

## Fundación Paraguaya (B): Measuring Social Impact

By mid-2010, Fundación continued to make progress at the Mbaracayu property. Martin had been able to recruit an initial group of students, all girls, to the new school and they had begun the long process of creating a financially self-sufficient school along the lines of the San Francisco School. The new school would leverage the unique ecological elements of the Mbaracayu Reserve while transplanting the model and culture of entrepreneurial education that worked so well at San Francisco. The students had created a small nature trail as the opening act in creating an ecotourism destination hotel, and the forest reserve's modest guest quarters were being upgraded, with the work estimated to be complete by 2011.

In addition to the school in the Mbaracayu, Martin was working on projects in other countries, such as Bolivia, Brazil, Nicaragua, Kenya and Uganda. As the business model began to be copied around the region—and hopefully the world—Martin began to understand and appreciate a key barrier to replication: the amount of funding necessary to establish the San Francisco model. He had been lucky there to inherit a fully functioning enterprise. Replicating the model elsewhere would often mean building schools from the ground up.

Commercial financing proved almost impossible; it was as if Martin and the bankers spoke completely different languages. Martin instead hoped to turn to Venture Philanthropists, a new breed of social investor. Unlike traditional philanthropists who donated based on the worthiness or appeal of the cause, venture philanthropists, such as the Acumen Fund, based their initial and ongoing support on the potential social return on investment (SROI) of different opportunities.

### SROI

A methodology for calculating a venture's SROI first appeared in 2000 from the Roberts Enterprise Development Fund<sup>1</sup>. In 2003 the Hewlett Foundation, established by legendary Hewlett-Packard founder Bill Hewlett, helped shape the nascent movement by bringing together the primary players for a conference to establish best practices.

2006 brought further development to the industry with the publication of *Social Return on Investment: a Guide to SROI analysis*. In 2007 the New Economics Foundation (NEF) published a do-it-yourself (DIY) guide to calculating social return on investment. By 2010 a number of different methodologies existed



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