

KOSH

IMPACT REPORT

Villgro IMMact Program

Co-developed by professors from Chicago Booth & Harvard Business School, the Villgro IMMact program aims to help start-ups and social enterprises implement effective Impact Measurement and Management (IMM) practices.

About Villgro

Villgro's mission is to make innovative, impactful social enterprises succeed.

Villgro helps social enterprises achieve sustainable impact at scale and philanthropic foundations achieve their sustainability & impact goals.

Contents

PAGE NO.

1. Program Summary.....	03
2. Program Methodology.....	03
3. Customer Impact.....	04
4. Employee Impact.....	06
5. Conclusion.....	08
6. Appendix.....	09

Program Summary

The **Villgro IMM** **impact program** is the first of its kind, large scale causal examination of impact management and measurement practices (IMM) in Low Income countries supported by London School of Economics' international Growth Centre (IGC).

The aim is to identify best practices in impact management and to build the capacity of participating firms to measure and monitor their impact. To that end, we have conducted multiple training sessions with industry experts and mentors for impact measurement and monitoring. We have also engaged in rigorous 1-1 sessions for each firm to build their impact framework.

To provide our firms with a strong starting point in their impact journeys, we have conducted an all-expenses paid impact survey to understand the value they are creating for stakeholders. This report is a result of this survey and describes the impact an organisation has on its numerous stakeholders such as customers, employees and even suppliers. This is done on behalf of the firms by Institute for Financial Management and Research (IFMR) in collaboration with Villgro.

Program Methodology

Over 200 participating firms in the program that have been given an opportunity to attend monthly virtual training sessions with industry experts on best IMM practices.

The group then was approached for a data collection process in which impact data is collected by our team on their behalf, by surveying several customers, suppliers and employees of each firm.

As part of this process, each firm was also assigned a portfolio associate to help with the data collection process and with providing the firm with data and reports from the impact data being collected.

The training sessions were extended to practical multi 1-1 sessions with each firm to help them build an impact framework, so that firms can implement the lessons from the training sessions.

KEY DEMOGRAPHICS



CUSTOMERS



EMPLOYEES



Customer Impact

We attempted to contact

20 customers

We were able to survey

18 customers

To get a fully representative picture of the impact your company has on your customers, it is important to reach a larger fraction of them. Nevertheless, the following statistics provide an indication of your company's impact.

We estimate the average impact that your firm has on your customers to be

Rs. 76,000
per customer

To compute the impact that your company has on its customers, we collected the following data.

1

First is **how much they paid in their last transactions** with your firm. Among respondents, this was

Rs. 2,75,500
on average¹

2

We then asked customers to tell us their **reservation value** for this transaction -- the largest amount they would be willing to pay to purchase that same set of goods or services, accounting for all similar goods or services available in their market. On average, customers reported this to be

Rs. 3,30,500

¹ Note that if a customer received a product for free, the price that they paid is taken to be Rs.0.

CONSUMER SURPLUS

The firm's impact is computed as the difference between these two numbers: the amount they paid in their last transaction less their reservation value. This notion of customer impact corresponds to the economic notion of "consumer surplus."

Why is consumer surplus a natural measure of impact on your customers?

A firm's impact on its customers can be highly multifaceted. For instance, a firm that provides organic food might impact customers' health and their enjoyment of their meals. Customers might also value the fact that the products are responsibly sourced. They may derive a host of other benefits as well, such as how pleasant it is to shop at the store or the quality of the firm's customer service. So long as a customer understands all of these benefits, when they report their reservation value -- the most they would be willing to pay for this product -- they are accounting for all of the various benefits they derive from the firm's goods or services and determining on their total value.

The difference between the total value they enjoy and what they pay for the product is the excess value, or customer impact delivered in that transaction.

Here is an example of how to calculate your organisation's total impact based on the data received for 3 customers with the average customer reporting having 2.5 transactions per month. Scaled across your firm, this value is equivalent to generating **Rs.45,000** worth of impact on your customers every month. To get a more accurate estimation, you would want to consider the actual number of customers you have, multiplied by the number of transactions per customer per month multiplied by the average customer surplus (Average Surplus x Number of Customers x Number of Transactions per Customer per Month).

² To compute this number, we divide the surplus computed for each customer and divide it by their household income (for those that reported their household income). We then take the average of this fraction across all customers.

CUSTOMER SATISFACTION AND RECOMMENDATION

We collected information on how satisfied your customers felt about your products and services (on a scale of 1-5) and also how likely they are to recommend your firm to their friends and family (on a scale of 1-5).

On average, customers reported **5.0** on the satisfaction scale.

On average, customers reported **5.0** on the recommendation scale.





Employee Impact

We attempted to contact
2710 employees

We were able to survey
2700 employees

To get a fully representative picture of the impact your company has on its employees, it is important to reach a larger fraction of them. Nevertheless, the following statistics provide an indication of your company's impact.

We estimate the average impact that your company has on its employees to be

Rs. 4,667
per employee per month.

To compute the impact that your company has on its employees, we collected the following data.

1

First is their current **monthly salary**. Among respondents, the average monthly salary was

Rs. 8,833

2

We then asked employees to tell us their **reservation salary**-- the smallest monthly salary they would be willing to accept to continue working at your firm, accounting for all of their other employment options. On average, employees reported this to be

Rs. 4,167

EMPLOYEE SURPLUS

The firm's impact is computed as the difference between these two numbers: employees' current salary less their reservation salary. This notion of employee impact corresponds to the economic notion of "employee surplus."

Why is employee surplus a natural measure of impact on your employees?

Employee surplus is similar to consumer surplus but applied to the context of employment. It represents the extra value or benefit that employees receive from their jobs beyond what they have to sacrifice, such as their time and effort.

Just as a customer's value of your goods or services is multifaceted, employees may derive many types of benefits from working at your firm, beyond their salary. These may include the quality of the work, the culture and mission of the organization, and other non-monetary amenities. An employee's reservation salary captures how much money they would require to work at the firm, taking into account all of the relevant considerations including what they could earn elsewhere, and the various non-monetary benefits they enjoy at your firm. The difference between what you pay them and their reservation salary is then the value, or impact, that you deliver to them in excess of what they would require to continue doing the work.

In essence, employee surplus measures the satisfaction and overall benefit that employees derive from their work, considering factors like wages, job perks, and other non-monetary rewards.

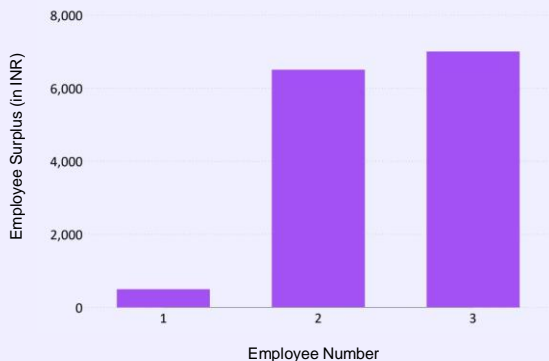
For the average employee who responded to the survey, employee surplus amounts to **43.8%** of their monthly salary.

In Figure 1, we plot the surplus reported by each of the 3 employees so that you can observe how the surplus varies across respondents. Note that unlike in the customer surplus report in which we show the price paid and the surplus, we do not plot salary and surplus together. We do not display these data because of confidentiality concerns – displaying the salary of individual employees, particularly in a small sample, could make a employee identifiable and therefore violate the confidentiality of their individual responses.

To estimate the total impact that your firm has on its employees, you can multiply the number of employees your firm currently has by the average impact reported above. Your firm provided contact information for 24 employees (excluding founders and upper management). Scaled across your firm, this value is equivalent to generating **Rs.112,000** worth of impact on your employees every month.

Fig.1 Employee Surplus

Employee surplus = current salary - minimum salary willing to accept



Number of responses - 2700 |
Average employee surplus - **4,667 INR**

IMPACT REPORT

EMPLOYEE SATISFACTION AND RECOMMENDATION

We collected information on how satisfied your employees felt about their jobs (on a scale of 1-10, with higher numbers indicating higher satisfaction) and also how likely they are to recommend working at your firm to their friends and family (on a scale of 1-5, with higher numbers indicating higher recommendation).

In Figure 2, we plotted a distribution of employee satisfaction. On average, employees reported **9.0** on the satisfaction scale.

Fig.2 What Is Your Level of Satisfaction With Your Job?

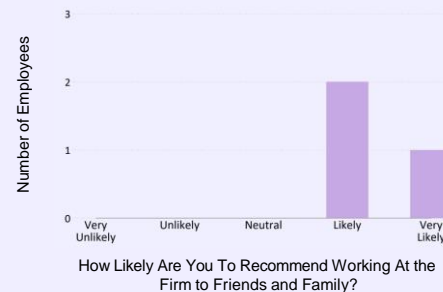
Number of responses - 3
Average level of satisfaction - **9.0**



In Figure 3, we plotted a distribution of employee recommendation. On average, employees reported **4.3** on the recommendation scale.

Fig.3 How Likely Are You To Recommend Working At The Firm to Friends and Family?

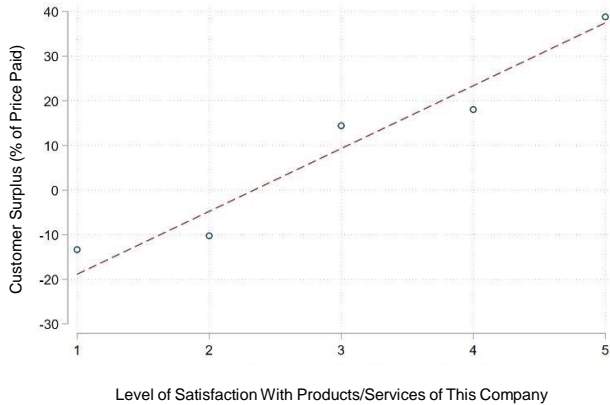
Average level of recommendation - **4.3**



Conclusion

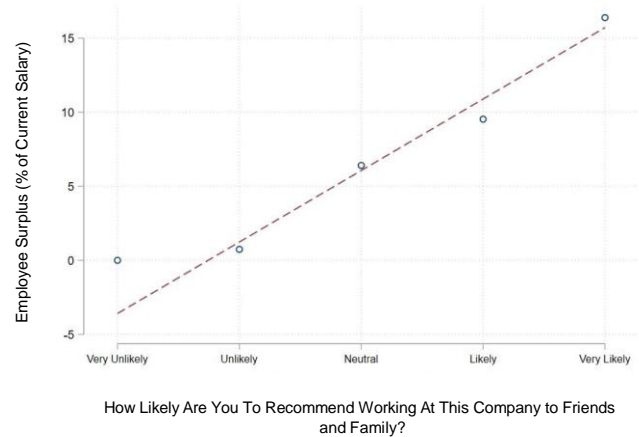
In the figure below, we plot the average customer surplus (computed as a percent of the price they paid) for each level of satisfaction (the scatter points) and the fitted line. Increasing the satisfaction level by 1 is associated with a **14 percentage point increase** in the surplus a customer derives.

Note: Customer surplus = (maximum willing to pay - paid) / paid



In the figure below, we plot the average employee surplus (computed as a percent of their current salary) for each level of recommendation (the scatter points) and the fitted line. Increasing the recommendation level by 1 is associated with a **5 percentage point increase** in the surplus an employee derives.

Note: Employee surplus = (current salary - minimum salary willing to accept) / current salary



Appendix

The process of administering surveys for this report involved a multi-faceted approach utilizing both WhatsApp and phone calls. Initially, respondents were provided with personalized links to access and complete the survey in either Hindi or English through the WhatsApp platform. This method allowed for convenient and accessible participation, accommodating respondents' language preferences.

In instances where respondents did not engage with the survey via WhatsApp within a 2-4 day period, a dedicated team of surveyors embarked on a follow-up phase. This phase involved making direct phone calls to individuals who had not yet participated in the survey through the WhatsApp links. The objective was to ensure maximum participation and representation across the target demographic.

Surveyors diligently attempted to conduct the survey over the phone, offering flexibility to respondents who might prefer verbal communication or encounter technical difficulties with online participation. Each phone number received persistent outreach efforts, with surveyors making 4-5 attempts to establish contact and facilitate survey completion.

This comprehensive methodology aimed to minimize barriers to participation, ensure inclusivity, and gather diverse insights from the surveyed population.



We actively look for opportunities to connect with other mission-aligned people.

Reach out to us at
impact@villgro.org

