Financial techniques

- ROI. ROI = (Net gain ÷ Investment cost). Simple, fast, easy to compare.
- Payback period. Years to recover initial cash outlay. Discounted payback uses a discount rate.
- Net present value. NPV = Σ CF_t ÷ (1 + r)^t − Initial cost. Best single test for value creation.
- Internal rate of return. IRR is the rate that makes NPV = 0. Compare to hurdle rate or WACC.
- Profitability index. PI = PV of inflows ÷ Initial cost. Useful for ranking under capital limits.
- Accounting rate of return. ARR = Average annual accounting profit ÷ Investment base.
- Economic value added. EVA = NOPAT − Capital × WACC. Positive EVA means value creation.
- Return on invested capital. ROIC vs WACC. ROIC greater than WACC signals durable profit.
- Margins. Gross, operating, net. Track by product, channel, and cohort.
- Contribution margin and break even. CM per unit = Price − Variable cost. Break even units = Fixed cost ÷ CM per unit.
- Unit economics. LTV, CAC, LTV to CAC, ARPU, churn, payback on CAC.
- Cash flow tests. Operating cash flow, free cash flow, cash conversion cycle, working capital turns.
- Scenario and sensitivity analysis. Change key drivers, test upside and downside.
- Monte Carlo simulation. Model distribution of outcomes for NPV or ROI.
- Decision tree analysis. Map staged choices, probabilities, and expected value.
- Real options. Value flexibility to defer, expand, contract, or abandon.
- Risk adjusted return. RAROC, risk adjusted NPV, use project specific discount rates.
- DuPont analysis. Decompose ROE into margin, asset turns, and leverage.
- Portfolio methods. Mean variance view for a set of projects, correlation and diversification.

Social and blended value techniques

- Social return on investment. SROI = PV of social benefits ÷ PV of inputs. Include deadweight, displacement, attribution, drop off.
- Social cost benefit analysis. Monetize benefits and costs with shadow prices, then compute NPV and benefit cost ratio.
- Cost effectiveness analysis. Cost per unit of outcome when monetization is not credible. Example, cost per job sustained.
- Cost utility analysis. Cost per QALY or per DALY in health related work.
- Multi criteria decision analysis. Score financial and non financial criteria with weights. Produces a ranked shortlist.

- Impact weighted accounts. Translate outcomes into monetary adjustments to revenue or cost where credible.
- Wellbeing valuation. Convert outcomes into wellbeing currency, then to money using accepted conversion factors.
- Distributional CBA. Apply equity weights to reflect who benefits or bears costs.
- Environmental valuation. Social cost of carbon, willingness to pay, hedonic pricing, contingent valuation.
- Life cycle assessment. Measure cradle to grave impacts. Combine with CBA or MCDA.
- Natural capital accounting. Track changes in ecosystem assets and services alongside financial accounts.
- Triple bottom line and blended value. Integrated profit, people, planet reporting with target thresholds.
- Standards and taxonomies. IRIS Plus metrics, SDG mapping, IMP five dimensions of impact.
- Impact multiple of money. IMM style factor to link outcomes to enterprise value.
- Social impact bonds and pay for success. Payoffs tied to verified outcomes.
- Program evaluation for attribution. RCTs, difference in differences, propensity score matching, synthetic control.
- Outcome harvesting and contribution analysis. Qualitative and mixed methods to evidence contribution.
- Materiality assessment and stakeholder mapping. Select the right outcomes and metrics before valuation.
- Time and risk in impact. Use a social discount rate, model risk to impact, persistence, and drop off.

Quick pick guide

- New product or plant with clear cash flows. Use NPV, IRR, PI. Add sensitivity and Monte Carlo. Check ROIC vs WACC.
- Marketing or subscription growth. Use unit economics, LTV to CAC, CAC payback, contribution margin, and cohort NPV.
- Policy or social program with monetizable outcomes. Use social CBA with shadow prices, SROI, and distributional weights.
- Health or education with hard to monetize outcomes. Use CEA or CUA, then MCDA with a financial viability screen.
- Uncertain, staged, or optional projects. Use decision trees and real options, plus risk adjusted NPV.