**A Framework for Measuring Impact
Data is a Valuable Tool for Influencing Stakeholders, Funders, and Policymakers**

In a time of increasing income inequity and job insecurity, cooperatives offer stable, local jobs and services. Measuring impact is a valuable tool for communicating the importance of cooperatives to members, communities, and policymakers. While personal anecdotes are illustrative and compelling, concrete data is essential to gaining support for policies and funding that enhance cooperative development and ownership. Establishing measurements for evaluating impact can also help a cooperative meet its strategic objectives.

**The ABCs of Utility Cooperative Impacts:**

The Cooperative Development Foundation, National Cooperative Business Association CLUSA International and researchers from the Urban Institute developed a seven-point framework for cooperatives to measure their impact. The following illustrates how utility cooperatives can use this framework:

**Access** measures how a cooperative increases availability of its product to patrons, especially serving markets historically underserved or seen as “higher risk.” For a utility cooperative, this would look like reliable and competitively priced energy or access to new services such as broadband in areas that have been deemed “unprofitable” by investors. To measure access, a utility cooperative can compare its services and fees to that of comparable utilities.

**Business Sustainability** ensures that the cooperative is financially stable and actively planning for the future. The successful utility cooperative invests in improvements and infrastructure, maintains reserves, and operates at cost in both competitive and hard-to-serve markets. Business sustainability can be measured by customer retention and growth, member satisfaction measures, and financial metrics such as the times-interest-earned ratio (tier) compared to the industry norms.

**Community Commitment** measures how a cooperative gives back to its community. Community commitment can be shown by how a cooperative participates in the social and economic fabric of the community. A utility cooperative may provide organizational support or technical assistance to new cooperatives or businesses that meet a community need. It may support local nonprofits and volunteer organizations or provide scholarships for graduating high schoolers. A utility cooperative can track its community commitment by the number of community events it sponsors, scholarships awarded, or volunteer hours contributed by employees. It is also possible to chart the progress of specific economic development initiatives to which the cooperative has contributed support.

**Democratic Governance and Empowerment** ensures members of the cooperative are being properly represented and that the business is upholding the model of democratic member control. An utility cooperative can measure democratic governance by tracking the regularity of meetings, frequency of member outreach and participation.

**Equity, Diversity and Inclusion** encourages a cooperative to be aware of how it is representing the community that it serves. A utility cooperative can compare the racial, ethnic, gender and age composition of its employees and board to its area of operations. While co-ops often serve only a fraction of a county or census block making demographic data for service areas difficult to determine, other sources of data maybe publicly available to aid in EDI goal setting such as school-based data. Even if an applicable data set is unavailable, a cooperative can set a goal for improving board or workforce representation and track its efforts.

**Financial Security and Advancement** centers around providing the opportunity for wealth building for workers and member-owners. For employees of the electrical cooperative the measurement could include a comparison of hourly wage and benefits paid by the cooperative to the community as a whole, as well as how the cooperative’s compensation and benefits compare to the local cost of living. To member-owners, this means comparing the cost of energy from the cooperative to that of other similarly-sized utilities in the region.

**Growth** measures the progress of the community alongside of the cooperative. Ideally, if the business thrives, the area around it should too. Utility cooperatives can also provide a variety of services to a community that are essential to its expansion. One method to measure growth is to make use of input-output models to estimate local benefits based on investment, operations, and employment. For example, nationwide, electric cooperatives create a total economic impact of nearly 612,000 jobs, annual wages of $200 billion, and an annual contribution to the nation’s GDP of $88 billion.[[1]](#footnote-1) Importantly, this type of analysis can be applied to individual co-ops to identify local and state impacts.

**Applying the Framework:**

Given the diversity of the cooperative sectors, *The ABCs of Cooperative Impact* is a framework and not a universal set of metrics. Elements of the framework will be of greater or lesser impact depending on the sector. No matter the type of cooperative, starting the process of applying *The* *ABCs* is beneficial as an opportunity to engage in strategic planning and target setting.

**Start by brainstorming:** Engage members, leadership and stakeholders in thinking about what your cooperative wants to measure and why. Identify your audience—is it members, the community, philanthropy, or policymakers?

**Review existing material:** What work has already been done to assess this industry? Is there data already being collected by the U.S. Census Bureau, regulators, or local or state government that could be used to compare cooperative impact to noncooperative entities or to show trends over time?

**Prioritize:** Combine the brainstormed ideas with existing resources and begin to sort through what can and cannot be practically applied. Pay attention to what can be measured effectively. A small subset of high-quality data is much more valuable than lots of low-quality data.

**Build a strategy:** After a list of metrics is established, build out a strategy for collecting and reporting the data. This should include the data, how it is collected and how often.

**Pretest**: Make sure data collection processes are sound and that useful information is coming out of the studies. The process for applying *The ABCs* is iterative, not linear. Every scrapped idea and test builds toward optimizing the information gathered.

**Make good use of the data:** Once data has been gathered, use it. If your goal is to show the impact of cooperatives on economic growth in rural communities, share it with policymakers, economic developers, co-op organizations and local media. If your goal is to improve diversity on the board or workforce, use the data to measure your progress.

**Share your experience with others**: Share your experience with other cooperatives and let CDF and NCBA CLUSA know how you used *The ABCs of Cooperative Impact*.

Keep an eye out for future publications from CDF and NCBA CLUSA on how *The ABCs of Cooperative Impact* can be operationalized. If you have questions or want more information about *The* *ABCs* framework, contact Leslie Mead at lmead@cdf.coop. The complete report, graphics and other information regarding *The ABCs of Cooperative Impact* are at <https://ncbaclusa.coop/resources/abcs-of-cooperative-impact/>

1. The Economic Impact of America’s Electric Cooperatives,” FTI Consulting, March 2019, p.2. This type of analysis measures the direct, indirect, and induced impacts of electric cooperatives. Direct impact refers to co-op spending and employment; indirect impact refers to the ripple effect that results from connections with other businesses/suppliers. Induced impacts measure spending of the cooperative’s labor force and its owners from wages and patronage refunds. [↑](#footnote-ref-1)