makes it so complex? Here the most frequent fundamental challenges are summarized:<sup>80</sup>

#### **a) Attribution**

- The change a company envisions is not always clearly formulated (absence of a Theory of Change). A good logic is needed from the beginning of a project/ process to define later effectiveness and efficiency.<sup>81</sup>
- Attribution: it is difficult to determine what outcomes are attributable to a specific intervention. So, is the change that we observe caused by our intervention and does it imply a causal relation? The difficulty is that often many factors contribute to a result. And what would have happened if we had not intervened? How to determine counterfactual positions? Claiming to make a contribution to a desired result is often more likely. Evidence of contribution can be encouraging and provide credible information on the effects of program investment. As the M&E experts interviewed emphasize: be realistic about your sphere of influence and recognize the limitations there are.

#### **UTZ Certified**

*The effects of certifications are also caused by many other issues (eg. pre-financing of farmers). The attribution problem is a thorny issue. You can not isolate the certification from its context.*

- Drop-off, meaning that effects observed might decrease on the longer term.
- Additionally: If your intervention causes change, it does not automatically mean you are the best actor to implement the project. If you had not been the intervening agency, would there have been a commercial or public party that would have stepped in?

#### **b) Complexity of data collection and analysis**

There is often a lack of a baseline and of available data needed for data collection and analysis. Next to this, the definition of the indicators to use can be quite complex. What does an indicator include and what not? How is it defined in one country and how on another? For example the social indicator “living wage” brings up a lot of discussion: does it also include tax payment, education of children, health care, healthy food, leisure, long term contracts, religious costs, cultural costs, insurances, savings, access to water/ sanitation, etc.? And are indicators measurable and comparable?

Doing data collection more efficiently in the whole value chain is promising, but also challenging. The use of electronic tablets, of open source (Google) was already mentioned. However, producers are often reluctant to share data on their production. And you need to be very careful with privacy of data.<sup>82</sup>

For companies and their investors it seems important to determine the quantifiable value of their impact. New initiatives arise that monetize the value of impact, for example SROI, PUMA and True

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<sup>80</sup> Source: Literature and resource persons on impact evaluation (see annex I).

<sup>81</sup> Effectiveness: to what extent does an activity attain its objectives? What were the major factors influencing the achievement or non-achievement of the objectives. Efficiency: measures the outputs -- qualitative and quantitative -- in relation to the inputs. Were activities cost-efficient? Were objectives achieved on time? Was the program or project implemented in the most efficient way compared to alternatives? Sources: The *DAC Principles for the Evaluation of Development Assistance*, OECD (1991), Glossary of Terms Used in Evaluation, in 'Methods and Procedures in Aid Evaluation', OECD (1986), and the *Glossary of Evaluation and Results Based Management (RBM) Terms*, OECD (2000).

<sup>82</sup> Source: Workshop Avance July 2015; experience ICCO with AKFVO-FLOW.

Price Foundation (see annex IV for more information). However, critics argue that value is rather relative, subjective, depending on the context, the person. *"You pay a price, but what you get is value"*.

### **c) Lack of time, lack of capacity/ expertise and financial resources**

Impact evaluations demand a substantial amount of information, time, energy and resources. These costs should never exceed the benefits that can be attributed to impact study. There seems a tension between measuring with the best possible quality, what is still realistic, and what does not become too simplistic.<sup>83</sup>

#### ***Impact measurement Perfetti Van Melle***

*"At Perfetti Van Melle, impact measurement, in terms of impact on society, is a bridge too far. It is too costly and time consuming. At company level, an annual management review takes place. Four CSR-working groups jointly define the KPIs for reporting. There is deliberately no separate CSR department. The company considers CSR an integral part of the entire business. Within the working groups discussion take place on the possible added value of impact measurement and which audience would be served. Based on ISO 26000, four core themes were defined that form the pillars of the companies CSR policy and that are discussed in the working groups: Responsible Trading, Environment, Employee & Society and Health, and Quality."*

Some social entrepreneurs or companies for which social impact is their trademark tend to be willing to invest more in research/ evaluations. For this, they depend on subsidies from social funds or government, which are not easily available.

Others are convinced they do not need further studies, because "they are just doing well." As explained by one of the respondents in the survey: "You're talking about impact measurement. We don't do that. We do not investigate, have no baseline-measurements, etc. Due to the SME character of our organization there is simply no budget for that. We do everything on our "gut feeling". That works for us fortunately very good. Obviously, we make mistakes, but overall we usually got it right."

#### ***Impact measurement Intertaste***

*"If we are honest, we do not measure much at the moment. At best, we measure some internal operations (through an environmental barometer for example), but not through out the chain. A lot happens based on a "good feeling". We do not have separate staff for monitoring. We do perform audits. To better monitor the chain, backward integration is currently still not a priority. In very sensitive product claims, we go see for ourselves what's going on."*

Most professionals seem to agree that impact measurement will require both quantitative and qualitative measures. This requires a variety of expertise, which is not always easily available. "We aim for the use of more mixed methods, but it appears difficult to find the right expertise".<sup>84</sup>

M&E experts underscore the importance of learning, so time and an open space to discuss strength and weaknesses of strategies, in order to improve the efficiency and effectivity of work and ultimately the quality of final products/ services delivered. Unfortunately, within organizations time for triple loop learning and making good use of M&E outcomes, gets often squeezed in busy schedules.

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<sup>83</sup> Source: Interview Edith Kroese.

<sup>84</sup> Source: Interview Henk Gilhuis.

M&E methodologies still fall short in tackling the complexity of development of sustainability strategies. Although a lot of M&E experience comes from the aid sector, also here many are still searching for additional concepts to improve a good understanding of development.

#### **d) Measuring at sector level**

Despite the encouraging examples mentioned of sector-level impact measurement, it appears difficult to agree on impact measurement at sector level. Difficulties are:<sup>85</sup>

- Each single company and the context it operates in determine the trajectory towards more sustainability. This determines the focus and pace. The pace of change within a sector is usually defined by the worst of the class (members want to hold on to the current situation). This is frustrating for the front-runners.
- Data are often not reliable, so what can you publish as sector? Bad stories are not brought out, and what is a list with only good scores worth?
- Sectors are often too diffuse which makes it almost impossible to choose the right indicator that is measurable and relevant to all parties.<sup>86</sup>

#### ***Industry wide impact measurement***

*Perfetti Van Melle Benelux participates in steering committees and study groups, as in the CDU (Sustainability Committee) and the Dutch Food Industry Federation (FNLI) and the VBZ (Dutch Association of Bakery and Confectionery Industry-). "As CSR Leader, especially on the environmental side, we bring our experience here. Given the great diversity of the industry, we can still not get as much out of it."*

*There are certainly opportunities to do more as industry. In the case of the candy manufacturer, with combined forces, a measurement could e.g. be arranged with respect to the impact of the legislation on kids marketing. In co-operation with a GGD, for example, a good indicator could be determined.*

## **4. Qualitative, storytelling related instruments**

### **Survey results**

Based on the 100 companies participating in the survey, 48% say to collect quantitative data and 52% qualitative in order to monitor objectives and results of their company. Unfortunately no more details were provided in the survey on the type of qualitative approaches applied.

Impact measurement is done mostly by using external audits (30%), and by the measurement of defined KPIs (27%). 13% indicated to evaluate the company's work.

During interviews with companies and resource persons the qualitative approaches did *not* seem to be commonly used. Company's representatives were hardly familiar with for example the use of MSC or Sensemaker.

<sup>85</sup> Source: Interview Jos Reinhoudt; Henk Gilhuis.

<sup>86</sup> "In Colombia, CECODES and Sistema B create space to discuss impact measurement but in sector associations, this is not so much an issue yet." (Interview Laura Velez).

Considering the difficulties and complexity to assess or evaluate impact, it is recommendable to use different approaches. From the 1990s onwards, an enormous variety of methods / approaches has been developed to measure (social) impact. Mixed methods allow for triangulation, which is better suited to capture complex realities and to provide different perspectives on the effect of policies, programs or service delivery. The downside is that the availability of a diversity of measurement instruments makes it difficult for companies to decide on the instrument to apply.<sup>87</sup>

One way to classify these approaches is to distinguish between more quantitative approaches and more qualitative ones. Maas (2009) illustrates this diversity by presenting a list of thirty *quantitative* (social) impact measurement methods (not intended to be exhaustive). The Balanced Scorecard (BSc), Measuring Impact Framework (MIF), Millennium Development Goal scan (MDG-scan), Poverty Social Impact Assessment (PSIA), the Public Value Scorecard (PVSc), Social Footprint, and Social return on Investment (SROI) are part of this list.<sup>88</sup>

Measuring social change is not only about counting the number of people reached, the number of new educational centers established or CO2 emissions reduced. These benchmarks can help to confirm if you are on the right track, but they don't tell the full story about impact. Measuring impact is about asking what change occurred in the lives of people or in the environment as a result of our intervention. For that purpose, *qualitative* information can be very effective. The collection of stories is part of some of the more qualitative instruments. To be systematic in how you use your qualitative data to evaluate your work is a challenge.

The interviews with representatives of companies nor the survey results gave a clear indication of how private companies are or could be using qualitative instruments to assess the impact of their sustainability strategies (not in The Netherlands, neither in Colombia). It seemed that either companies are only familiar with quantitative instruments, and not so much with qualitative, alternative approaches. Or companies are not yet assessing structurally their impact at all. Many indicated to be reluctant to apply qualitative approaches because of their lack of know how, of time and the idea that these data do not provide hard evidence. At the same time all expressed their interest in learning more about new approaches, since impact measurement as such is increasingly on the agenda, as they noticed.

### ***Mixed methods?***

*The M&E Department of UTZ Certified has grown rapidly during the past few years, since collecting information on impact has gained interest. Still many so called hard data are collected, but UTZ is exploring whether the use of mixed methods can provide more valuable information to the organization and its business clients.*

As explained in the introduction of this report, my hypothesis was that collecting stories of people will improve a company's understanding of what is happening in the value chain and what kind of impact is achieved. Interviews with subject matter experts provided information on three qualitative approaches of impact evaluation in which stories, telling of stories play an important role. These approaches, described in this paragraph, are frequently used in international cooperation, in some public private partnerships, and might be interesting for private sector as well. These are:

- a. Most Significant Change (MSC)
- b. Sensemaker

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<sup>87</sup> Interview with Karen Maas by Jolanda Breedveld 2014.

<sup>88</sup> Corporate Social Performance: From Output Measurement to Impact Measurement. Maatschappelijke prestaties van organisaties: van output meting naar impact meting (Proefschrift Karen Maas, 2009). Maas clustered the methods according to the following clusters: Approach; Perspective; Objective; Way of working; Orientation; Timeline.



### c. Learning histories

In annex III other qualitative approaches are briefly presented, such as Outcome Mapping, Managing for Impact Approach, Contribution Analysis and PADEV.

#### Survey results

34% of the respondents think stories could be used as an instrument to measure impact. 32% doesn't know and the rest answers they do not see a possibility to use them.

### a) Most Significant Change<sup>89</sup>

The Most Significant Change (MSC) started in 1994 by Rick Davies and was used since 1996 by NGOs and labor unions. It provides insights in topics that previously were hardly visible.

The MSC technique is a form of participatory M&E.<sup>90</sup> It's not meant as a stand alone methodology (2011: 6). It is:

- *Participatory*: many project stakeholders are involved both in deciding the sorts of change to be recorded and in analyzing the data.
- *A form of monitoring*: it occurs throughout the program cycle and provides information to help people manage the program.
- It contributes to *evaluation* by providing data on impact and outcomes that can be used to help assess the performance of the program as a whole.

MSC is about *collecting significant change stories* emanating from the field level, and the systematic selection of the most significant of these stories by panels of designated stakeholders or staff. These staff and stakeholders are initially involved by 'searching' for project impact. Once changes have been captured, various people sit down together, read the stories aloud and have regular and often in-depth discussions about the value of these reported changes.

MSC can be a powerful tool for ongoing dialogue and learning. MSC is better suited to monitoring than accountability. It is also an appropriate tool when you are interested in the effect of the intervention on people's lives and keen to include the words of non-professionals. In addition, MSC can help staff to improve their capabilities in capturing and analyzing the impact of their work.

The strength of MSC:<sup>91</sup>

- It is a good means to identify unexpected changes and to capture expected change.
- It is a good way to clearly identify the values that prevail in an organization and to have a practical discussion about which of those values are the most important. This happens when people think through and discuss which of the changes is the most significant. This can happen at all levels of the organization.

<sup>89</sup> Source: <http://www.mande.co.uk/docs/MSCGuide.pdf>. Other source: The Most Significant Change technique. A manual for M&E staff and others at Equal Access, February 2011.

<sup>90</sup> MSC consists of 10 steps: 1) Raising interest; 2) Deciding on domains of change; 3) Deciding on the reporting period; 4) Collecting social change stories; 5) Selecting the most significant stories; 6) Feeding back results to key people; 7) Verification of stories; 8) Quantification of stories; 9) Secondary analysis and monitoring; 10) Evaluating and revising the system.

<sup>91</sup> Some of the key enablers for MSC are: 1) an organizational culture where it is acceptable to discuss things that go wrong as well as successes; 2) champions/ ambassadors (i.e. people who can promote the use of MSC) with good facilitation skills; 3) a willingness to try something different; 4) time to run several cycles of the approach; 5) infrastructure to enable regular feedback of the results to stakeholders; 6) commitment by senior managers.

- It is a participatory form of monitoring that requires no special professional skills. Compared to other monitoring approaches, it is easy to communicate across cultures. There is no need to explain what an indicator is. Everyone can tell stories about events they think were important.
- It encourages analysis as well as data collection because people have to explain why they believe one change is more important than another.
- It can build staff capacity in analyzing data and conceptualizing impact.
- It can deliver a rich picture of what is happening, rather than an overly simplified picture where organizational, social and economic developments are reduced to a single number.
- It can develop good news stories for public relations (PR).
- It can be used to monitor and evaluate bottom-up initiatives that do not have predefined outcomes against which to evaluate.

**The main limitations of MSC are:**<sup>92</sup>

- It is time consuming. For a simple program with easily defined outcomes, other instruments are more suitable.
- As a stand-alone tool for M&E, is that there might be a bias towards the views of those who are good at telling stories. Subjectivity in the story selection process is a risk. This process tends to reflect the values of the people on the selection panels. However, recording the reasons for selecting stories helps to strengthen the process.
- Another bias is the positive, popular views: usually mostly positive changes are mentioned.
- By setting a selection, a filter, you miss the nuances from context, signals, etc.
- MSC raises the important issue of voice and power associated with who participates in the story selection process. This can be overcome by ensuring that the people on the selection panels represent a wide range of backgrounds and values.
- An aspect to take into account is anonymity, confidentiality of data and ethical concerns. The people whom stories are collected and used need to be made fully aware of the possible use of their stories.
- MSC is more oriented towards identifying a showcase, for PR purposes than collecting evaluative material.

The qualitative research part of the World Citizen Panel (WCP) of OxfamNovib is based on the Most Significant Change Technique. Participants tell their 'stories of change', which is the most significant change they perceived in their own lives or in their community as a result of the program.

***The World Citizens Panel OxfamNovib***<sup>93</sup>

*The World Citizens Panel (WCP) is an impact measurement method developed by OxfamNovib. It combines quantitative research (impact surveys) with qualitative research (stories of change) to give participants in the Oxfam programs a voice, to learn how their programs can be improved, and to contribute to the public debate on effectiveness of development cooperation.*<sup>94</sup>

*In each country, WCP starts with a survey among a large group of randomly selected people participating in the Oxfam- programs. In addition, interviews are done with people who are not participating in the programs to serve as a control group. The WCP uses a Smartphone app*

<sup>92</sup> Mande 2011: 9; Interview Irene Guijt; Other resource material came from three organizations (Woord & daad, Humanity House, NoordBaak and Your Bricks) that recently did a qualitative evaluative research, using the MSC ([www.ncdo.nl/artikel/wanneer-meten-leren-wordt](http://www.ncdo.nl/artikel/wanneer-meten-leren-wordt)).

<sup>93</sup> Source: <https://www.worldcitizenspanel.com/>; Presentation during Wageningen Conference 2015 by Peter Huisman en Anne Oudes (20 March 2015).

<sup>94</sup> In 2012, the World Citizens Panel started in Uganda and it has now also been rolled out in Somalia, Pakistan, Mali, Cambodia and Nigeria.

*with a questionnaire to interview large numbers of people in an efficient, affordable, and reliable manner. Thematic domains for stories of change are selected based on the results of the impact surveys.*

*Challenges Oxfam encounters are related to how to make sure learning also takes place at beneficiary level; how to integrate the WCP in the whole programs cycle (baseline, reflections); what to design with staff & partners given the controversiality of staff partners conducting the interviews (how does this effect quality, reliability and independence); keeping the costs at a minimum; and how to create a safe environment to speak out.*

*With the WCP Oxfam really aims to understand if and how interventions make a difference, how change is brought about, what are the unexpected results and intangible results obtained (this is not easy to capture in a standardized method). The WCP also offers input for accountability, evidence based strategic and financial resource management.*

MSC is preferably not a stand-alone method. Interesting for companies is the possibility it generates to learn, stimulate dialogue, reflection, deepen understandings of what is going on in the organization and in the value chain, and its complementarity to quantitative data.

## **b) Sensemaker<sup>95</sup>**

Sensemaking is about creating meaning to data/ experiences, to create plausible understanding. Implicitly in many processes a lot is covered in black boxes: values, power, who's priorities, assumptions, etc. By sensemaking you try to make the different views more explicit.

The Sensemaker methodology was developed by David Snowden, who aimed to develop an approach to understand complex, unstable social systems. He thought that various relationships, dynamics and market mechanisms are constantly in flux and can never be fully understood in terms of linear cause and effect. He was fascinated by the power of stories. He started applying his methodology in the business world (mining, banking)/ marketing/ consumer needs. It was not used for evaluation purposes in first instance.

The Sensemaker methodology consists of several micro-narrative collection tools, a pattern detection software and an underlying methodology which relies on the use of a large number of fragmented micro-narratives to make sense of complex realities, to distil patterns, and then respond to the patterns in a timely manner.

The software tool turns raw data into information that can be visually presented and analyzed to reveal patterns, belief systems and attitudes. These raw data include stories, micro-narratives, pictures, blogs, provided by communities or possibly other target groups that give a snapshot on what's on people's mind and that people use to make sense of the world around them. The collection of stories is done by pen, paper, Ipad (a special App), or the online collector.

The system maps stories' similarities and differences to tease out trends, which make sense of complex social challenges. After collecting these fragments of information in a raw form, the person who provided them decides what they mean (as opposed to computer based analysis or expert judgement) by assigning them to a location on a 3x3 spectrum. To understand the stories better, storytellers are asked to answer a set of questions about their stories. Stories are like filters through which people make meaning and take decisions. They are often a tip of an iceberg. Additional layers of meaning embedded and connected to the story/ experience are revealed through questions in a

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<sup>95</sup> Snowden 2010.

signification framework (values, beliefs, ideas). This additional information gives quantitative data – which can be visualized and analyzed. By visualizing these patterns, you reveal the world through the ideas of the storytellers.

In order to deepen insight, the results are then discussed with respondents. This provides understanding into the different perspectives, attitudes, and values of different actors around topics of interest. The final result of the whole process (for management of an organization/ company for example) is a set of data, a report with analysis, full of stories, what matters to them, what impact, thematically split up, including strong patterns. As Deprez argued: *A company focused on adding shared value, wants to know where it is making a real difference. You should want to know the gaps in your sustainability strategy and be able to show patterns in terms of short term and long term results.*

Sensemaker was piloted by GlobalGiving in Kenya,<sup>96</sup> with funding from the Rockefeller Foundation. Irene Guijt, part of this pilot: “Making sense of stories that people tell helps you see what you are doing through the eyes of the beneficiaries. A faster and earlier detection of successes and failures, e.g. by using text messaging on mobile phones, can make the market place work better. Sensemaker can help donors and beneficiaries on what works and what should be funded.”<sup>97</sup>

Guijt so far conducted 11 sensemaker trajectories, amongst which a value chain analysis. According to her, Sensemaker offers “a lot of analytical potential. It is like a sophisticated speedboat.” But her experience in the biological cotton was that the use of Sensemaker was complex: there were too many actors, steps and dynamics. “It was too difficult to see who is doing what. Collecting stories in this context would be far too expensive.” It would be very interesting to pilot a Sensemaker project in a more defined part of the whole chain, where there is a clear supplier and buyer.

Sensemaker was also applied in the PROOFS<sup>98</sup> (Profitable Opportunities for Food Security) program in Bangladesh,<sup>99</sup> where 800 respondents in the framework of a market research, participated in a sensemaking process, telling stories about their current and future situation. Here one of the biggest challenges was to facilitate a spontaneous storytelling process, especially in a country with cultural gender issues (e.g. women are not allowed to talk with outsiders without presence of mother in law).

Vredeseilanden (a Belgium NGO) explored the use and usefulness of Sensemaker to measure, learn and communicate about smallholder farmer inclusion in modern markets, amongst others in tea value chain in Vietnam and banana chips in Ecuador. These cases involved smallholder producers who are organized in producer organizations/ cooperatives, which sell their produce to a private company that sources from them. The cases differ in context, product, geographical scope, complexity, type of farmer organization, type of buyer and market. The objective of Vredeseilanden was to assess how changes in inclusive business models in smallholder chains are experienced and perceived by smallholders. Interesting to remark is that this pilot project was made possible through the Thematic Learning Program (TLP) on Planning, Monitoring and Evaluation of Complex Processes of Social Change, facilitated and funded by PSO (The Netherlands) and supported by HIVA (Belgium). So, as in the case of Kenya and Bangladesh, the use of these more innovative instruments seems to depend on funding from donors or foundations. This also counts for Nespresso/ Starbucks, currently experimenting with this method in Colombia, funded by USAID. And sponsored by the Nike Foundation in Ethiopia, 2500 stories were collected to bring back a human voice.

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<sup>96</sup> Source: <http://www.globalgiving.org/jcr-content/gg/landing-pages/story-tools/files/-story-real-book--2010.pdf>  
<http://www.nec2013.org/documents/papers/Innovations-in-mande.pdf>

<sup>97</sup> Boss 2011; Maxson and Guijt 2010.

<sup>98</sup> [www.proofsbangladesh.org](http://www.proofsbangladesh.org)

<sup>99</sup> Qualitative interview with Marijke de Graaf.

According to both Guijt and Deprez, the strength of Sensemaker is:<sup>100</sup>

- That decision makers can quickly assess fragmented qualitative information from multiple sources.
- The objectivity of the information.
- The opportunity to generate qualitative and quantitative data simultaneously.
- To gain new insights into different perspectives, attitudes and values of actors.
- It detects weak signals that signal emergent opportunities and threats.
- It makes real-time, evidence based adjustments to an approach.
- That sensemaker is lightweight, cost-effective, affordable, has fast feedback loops, complementing other assessment methods.

The **weakness** in terms of impact evaluation is that:

- Sensemaker seems more like a collective learning tool to strengthen the value chain. It is not so much for measuring typical “hard data” indicators.
- As experienced in Bangladesh, the whole process appeared rather academic, time consuming, and expensive (training interviewers for example).
- An assumption is that people really want to bring out different views, are willing to listen carefully and deal with the consequences. This is however certainly not always the case. It can be threatening to let farmers speak out for example.<sup>101</sup>

For successful sensemaking you need engagement, inclusion, enough time, the right questions at the right moment, enough stories, competencies and the feeling that different actors are in concerted action.

### c) Learning histories<sup>102</sup>

Where Sensemaker is more oriented on now and the future, learning histories are especially looking backward.

Learning histories are primarily a process to make sense to (learning) experiences. A learning history is a process that results in a jointly told tale in multiple narratives, with illustrations and reflections on strategies, noticeable results, what happened and why. It gives insight in organizational dynamics, the internal logics on dealing with change.

A learning history is also a product: a document, or any other form of (multimedia) presentation, to be spread and discussed on a large scale. A learning history can have the form of an ongoing story, continuously renewed, in the form of a collective journal or learning blog, or as a website. The Learning History can be presented in various ways, for example in a paper document, a slide-show, a website, a TV-production/ DVD, a theatre play, strip album, an online social network, with blogs, chats, forum, etc. The exercise is performed by people who were/are involved in the central issue of the history, preferably also external people, like trainers, partners, stakeholders.

A learning history about a company's process to come to an integrated sustainability strategy in their core business could be very interesting, informative and a learning tool for own staff and external stakeholders.

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<sup>100</sup> Deprez 2015; Wageningen Conference 2015; interviews Steff Deprez and Irene Guijt 2015.

<sup>101</sup> Source: Interview Steff Deprez.

<sup>102</sup> <http://www.learninghistories.net/>

So, in all the three above-described methods stories and storytelling play a key role. They have their cons and pros. The weakness of storytelling as instrument of monitoring and measurement has to do with:

- The representativity of the data, scientific reliability of results is weak. Storytelling is not a substitute of counting. It is more difficult to make generalizations based on stories.
- The before mentioned attribution problem is not solved by using storytelling as research instrument.
- Organizations often lack the capacity, the knowhow, time to use storytelling as a monitoring/evaluation instrument.

On the other hand, the strength of these qualitative, participatory approaches is a.o.:

- These approaches provide a strong context and a good feeling for the interventions, as well as a real time insight into more real-time issues, processes and changes in society.
- These real-time data facilitate faster decision-making, and they increase the credibility of data collected.
- Especially MSC is ideal for complex programs where cause-effects are poorly understood, programs that seek to influence policy, social change, and innovate to discuss solutions. The methods are useful where it is not possible to predict in detail what the outcome of interventions will be.
- The participatory character of these methods has the strength to promote active involvement of company's stakeholders.
- In terms of reporting assessment outcomes, stories are more appealing to many readers than tables of statistics. They add the story behind the dry quantitative numbers.

Survey respondents, interviewees and literature also confirmed (although not yet often put in practice) that a combination between compelling stories and data will work best. Qualitative research should not play a secondary role to conventional empiric investigation. It should not be used simply to only confirm or to window dress. Qualitative methods could play a more rigorous role.<sup>103</sup> It would be worthwhile to start more experiments with mixed methods.

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<sup>103</sup> Also concluded by Garbarino and Holland (2009).

## Part V – SUMMARY AND CONCLUSIONS

In this report, I presented the outcomes of research done on storytelling, sustainability and impact measurement. As indicated in the first part, five hypotheses were formulated and investigated. In this final part, I will summarize my findings in relation to these hypotheses and draw some conclusions. The first three hypotheses are related to storytelling and communication, the fourth to storytelling and measurement and evaluation of impact, and the fifth to the trends in an emerging economy as Colombia.

### Storytelling and communication

Doing business today is quite different than in the past. A convincing way of doing *good* business is more important than ever before. Storytelling is an ideal means to communicate in an inspirational way about what a company, its people and products stand for.

Literature studied, interviewees both in Colombia and in The Netherlands as well as the survey outcomes confirm that storytelling is an interesting tool to communicate, engage and share the sustainability story of a company and a product. Convincing and relevant stories put people into action. Characteristics of good stories are that they are authentic and transparent; make sense of information (providing a human face to data); refer to a shared purpose; motivate and mobilize people; articulate values and influence behavior. They connect people, and can contribute to brand identity and experience. The added value is also that stories help people retain information and facilitate learning processes.

The difference between corporate, organizational and product storytelling was explained in part II. The strength of a strong brand is that all three types of stories are coherent. The product story should be in line with the corporate story and the organizational stories, transmitted by staff members, working at all kinds of levels in the company. Stories at all levels in the value chain help to create the bigger picture of a company, and vice versa. Consumers connect at personal level with people just like them. For this reason, stories of people involved in the business value chain, though still only presented by a few companies, engage even more.

To reach its stakeholders, in particular their clients, I conclude that storytelling has added value for companies. Statistics, facts and figures remain essential. However, informing and involving a company's stakeholders in an inspiring way, can inspire a refreshment of stakeholder engagement (internal and external).

Good stories not only inform about ambitions, intentions, but especially about the intrinsic motivation of a company why to work on sustainability. Consumers like to relate to the values of a company. Stakeholders aim to know that the company's strategy delivers real social impact and can tell a story of change. All interviewees and reports studied underscore the importance of being honest about the true results achieved and also about what went wrong. Openness about progress as well as the struggles a company is faced with are appreciated and lead to a better understanding of the situation a company is in. The full story needs to be presented to gain credibility and trust. Interviewees also indicated that this requires courage. In practice companies (larger and smaller) remain still rather reluctant to communicate this type of information, out of fear for negative consequences.

The number of consumers that focus on sustainable aspects when purchasing products or services is increasing, in The Netherlands as well as (slowly) in Colombia. Consumers are no longer satisfied with a marketing story about sustainability. There is a lack of trust among the public in companies (having to do with - amongst others - companies not practicing what they preach, green washing, the way

messages are framed). As CSR-Netherlands concluded in its 2015 report: Sustainability needs a new story.

Part II also addressed the variety of initiatives to tell this new story and to inform consumers on the products they buy: certifications to demonstrate commitment (with its advantages and disadvantages); the so-called Cees model building on trust; providing transparency and traceability or informing consumers via initiatives such as Trace and tell systems, Questionmark or Rank a Brand. All initiatives are built on the importance of transparency. Another increasingly important way to connect to consumers is to create space for dialogue on the company's mission, and way of working, sharing experiences, having a shared goal, and even jointly developing a product.

An intrinsic motivation and true desire to be sustainable or socially responsible is what really counts. With all the information available nowadays, (the very interested) consumers know if a motivation is real or not. By showing the true story behind a company and a product, you truly connect and enhance an emotional attachment.

In part III the key success factors of good storytelling communication were described. It became clear that a story is a story, but how you tell it and who you tell it to, should be flexible. Companies can communicate via a multitude of channels and forms. A thorough analysis of the company's audience is key so that a company can fit the story to what aspects matter most to their target groups. Get to know what people/ consumers really want. Use consumers insights to tell the sustainability story the right way via the most effective channels. Part III touched upon three communication forms: reporting, social media and the role of ambassadors.

With respect to reporting, I conclude that especially for smaller companies, investing in producing thick reports is no longer the best approach to communicate externally. For the larger corporates, registered at the stock market, other rules might count. However in general you could say that reporting should become simpler, more relevant, interactive (with animations, video, interviews with directors, etc.), and digital (both for the separate CSR report or the integrated sustainability report) to bring stories to life. Digital reporting also gives you the possibility to choose and offer the right information for the right audience.

Reporting is not so much an end in itself, but a process. Data should support business to steer and reflect. Reporting should ideally not just be an annual thing to do, it should be part of a wider strategy of monitoring and evaluation. With the speed of technological developments today (think social media, smart phones, i-pads, big data), a one-time snapshot every year through an annual report is losing its importance. The future therefore also lies more in real-time monitoring and communication.

Besides reporting, nowadays, with all the new communication possibilities and expectations of consumers, dialogue with your clients has become very important. Dialogue to receive feedback from your clients on identified priorities, to know what impact means to them, what to measure and what to communicate on. Dialogue is also about creating a space for involvement of your customers or other stakeholders aimed at improving the value chain and the end products.

The most powerful way to leverage the power of storytelling and to reinforce a company's intended impact is by using social media. This is key to tell your story and to interact with your surroundings. Building a community has become key in success. Many also stated that to manage your risks as a company it is important to respond immediately and proactively on blogs, wiki's, ratings, reviews, discussion fora, and social gaming. Some interviewees indicated not to be active on social media for reasons of costs, time or for not being a brand, especially the smaller companies.



Another communication channel of importance is that of the ambassadors re-telling your stories. Ambassadors can be your own employees, loyal customers or celebrities.

In all three forms visual stories are growing in importance. They are illustrative, easily memorable, and allow any firm to create stronger emotional bonds with the customers. More and more (online) reports are full of visualizations, videos, and photos, infographics, which communicate qualitative data more efficiently in a medium that is easily understood by most people.

With reference to the figure presented on page 7, I would like to emphasize that all these communication channels and types of stories need to originate from a very clear and authentic “why”. Stories might differ in form, depending on the audience you aim to reach, but all stories need to be coherent, consistent, relevant, transparent and mutually reinforcing.

### **Storytelling and impact measurement**

The enemy of corporate responsibility communications is poor impact measurement.<sup>104</sup> This brings me to the fourth hypothesis. Part IV gave an explanation of the definition of impact and the reasons to measure impact. CSR strategies that are integrated in the whole business strategy have the potential to add value. To ensure this strategy to be truly sustainable, it is of utmost importance that the strategy as such is monitored, regularly measured, evaluated, reflected upon and taken into account in management decisions. What and how to measure and evaluate, and with what kind of instruments was discussed in part IV.

For a company’s true story it is important to have information about the true effects produced. Measuring impact drives the truthfulness and authenticity of company’s stories on sustainability. There is an increased criticism on companies measuring only inputs, activities and outputs, without knowing what kind of impact they contribute to. This occurs especially where companies in their communications claim to have an impact.

Stakeholders want proof that companies are at least doing no harm, and want to receive information that is clear, credible and relevant. As concluded here above, CSR/sustainability stories must be true, authentic, consistent, relevant and transparent. This can only be achieved if the stories relate to the input, output, and mostly to the outcome and impact of a company’s sustainability policy and efforts. The collection of all kinds of data is needed to define this outcome and impact. In my opinion, an integrated approach strengthens the reliability of data, and validity of findings. Qualitative approaches using storytelling add value to other often more quantitative approaches. “An evaluation is like a good story, it needs some (qualitative) anecdotal evidence to put the lesson in context, and some (quantitative) facts and figures that reinforce the message.”<sup>105</sup> The collection of stories of people in the value chains can improve a company’s and its stakeholders’ understanding of what is happening in the chain and what kind of impact is achieved. To get a better understanding of how a company brought about change, it is inevitable to present what improved and by how much and why. Also how people felt the change in their lives. This understanding is needed to ensure that a company can bring true and authentic, inspirational and convincing stories.

Practice is different. Several resource persons and companies spoken to, confirmed the explorative phase in which many sectors still find themselves when it concerns impact measurement and evaluation of what is happening in the value chain. There is a growing offer of frameworks, tools and technologies that can be used to assist with impact measurement. Each has value and each comes

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<sup>104</sup> Ogilvy 2010.

<sup>105</sup> Source: [www.learningforsustainability.net/evaluation](http://www.learningforsustainability.net/evaluation).

with limitations. Choosing the right approach and method is often considered difficult. And interviewees also said that it is hard to allocate sufficient time and resources to do thorough monitoring and evaluation. Most interviewees/ respondents to the survey did express their interest in learning more about qualitative approaches in which storytelling is applied, in order to capture the hearts and mind aspects of impact. Stories can provide these people's voices.

Based on the information retrieved, I conclude that, with a clear strategic vision and purpose AND an organizational culture in which learning, knowledge development and innovation are recognized, a good impact assessment and evaluation can provide meaningful insights for both internal and external stakeholders. The value from a good learning process is relevant to inform your strategy, operational model and business plan and to innovate. So, impact measurement and evaluative activities should not be a stand-alone process. They should become a means to an end rather than an end in itself.

For smaller companies a more manageable and focused approach is recommendable. This means that you must build impact measurement into your everyday work rather than viewing it as an unhelpful add-on, or something that comes at the end of a project or at the convenience of your funder. With only a few indicators, it is possible to get a better insight in what happens in your value chain. Taking into account the complexity of a good measurement process (see part IV), the facts and information you provide based on your measurement should especially be plausible.

Information coming out of M&E should feed the communication and the desire for data should feed the way to search for data in the value chain. In order to have rich material, it is recommendable to employ real-time data collection methods, quantitative and qualitative. The findings of the evaluative process need to be produced on time so that they inform decision-making and action.

There is still a lot to research, discuss, pilot and find out, especially in relation to the private sector. It would be enriching to pilot the three qualitative methods described or mixed method approach in a private sector setting (or a public-private partnership constellation) and learn from this experience.

## **The Netherlands and Colombia**

One of my assumptions was that my hypotheses would also count for an emerging economy as Colombia. Part of this research was therefore also implemented in Colombia. Outcomes of the survey and interviews confirmed this hypothesis, though there are some differences. In both The Netherlands and Colombia sustainability is on the agenda. In both, a vibrant world of social enterprises is on the rise. Where the sustainability discourse in The Netherlands is more and more focusing on shared value and systemic, disruptive changes, many companies in Colombia canalize their CSR through corporate philanthropy. In Colombia the most easily accessible information was about corporate foundations communicating on their vision and results achieved. A lot of the discussions on storytelling and result or sometimes impact measurement are related to the work of these foundations. The increasing number of companies wanting to work on integrated reporting seems a positive development of companies taking their sustainability responsibility more serious in their core business.

With respect to impact measurement, I got the impression that the discussion in The Netherlands is ahead of Colombia. Besides organizing some assessment pilots, an exchange between Colombia and The Netherlands about how to measure sustainability impact would be interesting, paying particular attention to the power of the use of mixed methods.

In most interviews both in Colombia and The Netherlands, it became clear that a majority of companies thinks it would be inspiring to share company stories much more actively than is currently

done (despite the already existing physical and online platforms). In Colombia, several interviewees suggested to not only share amongst companies, but in particular also with the wider public, as part of awareness raising.

#### **Survey results**

53% of the sample group in The Netherlands indicates to be very interested in sustainability stories of other companies (39% is not interested and 8% neutral). Many different reasons are mentioned: to learn from others, inspiration, learn from best practices, useful, to copy work from others, knowledge development, refreshment. Those that indicate not to be interested in the work of others, say to have no time, think they are “not comparable to others”, or indicate, “we will just not do anything with the information to receive”.

In my opinion, sharing knowledge and skills can lift an entire industry to a higher level. And can lead to inspiration, quality, innovation and sustainability. It would be interesting to create extra space to share stories offering solutions, innovative ideas and inspiring options of playing an active role in changing society.

#### **Connecting true stories for true impact**

In my view, reflecting on all the information gathered, transparency is one of the most powerful assets to reach your stakeholder. Transparency is much more than demonstrating the availability of information, of reports, if these are uploaded on line or not. You offer consumers, other businesses, the investor, the NGO, media, a fair and authentic story based on which he / she can come to a tradeoff. You provide insight into what drives you as an entrepreneur, in the steps you take and the dilemmas you are faced with. You show what contribution you want to make based on what vision. Transparency is about providing your stakeholders (in case of this research the consumers) information about your strategy, the governance of your company, lessons learned, results and impact achieved (at all levels of the value chain), innovations, and difficulties. Transparency is also about openness for involvement of, dialogue with your stakeholders, the willingness to let them think along with your company.

The incredibly complex, time-consuming, annual (sustainability) reporting processes will remain important for various reasons (especially for larger companies). For example to facilitate a movement within a company, make choices and learn. Or to provide investors information upon which they can take investment decisions. In my view it is desirable to include good information in these reports on the dot on the horizon, in order to inform the recipient, engage and convince, and to feel the soul of a company. Information about the path it walks towards transformation, its role and impact in society. I am also convinced that with the speed of developments today (think of social media, smart phones), a one-time snapshot every year through an annual report is becoming less interesting. I think the future lies more with real-time monitoring and frequent communication.

And finally, I strongly believe that not only the corporate company's story itself, but rather those stories of the actors in the value chain are of value. Let the small farmers in Ethiopia, the young women in the sweatshops in Bangladesh, the factory owner in China, tell real time about the changes they may or may not be experiencing in the way they operate, their working conditions, their lives or in their community: stories about the true impact achieved. Ultimately, no Key Performance Indicator can beat such stories!

## **What could this all mean?**

Apart from the aforementioned possible initiatives to start, in my view, there are more things that can strengthen the position of storytelling in The Netherlands and in Colombia.

### *Spreading the word*

In order to raise more attention for storytelling, the added value of authentic stories should be explained more often within companies, organizations, during platforms gatherings. I therefore applaud the initiative of the Impact Academy to offer another round of lectures about storytelling and sustainability this year. One could also think of trainings and workshops in the workplace. It would be valuable to spread the word about the power of storytelling in meetings organized by for example CSR Netherlands, the annual National Sustainability Congress, multistakeholder knowledge platforms, the Impact Hub and/or Social enterprise NL, the alumni days of the Erasmus CSR training and/or sector-wide private associations (and of course the variants in Colombian). And how inspiring it would be if, besides theory, a diversity of storytelling cases would be shared and discussed more often (offline and online). In particular, also stories that address what is happening in the value chain, and how this impacts those who work at the different levels of the chain, need more attention.

### *New retail concept*

Spreading the word under companies to learn and inspire is one thing. True stories also ought to be presented more easily (possibly even real-time) to the public in general (the potential clients). You could think of an online business concept where such true stories are being presented in an attractive way to the public, where interaction, dialogue with this same public can take place (what about a Pinterest for stories, the possibility for consumers and entrepreneur to upload pictures, video, questions, suggestions and co-create new concepts?). Actually, in my view, businesses will be able to better distinguish themselves (online and offline) by making their corporate and product story much more explicit and easily accessible to consumers (so without for example having to scroll through various windows on internet before finding information about sustainability or the story behind a product).

### *Collecting more stories*

To make sure new generations are familiar with storytelling and the use of more qualitative, participatory research instruments, these deserve more attention as part of the curriculum of various disciplines (for example economists, business administration, leadership trainings, marketers). In this way, the current lack of knowledge and capacity on how to use stories in daily operations is addressed.

Within companies, it could help to create a (temporary) position or contract support from the outside to accelerate storytelling throughout the company. Someone who is mandated to help define the “why” in the organization and to establish the link between monitoring and evaluation of impact on the one hand and communication on the other. And based on information collected, translates this into a coherent, authentic and transparent narrative. Support of the top of the organization is crucial in such a process.

### *Further research*

The scope of my research was of course limited, in terms of time and focus. Many related topics are worth diving in more. It would be very interesting to do more research on the psychology of consumer behavior and see how to influence consumer sustainable behavior. Why do consumers choose for certain products? In this document, I highlighted the added value of storytelling to convince, engage consumers to influence their thinking and sustainable behavior. We know that consumer behavior is also influenced by internal (opinions, values, habits and personal characteristics) and external factors (group pressure, accessibility to sustainable products). In my view, more research and sharing of knowledge and experiences on the absolute key to real change is

crucial.

Another topic is the financial business case of storytelling. Based on interviews and literature research, I am convinced that storytelling has added value in many ways. I have not (yet) proven that also financially there is a strong business case. This was outside the scope of this research. Knowing that company decisions are (still) especially driven by business cases, it would be useful to define a generic logic to define such a business case more explicitly. More in-depth analysis on also the financial side would make my case for more storytelling in various forms probably even stronger.

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## List of abbreviations

AI	Appreciative Inquiry
ANDI	Asociación Nacional de Industriales
B2B	Business-to-Business
B2C	Business-to-Consumer
BoP	Base of the Pyramid
BSCI	Business Social Compliance Initiative
CDU	Committee Sustainability
CECODES	Consejo Empresarial Colombiano para el Desarrollo Sostenible
CNV	Christelijk Nationaal Vakverbond
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
EKO	Eko keurmerk voor biologisch product
ESAA	Erasmus School of Accounting & Assurance
FARC	Fuerzas Armadas Revolucionarias de Colombia
FSAS	Fair and Sustainable Advisory Services
FSC	Forest Stewardship Council
FB	Face-Book
Gfk	Growth from Knowledge
GGD	Gemeentelijke GezondheidsDienst
GIIN	Global Impact Investing Network
GMO	Genetically Modified Organism
HIVA	Onderzoeksinstituut voor Arbeid en Samenleving
IDH	Initiatief Duurzame Handel
IDRC	International Development Research Center
IRIS	Impact Reporting and Investment Standards
KPIs	Key Performance Indicator
LCA	Life Cycle Assessment
M4I	Managing for Impact
MDG	Millennium Development Goals
MFI	Micro Finance institution
MIF	Measuring Impact Framework
MVO	Maatschappelijk Verantwoord Ondernemen
MSC	Most Significant Change
NCDO	Nationale Commissie voor internationale samenwerking en Duurzame Ontwikkeling
OECD	Organisation for Economic Co-operation and Development
OM	Outcome Mapping
PADEV	Participatory Assessment of Development
PME	Planning Monitoring and Evaluation
PROOFS	Profitable Opportunities for Food Security

PSO	Personele Samenwerking met Ontwikkelingslanden
PSIA	Poverty Social Impact Assessment
PwC	Price Waterhouse Coopers
PVS	Public Value Scorecard
QDA	Qualitative Document Analysis
SMEs	Small Medium Enterprises
SROI	Social Return On Investment
TLP	Thematic Learning Program
ToC	Theory of Change
UFE	Utilization-Focused Evaluation
USP	Unique Selling Point
UTZ	UTZ Certified stands for sustainable farming and better opportunities for farmers, their families and our planet in coffee, cacao and tea sector.
VBDO	Vereniging van Beleggers voor Duurzame Ontwikkeling
VBZ	Vereniging Bakkerijen en Zoetwaren Industry (Dutch Association Bakeries and Confectionary Industry)
VECO	Vredeseilanden (Development organization Belgium)
WBCSP	World Business Council for Sustainable Development
WCP	World Citizen Panel

## **ANNEX I: List of interviewees**

### **Interviews/ conversations with:**

#### **Storytelling and communication:**

- Impact Academy: 5 storytelling lectures November 2014 – January 2015 (Lars Moratis, coordinator of Storytelling course at the Impact Academy)
- Impact Academy 21 april: “Mythes en mogelijkheden van duurzaam gedrag”
- Elise Vonk, Vonk, Spankelend MVO
- Arianne Wienke, Digital Storyteller

#### **Storytelling and Impact measurement:**

- Steff Deprez, VECO Belgium
- Henk Gilhuis, Utz Certified
- Marijke de Graaf, FSAS, Food security specialist, experimented with Sense Maker in Bangladesh
- Dieneke de Groot, PME coordinator ICCO
- Irene Guijt (Phd), Learning by Design
- Edith Kroese, Avance
- Karen Maas, Erasmus University
- Martijn Marijnis, ICCO, Monitoring advisor/ big data
- Hettie Walters, ICCO/ FSAS, specialist capacity development

#### **Storytelling, sustainability and impact:**

- Jeroen de Vries, FSAS/ IDH
- Nelleke van der Vleuten, FSAS, specialist public private partnership
- Jeroen Kruijd, masterclass ESAA (April 2015)
- Jos Reinhoudt, MVO NL
- Maarten Hasselman, researcher Erasmus University

#### **Interviewees within companies in The Netherlands:**

- Judith Dutour Geerling, Perfetti Van Melle
- Lieke van Aalten, Perfetti Van Melle
- Diara Toschi, Intersnack-Procurement
- Aldert van de Kamp, CSR Coordinator Intertaste
- Cathelijne Lania, Director A beautiful Story
- Michaël Wilde, Sustainability & Communication, EOSTA
- Timmo Terpstra, Director Peeze
- Jenny Berenpas, Marketing manager Peeze
- Monique Voorneman, Head of communications Kuyuchi
- Geanne van Arkel, Head of sustainable development Interface
- Pieter Goudswaard, MVO Jumbo

#### **Interviewees from Colombia/ people providing information:**

- Andrés Vera, Program officer ICCO Colombia
- Angela Cadena Muñoz, Grupo OM Shanti
- Angelica Acosta, Agencia Presidential de Cooperación de Colombia

- Diana Catalina Arciniegas Gonzalez, Business for Effective Cooperation (previous ANDI)
- Gonzalo Giambruno, Girando, University, Sustainability expert
- Jan Willem van Bokhoven, Director Holland House
- Juan Andres Rojas Castillo, Fundación Bolívar da Vivienda
- Jose Francisco Aguirre, executive director Compartamos
- Laura Velez, Director Sistema B (B-Corp) Colombia
- Nicolas Duran, Program officer ICCO Colombia
- Steve Martinez, Centro Responsabilidad Social Colombia, Communication manager
- Susana Yepes Bernal, Innovacion Social Compartamos
- Maria Carolina Suarez Visbal, Director Asociacion de Fundaciones Empresariales

**Surveys amongst 100 companies in The Netherlands and 10 in Colombia**

## ANNEX II: Examples of storytelling businesses

Good stories are retold. This annex presents a list of storytelling businesses that were frequently mentioned by the interviewees (as well as found in literature) as success cases of storytelling. These companies communicate in various ways, all providing inspirational stories that people remember, like to transmit to others, create a feeling of uniqueness that people want to be part of and have increased credibility and trust in the telling companies. The companies are presented in alphabetical order.

### Ben & Jerry's

Ice cream maker Ben & Jerry's for example presents itself as a social and sustainable company that aims to make the world a better place. Its social mission is to improve quality of life by operating in an innovative way. This can be seen in advertisements and on the website, where they communicate their clear mission and their values. The company cares about the fight that matters to the people. Their active involvement in campaigns all over the world (marriage equality, climate change, GMO, fair trade, etc.) gives the brand more credibility. It also engages people with special flavors that are connected to a specific cause, like the Peace pops and Apple-y Ever After (for same sex marriage).



Source: <http://www.benjerry.com/values/issues-we-care-about/climate-justice>; Innatemotion 2015.

### Chipotle

Purpose driven fast food brand Chipotle Mexican Grill is a fast food chain that sells burritos and tacos in the US, Canada and Europe. Commitment of the founder and his teams is to only serve "Food with Integrity", sourcing all their ingredients locally and organically. Chipotle also aims to change the way people think about and eat fast food. They want to make great food affordable and accessible so everyone can eat better. Their focus on the quality of food makes their approach relevant to customers. Most people take their decisions based on price, quality, convenience or status instead of doing something right. "Saving the world is not a top priority in customers' daily lives.



With storytelling Chipotle aims to stimulate the conversation around food ethics and sustainability. Chipotle is doing this by entertaining in short videos, telling a simple and compelling story. In particular addressing the Why of Chipotle.

"We think that complex issues—such as those with which we are dealing—are made much more accessible to people when they are presented in the context of entertainment," said Arnold. "Films like 'The Scarecrow' or 'Back to the Start' are great examples of this. They take difficult issues and present them as entertainment, and you can reach a universe of people who might not otherwise be paying attention to the issues."

Source: <http://contently.com/strategist/2013/09/26/best-of-branded-content-chipotles-the-scarecrow-is-brand-storytelling-at-its-finest/>

## Gulpener

Gulpener brewery is a wonderful example of how a company can work on sustainable in an innovative way. Gulpener decided to use only environmentally friendly locally sourced raw materials.

Groundbreaking was a local partnership with local farmers.

Barley, wheat, rye, spelled and hops are not bought on world markets, but in the region. Barley residues are used in the area by for example Bakery The Bisschopsmolen. Farmers are guided in making their operations more sustainable. Exhausted fields are transformed into pedestrian areas. Gulpener uses renewable energy and two own water resources. Residual water is cleaned and re-used. To compensate for CO2 Gulpener contributes to reforestation. Socially Gulpener employs people with a distance to the labor market. Residents from the region are involved through various activities in the brewery and Gulpener supports local association. And there are already new plans in development. Four times a year, all employees are engaged in sustainability activities and innovations.



OP DE TOEKOMST!

In the example of Gulpener “sustainable storytelling” has found its way. The authentic core values of the brewery - value creation, authenticity, credibility, inspiration and relevancy – are central topics that are communicated. Who are we? What do we stand for? Why we do the things we do and in what way we do so? Toos Hofstede talks about “Magnetizing” power of Gulpener: the appeal of authenticity that gives traditional marketing another dimension or makes it even redundant.

Source: <http://www.viastory.com/artikelen/sustainable-storytelling-als-duurzame-strategie/>; P+, p. 20-23, Jaargang 13, nr. 3, 2015. Gulpener.

## Fair phone: building a movement for fairer electronics

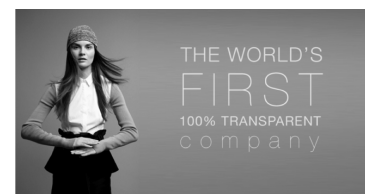
The social enterprise Fair Phone connects consumers to its story: Fair phone aims to build a movement for fairer electronics. “By making a phone, we’re opening up the supply chain and creating new relationships between people and their products. We’re making a positive impact across the value chain in mining, design, manufacturing and life cycle, while expanding the market for products that put ethical values first. Together with our community, we’re changing the way products are made”.



Source: <https://www.fairphone.com/about/>

## Honest by

Bruno Pieters is a Belgian fashion designer and art director highly regarded for his avant-garde creations and sharp tailoring. Experiences in India had a radical affect on his outlook on life. He became increasingly concerned for the environment, animal welfare, and children’s causes. In January 2012, Pieters returned to the fashion stage with a new concept and brand. As entrepreneur and designer, Pieters is creating a new model for the fashion industry, and for other industries worldwide. Honest by is the first company in the world to offer detailed price transparency to their customer and to make their entire supply chain public. Honest by continuously



does extensive research into the sources of the raw materials, traces back the origins of fabrics and trimmings used in the products to be certain that every element in each garment is as environmentally friendly as possible, that the wellbeing of the client's skin is taken into consideration and that the working conditions in the production facilities are safe, for every product we sell. Honest by chooses not to distribute leather goods, or clothes that are made or trimmed with fur, shell or horn. The only animal products selections do contain are wool and silk. These are either certified organic, recycled or sourced from selected farms.

Honest by regularly invites international designers to create a 'Green' item, look or collection exclusively for the Honest by store. 20% of its profit made on the designer collaboration collections goes to a charity chosen by the invited designers, while 80% will fund growth, including hiring new staff and expansion of its offer.

Source: [www.honestby.com](http://www.honestby.com)

## Innocent

Innocent Drinks started in 1999 after selling smoothies at a music festival. The company makes vegetarian pots, juices and kids drinks, sold in different countries, to “make natural healthy, delicious foods that help people live well and die old.” The Innocent story is presented in the form of a timeline on their site.

Innocent aims to become a truly sustainable business with a net positive effect on the world. It’s strategy focuses on ingredients, production, packaging, legacy and branding. The responsible core values are a daily reminder to each of the employees.



Innocent communicates actively to its consumers (active website, Facebook, Instagram, twitter, youtube). They have a newsletter to become part of the “Innocent family.”

Source: [www.innocentdrinks.co.uk](http://www.innocentdrinks.co.uk); [www.innocentdrinks.nl/over-ons/ons-verhaal](http://www.innocentdrinks.nl/over-ons/ons-verhaal)

## Patagonia (Outdoor Wear)

Outdoor clothing company Patagonia has become known for not only its products, but also for creating awareness about the environment and their contributions to it. It strongly believes that only unconventional business can make a difference.

The creation of a good quality product remains crucial, but Patagonia also wants to show their customers why their products are the best. Organic cotton, ethically obtained down, helping create a national park and amongst other efforts are all part of Patagonia’s contributions to being an eco-friendly apparel company. Patagonia has also invested \$20 million in social and environment based start-ups. Their campaign Worn Wear got famous, offering tools and tips to fix own gear, offering to buy back gently used clothes, and encouraging people to mend their old clothes and re-use it.

The company wants to make it easy for people to discover what the company is all about, and make sure it’s not hidden and tough to access. “Because once they do know, they’re in. They’re with us.”





Through story-telling, Patagonia wants their customers to be able to relate and get involved in environmental causes. Through for example films, it informs customers what their mission is and what they are doing to fulfill these goals. Also social networking services serve as an informative and motivational tool for their customers; who can inspire others to also get involved. Patagonia has taken advantage of social networking services, creating the possibility to tell Patagonia's story online and openly discuss with consumers its products, environmental issues, sports and Patagonia's different projects.

In line with Patagonia, various clothing companies are trying to also embark on eco friendly movements. Dutch Denim Company G-Star Raw has partnered with music artist Pharell Williams in a new clothing line made from plastic taken from the ocean. Raws of the Ocean is a campaign that brings awareness to the issue of plastic pollution found in the oceans and how to make something from this hazard to the environment.

Source: <http://socialmediaweek.org/copenhagen/2015/01/15/storytelling-patagonia-not-just-another-outdoor-apparel-company/>

<http://www.fastcocreate.com/3038557/behind-the-brand/the-purpose-driven-marketer-how-patagonia-uses-storytelling-to-turn-consume>

### **RainForest Alliance**

Since 1987, the Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.



As part of its campaign, end of 2012 the Alliance posted a video on YouTube, which was seen by more than a million views in less than six months. The Follow the Frog of Rainforest Alliance (see: <https://www.youtube.com/watch?v=3ilkOi3srLo>) aims to reach consumers who are eager to learn more about how a business is working with the Rainforest Alliance to make the world a better place. The campaign hopes to inspire customers and staff throughout the campaign by taking them on their own journeys of awareness about key issues like climate change, deforestation, poverty alleviation and water quality. It links to regularly updated content on sustainability—and learn why it matters and how businesses and individuals can make a difference.

The digital story told in the video is entertaining, contains a clear and convincing message and promotes action. The quality mark of the Rainforest Alliance that many had never noticed before, has for good been nestled in the minds of many thanks to a beautiful piece of storytelling.

### **Kiss & Tell – The Silk Story**

Kiss & Tell started in January 2011, while entrepreneur Bahareh Panjeh Shahi was travelling through India. She fell in love with its colours, scents, believes and architecture and most of all its silk fabrics. She met various weavers and artisans making different natural silk fabrics. Those inspiring people live and work in villages without most essentials of modern life and use their skills for centuries to earn their living. Inspired by their silk stories and the saying “Be the



change you want to see in the world” by Gandhi, she quit her career as a lawyer to make her dream come true and started KISS AND TELL to make a difference in the fashion industry; luxurious fashion with care for people and planet.

KISS AND TELL is an ethical fashion brand, which is all about natural and handmade silk. The company offers luxurious fashion while taking care of the planet and the people they work with. It promotes traditional silk farming. By using different kinds of hand- woven silk from North-East India KISS AND TELL helps to keep the traditional silk farming alive. Together with local NGOs it creates fair jobs for weavers and farmers and provide a living for many Indian families. Each dress has it own silk story, which is easily communicated.

Source: <http://www.kiss-and-tell.nl>

### Triodos bank

In the financial world, Triodos Bank has become trendsetter in the field of storytelling. The bank aims to bring forward it's impact on society. What actually happens to the money of its savers? What social movements are being possible for Triodos-funded businesses thanks to savings or assets of individuals?

**Triodos  Bank**

Make your money make a difference

With stories about sustainable enterprises and entrepreneurs, Triodos shows how it can make a difference as a bank. Triodos aspires to bring about a positive change in society. The utterances are therefore primarily meant as way to spreading a new look at banking. This is done through Facebook, the magazine The Color of Money, the website [mijngeldgaatgoed.nl](http://mijngeldgaatgoed.nl) and inspiring films like "Small. The new big ". Triodos Bank has also developed a special app for mobile banking. "Once you open the app, you can open the 'Find out where your money works". One more click on the touch screen and you'll see what companies you invested in the neighborhood. A good example of how you can touch the heart of people in a sympathetic way, by clearly addressing the Why of (sustainable banking).

See more at: <http://www.marketingonline.nl/bericht/triodos-bank-het-verhaal-maakt-het-verschil#sthash.3gyMDVdy.dpuf>

### Tony's Chokoloney

The story of Tony's Chokoloney is probably one of the most familiar stories about sustainability. Even children at primary school learn about it. In 2003, journalist Teun van de Keuken researched slavery in the cocoa industry in West Africa, finding that slave labour was still widespread in the Ivory Coast. Feeling conscience about his own eating of chocolate made from such wretched conditions, in 2004 he turned himself in to the police as a chocolate criminal complicit in slavery. The charge was initially dropped by the prosecutor, but a court of appeal decided it would accept the charge if Van de Keuken could provide witnesses, which he did. The court's judgment was that exploitation did indeed occur on the plantations and that consumers share in responsibility, but didn't convict Van de Keuken. Van de Keuken began to lobby major chocolate companies to source their cocoa from slavery-free sources. Since none of these was willing, he decided to start his own company with ethical sources. And so, in 2005, Tony's Chokoloney was brought on the market as the first and only slavery-free chocolate in the Netherlands. The initial demand was far greater than the initial production run of 5,000 bars. It's aim is to change the whole chocolate industry. Tony's Chokoloney proves that responsible entrepreneurship and commercial success scan go hand in hand. The company has a healthy profit goal and growths rapidly.



Sources: <http://www.tonyschocolonely.com/over-ons/onze-geschiedenis/>;  
<http://www.icco.nl/Mensenrechten-en-bedrijven/Tonys-Chocolonely-Op-keurmerken-vertrouwen-is-te-makkelijk>

## Waka Waka

Buying a Wakawaka light/charger, means not only buying a product but also a story. WakaWaka brand has achieved that people feel an emotional connection to a solar-powered phone charger and light. It's the 'smallest decentralized power plant in the world.' It's a great example of how a brand can establish a shared narrative with people and provide them with an active role for co-creation as a means of real engagement, creating meaning for the brand and power to its mission. This mission is to support a goal to bring light to 1.5 billion people who live off the grid.



Waka Waka really inspires consumers. It creates the sensation of belonging to a movement creating impact for many, really contributing to a more sustainable world. Celebrities all over the world are committed to contribute to WakaWaka as well.

Sources: <http://nl.waka-waka.com>; <http://www.p-plus.nl/nieuws/maurits-groen>

The following two Colombian companies were mentioned as interesting for their ambitious work on sustainability and communicating actively about their way of working.

## Crispy Fruits Colombia

Crispy Fruits is a Colombian company, founded in 2012, that produces and sells healthy snacks to serve the growing segment of the population seeking to include in their diet, natural and practical products that suit their changing lifestyles. Interesting is that the company was formed entirely by women entrepreneurs and is now operated by a majority of women. The company aims to provide high value services to poor communities to generate social and economic impact through the commercialization of agricultural and agro-industrial products with high added value. It's purpose is to empower farmers in this process, by building the capacity of farmers to adopt organic agricultural processes, secure organic certification and ultimately access direct trade opportunities.



The company is mainly active on social media (Twitter, Facebook for example) and presenting the company's work in various external meetings. The entrepreneur Jimena Flórez was applauded by Barack Obama for the work she is doing.

Source: <http://www.crispyfruits.co/>

## Fruandes

Fruandes was mentioned by interviewees as an interesting Colombian companies working on sustainability and communicating actively about their way of working.

“A true belief in sustainability and the highest respect for our consumers are the main drivers for Fruandes to commit to organic production. As part of this effort, Fruandes supports our business partners (the farmers) in their goal to become 100% organic certified”.



Fruandes is committed to Fair Trade, which is evident in corporate policies, working conditions (compensation, engaging female breadwinners, legally hired, covering children's education and housing), productive processes and trade relationships. Fruandes aims to provide better conditions to its workers by the creation of a housing subsidy program, where workers can apply for a loan with comfortable and fair payment arrangements. Fruandes also works on its accountability towards its consumers by offering a transparent, traceable product.

To communicate Fruandes not only tells its corporate story in many fora, but it communicates in particular also the story of the workers in the value chains. This can be found on the website and on Youtube video.

The company is nowadays also B-Corp certified.

Source: <http://www.fruandes.com>

## ANNEX III: Qualitative approaches to impact evaluation, for potential use by private sector

Based on literature study and experiences in the development sector, this annex compiles a few qualitative approaches to impact evaluation, which might be interesting for private companies in order to assess the impact of their sustainability strategies. This overview is not exhaustive.

### Outcome Mapping

Outcome Mapping (OM) is an integrated method for planning and assessing the social change and internal performance of projects, programs and organizations. This method is especially useful when changes in behaviors and capacities of partners in sphere of influence are the focus (Guijt/ Ortiz 2007).

It has a number of strengths:

- Assesses both process and outcome, and plausible contribution (not attribution).
- Enables stakeholder dialogue, learning and consensus building, as well as accountability.
- OM puts people and learning at the centre of development and accepts unanticipated changes as potential for innovation.
- Captures elements of policy implementation rather than focusing on 'paper' policy.

The weaknesses of OM are:

- It does not evaluate value for money.
- Observed behavioral change posits a link between cause and effect which may be impossible to demonstrate.
- The approach is costly and time-intensive.

A precondition for success is that OM needs skilled facilitation, dedicated budget and time, and support from higher level in the organization.

Source: Earl, Carden, Smutylo a.o. (2001), Canada; Guijt/ Ortiz (2007)

### PADEV (Participatory Assessment of Development)

Padev is an innovative toolbox of techniques and methods, which aims to achieve a bottom-up assessment of development and change in a particular area over a period of time based on the value systems of the population. It is holistic and participatory. Main purpose is to *focus on the why questions* and to assess *long term impact* of inducing change in a situation of multiple stakeholders. It is not a replacement of conventional approaches, but an alternative approach that enables a "big picture" of development and change to be constructed for an area.

The method was elaborated by the University of Amsterdam, together with the University for Development in Ghana, l' Expertise pour le Développement du Sahel (Burkina Faso), the African Studies Centre (Leiden), the Royal Tropical Institute (Amsterdam) and the development organizations ICCO, Woord & Daad and Prisma. It has been adopted by the Royal Tropical Institute in impact assessment for e.g.. how investments in SMEs may lead to social change at producers' level in Eastern Africa.

Source: [www.padev.nl](http://www.padev.nl)



## Contribution analysis

Contribution analysis is an approach for assessing causal questions and inferring causality in real-life program evaluations. It offers a step-by-step approach designed to help managers, researchers, and policy makers arrive at conclusions about the contribution their program has made (or is currently making) to particular outcomes. The essential value of contribution analysis is that it offers an approach designed to reduce uncertainty about the contribution the intervention is making to the observed results through an increased understanding of *why the observed results have occurred* (or not!) and the roles played by the intervention and other internal and external factors.

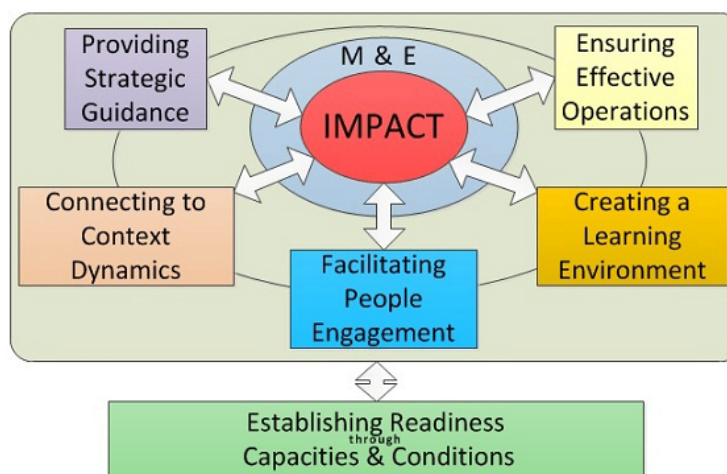
Contribution analysis is particularly useful in situations where a program is not experimental, i.e. not in trial projects but in situations where the program has been funded on the basis of a relatively clearly articulated Theory of Change and where there is little or no scope for varying how the program is implemented. Contribution analysis helps to confirm or revise a theory of change. The report from a contribution analysis is not definitive proof, but rather provides a line of reasoning from which we can draw a plausible conclusion that, within some level of confidence, the program has made an important contribution to the documented results.

Source: [http://betterevaluation.org/plan/approach/contribution\\_analysis](http://betterevaluation.org/plan/approach/contribution_analysis)

## Managing for Impact (M4I) Approach

M4I is an interesting approach to unravel complex situations and do stakeholder engagement. The essential idea is that an interrelated set of capabilities will provide the collective capacity to effectively manage **for** impact.

Characteristics of this approach:  
Holistic, comprehensive, people oriented, results based, situation-specific, learning, empowering, adaptive, & response.



Source: [http://www.wageningenportals.nl/sites/default/files/images/M4I\\_model\\_590\\_x\\_381px.png](http://www.wageningenportals.nl/sites/default/files/images/M4I_model_590_x_381px.png)

## Utilization focused evaluation

“Utilization-Focused Evaluation (UFE), developed by Michael Quinn Patton, is an approach based on the principle that an evaluation should be judged on its *usefulness to its intended users*. Therefore evaluations should be planned and conducted in ways that enhance the likely utilization of both the

findings and of the process itself to inform decisions and improve performance.” Rather than a focus on general and abstract users and uses, UFE is focused on real and specific users and uses. The evaluator’s job is not to make decisions independently of the intended users, but rather to facilitate decision-making amongst the people who will use the findings of the evaluation. Premise is that evaluations should be judged by their utility and actual use.

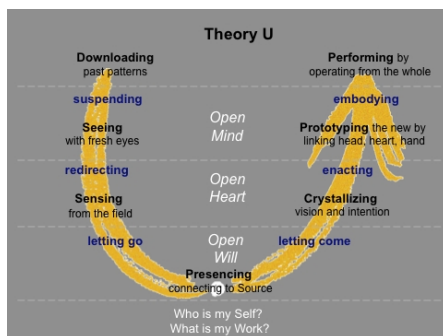
Source: [http://betterevaluation.org/plan/approach/utilization\\_focused\\_evaluation](http://betterevaluation.org/plan/approach/utilization_focused_evaluation)

## Using stories as instrument in organizational change processes

### Theory U

Theory U is not so much an impact evaluation methodology/ instrument, but is interesting in terms of its use of stories.

In 2009, Otto Scharmer of the Massachusetts Institute of Technology (MIT), presented his Theory U.



In the process of Theory U - the letter U shows the way by which change takes shape -, you pass as an individual, a team or an organization along five stages:

- The 'seeing' phase at the beginning of a change process describes the process of looking with a fresh, open look. This is in contrast to downloading from old patterns and schedules, which often happens when faced with new situations and issues.
- In the second phase, that of 'sensing', it's going to make contact with a deeper layer in yourself, as in some other way (from an open heart) to connect with others.
- The phase of 'presencing' is focused on making contact with what is there and what is possible in the future.
- At the stage of "crystallizing" the trick is to further depict the possible future. Shaping the insights and ideas that arise in the previous phase, are the core here. It is about making conscious unconscious and invisible information visible. In order then to be able to use this information in the process of change. This can be achieved by a different way of looking, communicating and acting. Observing, feeling, and acting with an open mind, open heart and open to compromise. "
- In the last phase, that of 'prototyping', it's about the ideas turn into cautious first actions.

In all these stages storytelling is an essential medium. From downloading (culture, the lived stories, the flow of continuous changes) to Performing (structure, the story of management, focus on the future) via Presencing (co-creation, making a joint story).

Sources:

P+, p. 58-59, 2015;

<http://www.vanvieren.nl/files/Theory%20U.pdf>

[www.ottoscharmer.com](http://www.ottoscharmer.com)

### **Appreciative Inquiry: stories as instrument in organizational change processes**

Appreciative Inquiry (AI) is an approach to organizational change which focuses on strengths rather than on weaknesses - quite different to many evaluation approaches which focus on deficits and problems.

*"Appreciative Inquiry is about the coevolutionary search for the best in people, their organizations, and the relevant world around them. In its broadest focus, it involves systematic discovery of what gives "life" to a living system when it is most alive, most effective, and most constructively capable in economic, ecological, and human terms. AI involves, in a central way, the art and practice of asking questions that strengthen a system's capacity to apprehend, anticipate, and heighten positive potential." (Cooperrider & Whitney 2005, p.3).*

AI shifts the focus from problems to perspective and from denying, complaining and criticizing to taking responsibility, ownership and cooperation. This creates the creativity, commitment, actions and initiatives needed to achieve change successfully.

AI brings people in and between organizations in dialogue on issues that matter. For example, about cooperation, market positioning or leadership. That always happens in an appreciative manner, respectful of differences in views, backgrounds and ambitions. In the change process people learn from and with each other and create new prospects for the future. That perspective is reflected in actions and initiatives, in which people take full responsibility for the future of their organization and themselves. Stories of the past are used as a source for positive opportunities for the future.

The ultimate tangible outcome of an Inquiry is a total set of statements that describe where an organization wants to go to, based upon the previous top moments. The process itself already leads to a fresh impetus and energy. Attendees will leave with a sense of commitment, confidence and affirmation that they have been successful. They also know how they individually and collectively can create more moments of success.

In an organizational process of redefining the dot on the horizon, and (fine tuning) the sustainability strategy, this AI could be very useful.



## ANNEX IV: Quantitative instruments for measuring/ evaluating impact

### Social Return On Investment (SROI)

The Roberts Enterprise Development Fund developed SROI in the 90's in the USA. Purpose of this Agency was to develop a method to define the return on investment of their gifts/ investments in projects and/ or social enterprises. SROI uses a monetary unit (\$) to quantify value. The idea was simple: if I invest 1 euro in a social project, how many social euro will it generate.

"SROI is an approach for measuring and accounting for a broader concept of value. It measures change in relation to social, environmental, and economic, and possibly other results. SROI bases the assessment of value on financial returns, as appreciated by perception and experience of the stakeholders. It looks for key indicators of what has changed and tells the story of the change and uses money values for these indicators." (Context 2010: 14).

So SROI research aims to get insight into the equation between total investments (costs) and the societal effects that are achieved or to be expected (benefits). One analyzes the objectives of a social enterprise, which other organizations, actors have a stake (stakeholders – government, fund, volunteer, etc.), what they aim for, and what impact they expect. In this way, it provides the opportunity to communicate what really matters for the (primary) stakeholders involved in a project (2010: p.9).

Principles of the Social Return on Investment approach are:

- Stakeholders are directly involved in drafting the analysis.
- Changes from the perspective of stakeholders are being examined.
- Short and long term effects of activities are financially valued.
- Only relevant and significant issues are to be considered.
- There is not too much claimed (conservative assumptions).
- Transparency (openness in steps during analysis and verifiable assumptions).
- Financial assumptions and effects will be verified with stakeholders.

In the Netherlands, the SROI network for The Netherlands and Flemish was founded in 2010. Quality of SROI research differs a lot. Criticism is based on the fact that often reports present non-realistic returns.

Sources: SROI. A practical guide for the development cooperation sector. 2010, Context, International Cooperation.

[https://contextinternationalcooperation.files.wordpress.com/2010/11/sroi-practical-guide\\_context-international-cooperation.pdf](https://contextinternationalcooperation.files.wordpress.com/2010/11/sroi-practical-guide_context-international-cooperation.pdf)

[https://contextinternationalcooperation.files.wordpress.com/2010/05/qpg\\_44-47.pdf](https://contextinternationalcooperation.files.wordpress.com/2010/05/qpg_44-47.pdf)

### Public Value Score Card

Based on the concept of the Balances Score card, the Public Value Score Card, was developed in 2003, helping organizations understand and increase their value to society. The idea is to measure

the ultimate value in non-financial terms as produced by an organization. It focuses on not just customers who pay for the service, or the clients who benefit from the organization's operations, but also on the third party payers. And it focuses on productive capabilities for achieving large social results outside the boundary of the organization itself.

Source: <http://performance.ey.com/wp-content/uploads/downloads/2014/02/EY-Performance-Organization-valuable-to-society1.pdf>

### **Qualitative Document Analysis**

Qualitative Document Analysis (QDA) is the range of processes and procedures used to move from the qualitative data that have been collected from a wide range of sources (including policy statements, technical reports, minutes, speeches) into some form of explanation, understanding or interpretation of the people and situations under investigation. QDA is usually based on an interpretative philosophy: the idea is to examine the meaningful and symbolic content of qualitative data.

### **Surveys**

A survey is a pre-formatted series of questions asked of multiple actors, generating both quantitative and qualitative data. The strengths and weaknesses of surveys for evaluating impact are relatively well known.

Its strengths:

- Cost-effective means of obtaining data from a range of actors
- Allows wider involvement of stakeholders than possible with interviewing
- Can identify greater breadth of outcomes than other methods
- Useful for the triangulation of findings from other methods

Weaknesses:

- Relies upon access to populations of interest, or robust samples
- Reflects biases in those selected and those who respond (can suffer from low response rates)
- Relatively unresponsive to unforeseen issues
- May require follow-up interviews to fully understand the results
- A questionnaire approach can overlook nuances and subtleties surrounding influence

### **Case studies**

Case studies focus on understanding a unit (person, site or project) in its context, which can actually include a combination of qualitative and quantitative data.

The strength of a good case study is that it is explanatory, and rich in detail, and can demonstrate pathways from research to impact. It has the potential to combine sources and methods (triangulation). Case studies are particularly useful in situations and contexts where the understanding of research impacts is poor, and where there is only some knowledge on the causalities involved.

The weakness of working with case studies has to do with the difficulty in selecting cases (issues of bias and attribution), it is time-intensive and difficult to generalize findings. Last but not least, the quality of case study is highly dependent on the skills of the researcher. Especially in Colombia,

interviewees mentioned the risk of weak representativity, and of collecting testimonies that are based on socially desirable answers.

#### **Base of the Pyramid Impact Assessment Framework**

The aim of this framework, developed in 2007 by Ted London, is to understand who at the BoP is impacted by BoP ventures and how they are affected. Framework is developed to evaluate and articulate impacts, to guide strategy and to enable better investment decisions. It also contributes to better understanding of the relationship between profits and poverty alleviation and to recognize poverty alleviation implications of different types of ventures.

Source: <http://www.wdi.umich.edu/>

#### **IRIS**

IRIS is an initiative by the [Global Impact Investing Network \(GIIN\)](#). The GIIN is a network of investors that care about impact investing. Founded in 2007, initiated by the Rockefeller Foundation, the network has grown and currently is active in investing, in research, has developed standards, and developed a directory that contains a wide variety of investment vehicles that require funding for environmental and socially engaged projects. GIIN has initiated a major project that is called the Impact Reporting and Investment Standards (IRIS) which is a set of generally-accepted metrics that can be used to measure and report the social, environmental and financial performance of investments (Hasselman 2014). In the meantime, a substantial number of metrics in various fields have been developed, such as: community-banking, health, land conservation, early-stage enterprises, microenterprise, micro insurance, small and growing businesses, social performance of MFIs. The platform is definitely not an evaluation tool, but helps companies to report on their performance without giving reporting guidelines by itself. The methodologies used have a rather mathematical approach.

Source: <http://www.thegiin.org/cgi-bin/iowa/home/index.html>

#### **Monetization of the value of impact**

**Puma** had the ultimate objective to offer customers products that are truly sustainable. In 2011 PUMA figured out what the total environmental impact in euros was, caused by the activities of the Puma brand. This was translated into the PUMA Environmental Profit & Loss. Puma did this for various individual articles. The idea behind this exercise was that consumers who are environmentally conscious no longer get confused by all the different eco-labels that exist, and that PUMA becomes transparent about the external environmental costs of their products.

Together with a lot of other companies, the **True Price** Foundation is developing a valuation method, which uncovers the environmental and social costs of businesses in order to improve the decision making of companies. True Price assists organizations providing insights into their impacts and their associated risks and opportunities. The idea is to calculate the true price of a product, meaning the retail price plus all hidden monetized external costs (the unpaid social and environmental costs). Based on this information, strategies can be defined to reduce the true price gap.