

# LBG Guidance Manual





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# About this guide

This guide is the place to start for any business wanting to apply the LBG Framework to measure its corporate community investment in a clear, consistent and robust way. It provides a top-level introduction to LBG, its measurement Framework and its application.

Application of the Framework helps a business progress on a journey from quantifying its inputs (what it contributes to communities) to understanding its impact (the changes its contributions make for the communities and for the business).

## There are three main elements to the guide;

- Setting LBG and corporate community contributions in context
- Summarizing the three main sections of the Framework: Inputs (what you contribute), outputs (what happens), and impact (what changes)
- Providing practical advice, definitions and links to relevant tools, guidance and examples about how to collect the information you need.

In addition to this guide, LBG has developed detailed guidance notes on some specific measurement issues raised by member companies in their use of LBG over time. Where available, they are referenced against relevant to topics in this guide and can be obtained through your LBG Account Manager.

## About the LBG Network

The LBG Measurement Framework was developed by six UK-based companies in the mid-1990s – BP, GrandMet (now Diageo), IBM, Marks & Spencer, NatWest and Whitbread – supported by Corporate Citizenship. From their pioneering work has grown a network of 200+ companies around the world who work together to apply the Framework to their community investment programmes. For an up-to-date membership list, visit our website <http://www.lbg-online.net/>

## Our Vision

**A world where every business measures its community investment and shares this in an open, transparent and consistent way.**

## Our Mission

**To provide a platform for LBG members to work with each other, and with their partners in the community, to improve measurement and make a greater difference.**

In the early days, LBG helped redefine community contributions from pure philanthropy to become a strategic investment with a return for community and company applying modern management science to the tradition of corporate giving and community involvement. Today that journey continues, as member companies find new ways to contribute and to broaden the impact they can have. Ensuring they are known for what they accomplish not just for what they give.

## About Corporate Citizenship

Corporate Citizenship founded LBG and we continue to manage the network and develop the Framework. Corporate Citizenship is a global consultancy that starts with a very simple premise - that just as individual citizens have rights, responsibilities and aspirations, so do companies. For more than 20 years we've helped businesses find their place in the world. Working as critical friends we ask the sometimes difficult questions that challenge our clients to fulfill their responsibilities and ambitions through practical action. Visit [www.corporate-citizenship.com](http://www.corporate-citizenship.com) for more information.

# Part one: LBG in context

## 1. What is Corporate Community Investment?

LBG enables businesses to measure their corporate community investment (CCI). Therefore, we first need to understand what is meant by the term.

Companies engage in activities that can have a positive impact on society every day. They create wealth and jobs, pay taxes, deliver goods and services, drive innovation, and so on. All these things are important and play a significant role in a company's wider responsibility and sustainability strategies, but are not CCI.

Over and above these activities (albeit increasingly overlapping and aligned with them) companies often contribute to community-based organizations and engage in activities to help address a range of wider issues and causes in the communities where they do business. The type of organizations supported can vary greatly and include charities, non-profits, non-governmental organizations (NGOs), third sector, civil society, social enterprises and so forth.

This specific voluntary engagement with charitable organizations or activities that extends beyond companies' core business activities is broadly what is meant by CCI.

Broader CSR or sustainability activities such as using less energy, protecting the health and safety of employees, or enabling access to services or products to disabled or other disadvantaged people are not CCI, but part of the core business activities of a socially responsible company.

Different terms are often used to refer to community activity.

Social investment, CSR programs, corporate citizenship, philanthropy, company giving, giving back, our community/ies, social programs, strategic philanthropy are just a few.

For the purposes of this guide, CCI is the term that is used to cover all such activity.

### What counts?

The type of activity that businesses support in communities vary considerably; they might help school-children to read, or support people with addictions, they can provide work experience to unemployed people or raise awareness about HIV/AIDS, they can help ex-offenders to set up small businesses or provide clean water in water scarce areas, and all sorts of things in-between.

The nature of businesses' engagement in these activities can also vary from one-off donations to good causes to long-term partnerships with community organizations to address core issues of importance to both the companies and the communities where they operate. Companies can also engage in a number of commercial activities that directly support community organizations, such as through cause-related marketing.

This wide range of activities and engagement means it is important to identify which elements can be correctly identified, and thus correctly reported, as CCI. CCI can be delivered by different areas of a business.

*Businesses' voluntary engagement with charitable organizations or activities that extends beyond their core business activities is broadly what is meant by CCI.*

Identifying CCI: When identifying whether a contribution or activity should be reported as CCI it is important to ask, and be able to answer YES, to these two questions

### 1. Is it VOLUNTARY?

CCI should be something that a business chooses to do. There should be no legal or contractual obligation for a company to have contributed to a particular activity. So long as this is true, then it is voluntary and, provided that the answer to question two is also YES, should be reported as CCI.

A business can still report on any non-voluntary contributions but this should be done separately from its voluntary contributions – see guidance note on mandatory contributions for more information.

## 2. Is it CHARITABLE?

CCI should support an organization or activity that is recognized in its geographical location and cultural context as having a clear charitable purpose (e.g. advancing education, protecting health or supporting human rights). Usually the supported organizations will be formally recognized as charities but can also include schools, universities, government departments or social enterprises.

These organizations are not always legally defined or registered charities but can have a purpose, or be delivering an activity, that is broadly recognized as charitable (education, for example, is widely regarded as charitable around the world) and being managed in a way so as to deliver public rather than private benefit (i.e. not delivering financial or other returns to private individuals or groups, such as shareholders).

If a business is satisfied that the activity it supports can be recognized as having charitable purpose it can answer YES to question two.

**So, if the answer to both questions is yes:** then the activity is likely to count as a corporate community contribution.

**If the answer to either question is no:** then, although the activity might be a good thing to do, it is not a CCI activity and should not be reported as such. However it might be included within a company's wider CSR reporting.

### **An additional consideration – whose contribution is it?**

A lot of CCI activities involve businesses encouraging and enabling others (e.g. employees, customers, consumers or other businesses) to contribute funds or other resources.

When reporting CCI activity it is important to distinguish the company's contribution from those of others and not to take undue credit.

The LBG Framework enables companies to make this distinction and to report their own contributions alongside those that they lever from other sources.

## 2. What is LBG?

LBG is the global standard for measuring Corporate Community Investment and;

- A management tool assisting Community Investment Strategy through the use of LBG Framework which concentrates on Inputs, Outputs & Impacts.
- A private benchmark for LBG members, again a business tool allowing LBG companies to compare with their peers and others globally to get an understanding of how they are operating, and how they can improve.
- A network of companies using LBG as a platform to share experience, best practice and new ideas.

The LBG Framework ensures a consistent approach to the measurement and benchmarking of CCI.




Over 300 companies around the world have engaged in the LBG network to apply, develop and enhance the Framework. It is now widely regarded as the international

standard for measuring corporate community investment.

At its heart, the Framework is a simple input output model, enabling any CCI activity to be assessed consistently in terms of the resources committed and the results achieved. It breaks down the elements of the activity into: the inputs (what's contributed?), the outputs (what happens?) and, ultimately, the impacts achieved (what changes?).

*Individual businesses can decide the extent to which the activities they support are assessed through the model. For small one-off donations it may simply be a matter of correctly recording the inputs. For larger, longer-term partnership projects a more comprehensive application of the Framework may be more appropriate.*

**Figure 1. The LBG Framework. For a larger version of the Framework see Appendix 1**

 Inputs: What's contributed?	 Outputs: What happens?	 Impacts: What changes?
<p>How (form of contribution)</p> <p>Cash</p> <p>Time</p> <p>In-kind (including pro bono)</p> <p>Management costs</p> <p>Why (driver for contribution)</p> <p>Charitable gifts</p> <p>Community investment</p> <p>Commercial initiatives in the community</p> <p>What (issue addressed)</p> <p>Education</p> <p>Health</p> <p>Economic development</p> <p>Environment</p> <p>Arts and Culture</p> <p>Social welfare</p> <p>Emergency Relief</p> <p>Where (location of activity)</p> <p>Europe</p> <p>Middle East &amp; Africa</p> <p>Asia Pacific</p> <p>North America</p> <p>South America</p>	<p>Community outputs</p> <p>Individuals reached/supported</p> <p>Type of beneficiary</p> <p>Organizations supported</p> <p>Other company-specific output measure (e.g. environment)</p> <p>Business outputs</p> <p>Employees involved in the activity</p> <p>Media coverage achieved</p> <p>Customers/consumers reached</p> <p>Suppliers/distributors reached</p> <p>Other influential stakeholders reached</p> <p>Leverage (additional resources from other sources)</p> <p>Total leverage split by:</p> <p>Payroll giving</p> <p>Other employee contributions</p> <p>Customers</p> <p>Other organizations / sources</p> <p>Employees involved in own time</p> <p>Hours contributed in own time</p> <p>Foregone Income</p>	<p>Community impacts</p> <p>On people i: Depth of impact</p> <p>Made a connection</p> <p>Made an improvement</p> <p>Made a transformation</p> <p>On people ii: Type of impact</p> <p>Behavior or attitude change</p> <p>Skills or personal effectiveness</p> <p>Quality of life/well-being</p> <p>On organizations</p> <p>Improved or new services</p> <p>Reached more people or spent more time with clients</p> <p>Improved management processes</p> <p>Increased their profile</p> <p>Taken on more staff or volunteers</p> <p>On the environment</p> <p>Impact on the environment</p> <p>Impact on environmental behavior</p> <p>Business impacts</p> <p>On employee volunteers</p> <p>Job-related skills</p> <p>Personal well-being</p> <p>Behavior change</p> <p>On the business</p> <p>Human resource benefits</p> <p>Stakeholder relations/perceptions</p> <p>Business generated</p> <p>Operational improvement delivered</p> <p>Uplift in brand awareness</p>

### 3. How can the LBG Framework assist companies?

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LBG is a measurement framework that provides information that can be used by companies in a variety of ways.

It can be used to:

- Ensure consistent measurement of contributions, results and impacts
- Inform management decisions about the future direction of their community activity, providing the context for setting strategic objectives, and associated targets and KPIs
- Identify the results achieved for the community and the business. This can inform and improve project delivery, energize employees and make the case for greater involvement
- Understand how their own community activity compares with peers and/or 'best-in-class' companies
- Communicate results to key audiences and strengthens performance in external indices



# Part two: Applying the Framework

## 1. Measuring inputs

What are inputs? Inputs are the resources that a company provides to support a community activity or activities.



### Inputs: What's contributed?

*The resources a company provides to support a community activity.*

#### How (form of contribution)

Cash  
Time  
In-kind (including pro bono)  
Management costs

#### Why (driver for contribution)

Charitable gifts  
Community investment  
Commercial initiatives in the community

#### What (issue addressed)

Education  
Health  
Economic development  
Environment  
Arts and Culture  
Social welfare  
Emergency Relief

#### Where (Location of activity)

Europe  
Middle East & Africa  
Asia Pacific  
North America  
South America

- **How the contribution is made:** Whether in cash, paid working time, in-kind contributions or a combination thereof
- **Why the contribution is made:** From philanthropic donations, through strategic partnerships to commercially driven engagement
- **What issue is supported:** Whether the activity tackles education, health, social welfare or other issues
- **Where the activity takes place:** The geographic spread of activities

## 2. How we contribute

The Framework outlines four different types of cost that a company can incur in making community contributions.



Cash contributions



Time contributions



In-kind contributions of product, property or services



Management costs: CCI program staff salaries, benefits/overhead - research and communications.

Combined cash value of these = total cost of community investment

The total cost of a single community activity will be made up of one, or a combination, of these different types of contribution.



### Cash contributions

A cash contribution is the gross monetary amount a company pays in support of a community organization/project, and can include:

- Direct donations/grants to charitable organizations or activities
- Social sponsorship of cultural events or institutions (e.g. museums)
- Matching employee giving
- Covering the expenses of employee involvement
- Paying for a new facility or service (e.g. a website) for a community organization
- Membership and subscriptions to community organizations

## 1. What are inputs?

The first step in applying the LBG Framework is to understand the resources that a business commits to community activity(ies). The Framework enables any activity to be assessed in terms of:

This list is not an exhaustive, but gives a flavor of the different ways a business might contribute cash to support community activity.

**Guidance notes related to cash contributions are available for LBG members, and include:**

- Advertising purchase in charity/community magazine or program
- Business services bought from community organizations
- Carbon offset payments
- Cause-related marketing
- Company matching of employee giving and fundraising
- Corporate Foundations
- Donations via government
- Employee involvement (volunteering) expenses
- Energy efficiency commitments
- Memberships & subscriptions to community organizations
- Payments to vulnerable customers
- Sponsorship of Arts/ Cultural events
- Commercial sponsorship of events, publications and activities of promoting brands or corporate identity
- Support of universities, research and other charitable institutions

## Time contributions

A time contribution is the cost to the company of the paid working hours contributed by employees to a community organization or activity. The term ‘volunteering’ is often used to describe time contributions, but it can go beyond this to include any active engagement in community activity during paid working time. Examples include:

- Employee volunteering
- Active participation in fundraising activities
- Longer-term secondments to community organizations
- Supervision of work experience placements

## Calculating the cost

The cost of employee time can be calculated in a number of ways. The key is to establish a figure that most accurately reflects the true cost to the company of an employee actively participating in a community activity during paid working time.

This calculation is obviously dependent on the extent of information available regarding the employees involved. Some companies are able to obtain detailed information from their HR or finance departments on the grading, salary level, location etc. of individual employees engaged in community activities and from that to calculate very accurate cost figures.



## In-kind contributions

Companies can also commit other non-cash resources to community activities. These in-kind contributions can include donations of the company’s product or services or other corporate resources such as IT equipment, used furniture, meeting rooms or other space. Examples include:

- Donation of products
- Provision of pro bono legal, accounting or other professional services
- Contributions of used office equipment or furniture
- Use of company premises
- Provision of free advertising space in a publication, on a website or through television or radio

So that in-kind contributions can be assessed on the same basis as cash and time contributions all in-kind contributions must be valued at what it has cost the company to make, not at what the beneficiary organization would otherwise have had to pay in the open market. For example, product donations should be valued at the average unit cost of production not the retail value.

The cost of in-kind contributions is normally the amount held in the company’s accounts, whether for product donated from inventory or depreciated equipment declared redundant. Where these have been written down to zero for accounting convenience but have a significant value in terms of the community program, a fair second-hand value can be substituted.

Putting a correct value on some in-kind contributions can be tricky. Guidance on how to value some of the most common in-kind contributions has been developed by LBG members and is available in individual guidance notes.

In some jurisdictions e.g. the USA a valuation higher than actual cost to the company are sometimes used, in part due to taxation treatment. Examples include Wholesale Acquisition Cost and Fair Market Value. LBG views these valuations as an indicator of the worth to the beneficiary (in effect an output measure), rather than the ‘input’ cost to the company.

**Guidance notes related to in-kind contributions are available for LBG members, and include:**

- Discounted work (Professional services)
- Exceptional one-off gifts of property and other assets
- Foregone Income/Opportunity Cost
- Gifts of product from inventory
- Pro bono work
- Social banking/Universal banking
- Use of company premises/resources
- Written down product or equipment

## Management costs

As well as measuring the direct input costs to the community, the LBG Framework enables companies to capture and report costs incurred in making its contributions. These will include the salaries, benefits and other overheads of community affairs staff along with research/communications spend if used to help the community engage with the company.

Examples of inputs that can be included under management costs:

- Community affairs staff – salaries, pension, national insurance, benefits & recruitment costs
- Running costs & overheads – phones, IT, travel, subsistence for business as a whole
- Professional advice – when bought in to improve the program
- Communicating the community program to relevant audiences
- Research

It is essential to capture only those costs incurred in managing the community program as a whole. If managing the CCI program is just one aspect of someone's job, count only the proportion of the cost that relates to time spent managing the program: i.e. for sustainability managers, count only the proportion of their time that is spent on community affairs, do not count the proportion that is spent on broader sustainability issues.

**Guidance notes on management costs are available for LBG members, and include:**

- Consultancy, Planning, Research & Development costs
- Communication cost

## 3. Why we contribute

Motivations matter. They are what drives a company's CCI. The LBG Framework enables community activities to be classified according to three categories of motivation.

This analysis provides an indication of the strategic nature of the community program, shows the degree to which it is aligned with wider business goals and helps companies understand the extent to which they are driving their contributions OR are being driven by external demands and circumstances.

The three categories of motivation identified in the Framework are:

- Charitable gifts
- Community investment
- Commercial initiatives in the community

### Charitable gifts

Charitable gifts tend to be reactive in that they respond to appeals for help either directly from charities or through

requests from employees (including matched funding or payroll giving) or in response to short-term or one-off events.

They tend to be ad hoc or one-off contributions, made because it's 'the right thing to do', not because of any strategic aim or anticipated return to the company. Some might refer to this as traditional philanthropy or grant-making.

### Community investment

Community investments tend to be more proactive and strategic than charitable gifts. They can center on a smaller number of larger-scale, longer-term projects and are often run as a partnership with, rather than a donation to, a community organization.

These projects address the social issue(s) that the company has identified as being relevant to both the company and the community in which it operates. They will often be: linked to a wider community strategy; be measured; and be expected to help protect the long-term corporate interests and reputation of the business.

### Commercial initiatives in the community

Commercial initiatives in the community are business-related activities, usually undertaken by departments outside the community function (e.g. marketing, R&D), to support the success of the company and promote its brand and other policies, that also deliver community benefit.

The most common example of this is cause-related marketing. These are primarily marketing campaigns but involve a contribution from the company to a charitable cause.

When reporting commercial initiatives in the community as community contributions it is important to only include those costs that directly benefit the community not the total cost of a marketing campaign or other commercial exercise.

*As application of LBG has become more widespread and the focus has shifted more towards outputs and impact, companies are actually coming full circle and beginning to question their motives more closely. In trying to better understand their achievements they often realize the need to refocus their CCI programs around a clear set of strategic objectives against which their progress can be assessed.*

## 4. What we support

The LBG model enables businesses to build up a picture of the issues that their community contributions tackle. If the issue(s) addressed by an activity is unclear or overlapping then a classification should be made according to the activity's primary purpose.

The broad selection of issues used is as follows:

- **Education:** Contributions to schools, universities or



other organizations or projects that promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise. This can be formal 'classroom' style education or more informal forms of developing knowledge

- **Health:** Contributions to hospitals, health trusts and other health related organizations that prevent or relieve sickness, disease or human suffering, as well as promoting health and healthy lifestyles
- **Economic development:** Contributions to organizations or activities that promote economic development, such as regeneration or job creation projects
- **Environment:** Contributions to projects or organizations that advance environmental protection or conservation e.g. through conservation of flora or fauna or through engaging people in activities such as recycling or other aspects of a sustainable lifestyle

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*Do not include costs associated with managing your company's own impact on the environment as CCI. It only counts when the contribution supports environmental activity outside the company (e.g. wildlife conservation)*

- **Arts/culture:** Support for institutions (theaters, museums, public galleries etc.) that promote or protect arts activities, whether visual arts or the performing arts such as music, dance and theater. Also includes activities or organizations that promote or protect 'Heritage' such as might be regarded as part of a country's local or national history
- **Social welfare:** Support to organizations or activities that promote or address the interests of those in need in society and facing hardship by reason of youth, age, ill-health, disability, financial hardship or other disadvantage
- **Emergency relief:** Contributions to disaster relief efforts
- **Other support:** Support for activities that cannot be classified elsewhere

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*These categories are broadly aligned to the main charitable purposes identified by national and international bodies such as the Australian and UK charities commissions and the US Internal Revenue Service.*

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## 5. Where we support

By collecting data from around its operations a business is able to build up a picture of the degree to which it invests in the different communities and locations in which it operates.

This is particularly useful to assess the extent to which a company's investment in the community reflects its geographic structure, i.e. is it investing in the areas in which it does business?

Each company can decide the appropriate classification for its own needs. However for ease of benchmarking, the LBG Framework recommends international data is aggregated up into the broad regional groupings of:

- Europe
- Middle East and Africa
- Asia Pacific
- North America
- South America

At a project/activity level the Framework is being developed to capture the location of contribution by country to enable country-level benchmarking in future.

## 2. Measuring outputs

What are outputs? Outputs are what happens as result of the resources that a company commits to a community activity.



### Outputs: What happens?

*The activities delivered, numbers reached, funds raised and business-related activity resulting from the contributions made.*

#### Community outputs

Individuals reached/supported  
Type of beneficiary  
Organizations supported  
Other company-specific output measure (e.g. environment)

#### Business outputs

Employees involved in the activity  
Media coverage achieved  
Customers/consumers reached  
Suppliers/distributors reached  
Other influential stakeholders reached

#### Leverage (additional resources from other sources)

Total leverage split by:  
Payroll giving  
Other employee contributions customers  
Other organizations / sources  
Employees involved in own time  
Hours contributed in own time

### 1. What are outputs?

Outputs are a measure of what happens as the result of the contributions that a business makes to a community organization or activity.

Outputs can include the people reached, organizations supported, activities delivered and funds raised as a result of the contributions made. This also includes recording activity that links back to the company (e.g. through employee involvement, stakeholder engagement or media coverage).

Outputs are an expression of what happens or what is delivered through a community activity. They are NOT an assessment of the activity's effectiveness, quality or value to either the community or the business. They are most likely to be quantitative measures of reach or activity generated.

### What does LBG capture?

All sorts of outputs can be captured by different activities; one activity might count the number of schoolchildren that have attended a course and the number of courses run, a health project might count the number of people vaccinated or the number of nurses trained, or a conservation project might count the number of trees planted.

This variety means that a single system cannot account for every possible output measure, so LBG focusses on a small number of key outputs that are relevant across different projects. The outputs are grouped into the following areas:

- Community outputs
- Business outputs
- Leverage (additional funds raised or contributions levered from other sources)

## 2. LBG output indicators

### Community outputs:

These focus on a small number of measures that can be applied across most community projects:

#### 1. Number of people directly reached or supported

LBG counts the number of people reached by or engaged in a community project. For example count the number of children benefiting from a school refurbishment, or the number of people receiving vaccinations from a public health program.

The Framework does not include people impacted indirectly by an activity. For example, a company may fund a vaccination campaign, and while the entire population of a region may have a reduced chance of catching a disease because a number of people were vaccinated, only the direct beneficiaries - the number of people who were actually vaccinated - is included. Similarly, if a company funds the development of an arts facility for a town, the direct beneficiaries are the number of people using the facility, not the whole population of the town that may or may not use it. Focusing on the direct beneficiaries adds credibility to the output numbers reported.

Simple questions can be asked of the community organizations that a business supports to establish how many people have directly benefitted as a result of the company's contribution.

## 2. Type of beneficiary supported:

A subsidiary question to the number of people supported, is to understand the broad social group, if any, to which the beneficiaries belong or can be allocated. The LBG Framework does not stipulate which groups a business should capture, but lists suggestions, from which a company can choose the most appropriate for its program.

## 3. Number of organizations supported:

Many community projects can support more than one organization (a reading/literacy program, for example may operate across many schools), so LBG counts the total number of supported organizations.

## 4. Company specific measure(s):

A business might also choose to record other indicator(s) that are specific and relevant to their own program (e.g. number of trees planted or number of workshops held) within the Framework. These simply don't go forward to wider benchmarking.

### Business outputs:

In assessing business outputs, LBG focusses on the extent to which community activities reach or engage with different stakeholders that can have influence over the company's results. The core stakeholders identified are:

1. **Number of employees engaged in the activity:** The total number of employees actively involved (in their own time OR the company's time) in a community activity.
2. **Customers/consumers reached:** The number of the company's actual or potential customers, or consumers, that are actively aware of or engaged in the activity.
3. **Suppliers/distributors reached<sup>1</sup>:** The number of organizations within the company's value chain that are actively aware of or engaged in the activity.

4. **Other influential stakeholders reached<sup>1</sup>:** The number of organizations (as determined by a company's own materiality assessment) that can influence, or be influenced by, the company's reputation, that are aware of the activity. These can include: representatives of governmental and international agencies, NGO's or think-tanks, corporate sustainability practitioners, academics, specialist consultants, specialist investors or specialist journalists.
5. **Value of media coverage generated:** The amount of media coverage generated by the activity. LBG is currently working with its members to establish the best way to assess this indicator.

### Leverage:

This is the measure of any additional resources contributed to a community organization or activity that come from sources other than the company. Although these are in essence an additional input to the supported organization, they are reported on the output side of the Framework as they result from the company's own contribution, encouragement or support.

The Framework identifies the following forms of leverage:

1. **Value of additional funds raised/contributed (Leverage)**
2. **Number of employees supporting a community activity in their own time that is supported or encouraged by the company.** In some cases companies hold events or support activities that encourage employees to give up some of their own time (at weekends etc.) to support the community.
3. **Time committed by employees to activities in their own time that is supported or encouraged by the company:** The Framework also captures the hours committed by employees in their own time resulting from the support or encouragement of the company.

<sup>1</sup> For a stakeholder to have been 'reached' the engagement has to go beyond merely being exposed to an activity or campaign to the degree where the individual in question can report that they are actively aware of the project/program/activity.



### 3. Measuring impact

What are impacts? Impacts are the changes that happen to individuals, organizations and the business in the short or longer-term, as a result of a community activity.



#### **Impacts: What changes?**

*The changes that happen to individuals, organizations and the company, in the short or longer-term, as a result of the activity.*

#### **Community impacts**

##### **On people i: Depth of impact**

- Made a connection
- Made an improvement
- Made a transformation

##### **On people ii: Type of impact**

- Behavior or attitude change
- Skills or personal effectiveness
- Quality of life/well-being

#### **On organizations**

- Improved or new services
- Reached more or more time with clients
- Improved management processes
- Increased their profile
- Taken on more staff or volunteers

#### **On the environment**

- Impact on the environment
- Impact on environmental behavior

#### **Business impacts**

##### **On employee volunteers**

- Job-related skills
- Personal well-being
- Behavior change

##### **On the business**

- Human resource benefits
- Stakeholder relations / perceptions
- Business generated
- Operational improvement delivered
- Uplift in brand awareness

### 1. What are impacts?

'Impact' is a term that comes loaded with many interpretations. Some practitioners take a broad and generalist stance accepting that changes can range from immediate short-term outcomes to broader and longer-term effects. Others are more purist and only count as 'impact' the wider social changes that result from activities, while recording changes in individuals in a separate category called outcomes.

LBG takes a pragmatic position; first it recognizes that there is no agreed definition on what constitutes impact (particularly as to what differentiates outcome from impact) and secondly it understands that for the vast majority of activity supported by companies, it will not be realistic to assess or track long-term social change.

As a result LBG identifies a number of key 'areas of impact' against which both shorter-term outcomes and longer-term changes can be reported. These areas of impact are complemented by simple three point scales against which the depth of impact – the degree to which individuals, organizations or the business are better off as a result of a community activity – can be assessed.

The areas of impact identified in the LBG Framework are:

#### **Community impacts**

1. Impact on people
2. Impact on community organizations
3. Impact on the environment

#### **Business impacts**

1. Impact on employee participants
2. Impact on the business

## 2. LBG impact indicators explained

### Community impacts

#### 1. Impact on people

The Framework enables companies to assess the change they have effected on individual beneficiaries in two different ways - the depth of impact and the type of impact.

#### Depth of impact:

The depth of impact measure enables companies to assess the degree to which beneficiaries are better off as a result of an activity. It uses a simple three point scale identifying three distinct levels of change that a beneficiary might experience, comprising connect, improve and transform, as explained here:

- i. **Connect:** The number of people reached by an activity who can report some limited change as a result of an activity (e.g. raised awareness of opportunities to improve literacy skills)
- ii. **Improve:** The number of people who can report some substantive improvement in their lives as a result of the activity (e.g. actually able to read better)
- iii. **Transform:** The number of people who can report an enduring change in their circumstances, or for whom a change can be observed, as a result of the improvements made (e.g. got a job as a result of improved literacy)

#### Type of impact:

The type of impact measure enables a company to map the area(s) in which an activity has benefited the people it has reached and so build and communicate a picture of the way in which people are better off as a result of the company's support. The Framework identifies three broad types of impact as follows:

- i. **Behavior or attitude change:** Has the activity helped people make behavioral changes that can improve the person's life or life chances OR has it challenged negative attitudes or preconceptions, enabling them to make wider, different or more informed choices?
- ii. **Skills or personal effectiveness:** Has the activity helped people to develop new, or improve existing, skills to enable them to develop academically, in the work place and socially?
- iii. **Quality of life or well-being:** Has the activity helped people to be healthier, happier or more comfortable (e.g. through improved emotional, social or physical wellbeing)?

For more information on how to measure the depth and types of impact and examples of its application, please see the LBG Members' manual.

#### 2. Impact on community organizations

The Framework enables companies to understand the degree to which their contributions have increased the

capacity of the community organizations they support, or partner with.

The indicators are used to assess the degree to which a beneficiary or partner organization has:

- i. Improved existing / delivered new services
- ii. Reached more people or spent more time with clients
- iii. Improved management processes
- iv. Increased their profile
- v. Taken on more staff or volunteers

#### 3. Impact on the environment

The LBG Framework identifies the environment as a distinct area of impact due to the way in which support for environmental charities or projects can have direct environmental benefits rather than directly benefiting people or organizations. However, it also recognizes the human element within environmental activities, as many center on making environmental improvements by promoting changes in human behavior such as reducing water use.

The Framework measures the extent of improvement to the environment through direct intervention and the impact and extent of positive changes in people's behavior around environmental issues in the following areas:

- i. **Impact on the environment** – has the activity direct ecological benefits such as conserving land/water, protecting species or improving bio-diversity?
- ii. **Impact on environmental behavior** – has the activity enabled people to conserve energy or water, or to make other positive changes in their behavior towards the environment?

### Business impacts

#### 1. Impact on employee participants

In measuring business impacts, LBG first considers the extent of changes in employees' attitudes, behavior and/or skills as a result of participation in a company-supported community activity in the following key areas:

- i. **Job-related skills:** improvements in core, job-related competencies such as communications, teamwork or leadership skills
- ii. **Personal impact:** changes in areas like self-confidence, job satisfaction and pride in the company
- iii. **Behavior change:** changes in behavior such as increased volunteering or being more vocal advocate of the company

As with the impacts on people, the Framework counts the number of employee participants that experience each type of impact. Therefore, the totals across the three categories should not be added together as employee participants may be double counted otherwise.

#### 2. Impact on the business

The LBG Framework looks beyond the impacts experienced by employee participants, to wider business benefits that might be generated from community

activities. Assessment of wider business impacts is the most challenging part of the Framework, but can deliver significant reward in cementing the business case for continued, or more, community investment. The core Framework identifies four areas in which community activities, or the community program as a whole, have been seen to deliver measurable benefits to the business:

- i. **Human resource benefits**
- ii. **Improved stakeholder relations/perceptions**
- iii. **Business generated**
- iv. **Other operational improvement**
- v. **Uplift in brand awareness**

These indicators are a condensed version of the more detailed guide to measuring business benefit developed in 2011 and available to LBG members here: <http://www.lbg-online.net/member-section/guidance/>

Each indicator assesses the degree to which awareness of, or engagement with, the community program by key stakeholder groups, as measured at the output stage, has gone on to deliver a discernible benefit to the business in a particular area, for example:

- Have customers who are aware of the company's activity gone on to purchase goods or services?
- Has involvement in community activity increased employee satisfaction and led to better performance or higher retention?
- Has raised awareness of the community program by influential stakeholders contributed to winning public services contracts?



# Part three: Summary

Ultimately, application of the LBG Framework goes beyond assessment of individual activities to enable a business to balance the contributions it makes across its program with the results it achieves. It is then able to say that having contributed X, it has achieved Y for the community and Z for the business. It can then go further and use this information to improve and deliver more in the future.

To achieve such an assessment, a company has to be able to look across all, or a sufficient part of, its community program and add up the results to gain a whole-program assessment.

Some of the best measurement approaches, and the tools available through the LBG network, to help companies to measure across their programs have already been touched on in this guide, but it is worth considering how these can be used to assess the whole program.

The following actions can help prove the value of the measurement exercise by enabling businesses to understand what works well and what could work better and so to drive ongoing improvement and deliver better, more impactful programs in the future.

- Integrate measurement into your planning and management processes
- Develop an effective measurement approach, considering the what, who, when and how of measurement

- Identify a small set of key indicators that matter most to your program and the stakeholders you are responsible to and focus on capturing data on those
- Target the projects and activities that are most aligned with your community strategy

The full LBG guidance manual, which includes practical application of the Framework and examples of measurement in practice is available for LBG members on <http://www.lbg-online.net/member-section/guidance/>

LBG Members also have access to the LBG Guidance Notes and a range of tools for planning and assessing community, and business impact.

# Glossary

## **Cash contribution**

A cash contribution is the gross monetary amount a company pays in support of a community organization/ project.

## **Cause-related marketing**

Marketing activity that uses a connection with a community cause to promote product sales. These initiatives are often used by both commercial organizations and charities to enhance their profiles and to help achieve their marketing objectives.

## **Charitable gift**

Charitable gifts tend to be reactive in that they respond to appeals for help either directly from charities or through requests from employees (including matched funding or payroll giving) or in response to short-term or one-off events.

## **Charitable purpose**

There is no single internationally agreed definition of charitable purpose. Charity law in different countries outlines a number of main purposes which broadly recognized internationally as charitable (e.g. education, health, social welfare, arts/culture)

## **Commercial initiatives in the community**

Commercial initiatives in the community are business-related activities, usually undertaken by departments outside the community function (e.g. marketing, R&D), to support the success of the company and promote its brand and other policies, that also deliver community benefit.

## **Community investment**

Community investments tend to be more proactive and strategic than charitable gifts. They can center on a smaller number of larger-scale, longer-term projects and often run as a partnership with, rather than a donation to, a community organization.

## **Community program**

The collection of individual community projects, activities or partnerships that together represent a businesses' CCI portfolio.

## **Community activity or project**

An individual activity, project or contribution made, or supported, by a company.

## **Corporate Community Investment (CCI)**

CCI broadly involves businesses' voluntary engagement with charitable organizations or activities that extends beyond their core business activities.

## **Impacts**

Impacts are the changes that happen to individuals, organizations and the business in the short or longer-term, as a result of a community activity.

## **In-kind contribution**

In-kind contributions are other non-cash resources to community activities. They can include donations of the company's products or services -or other corporate resources such as IT equipment, used furniture, meeting rooms or other space.

## **Inputs**

Inputs are the resources (in cash, time or in-kind) that a company provides to support a community activity or activities.

## **Leverage**

The measure of any additional resources contributed to a community organization or activity that come from sources other than the company.

## **Management costs**

Management costs are costs that incur when making a community investment. These include the salaries, benefits and other overheads of community affairs staff along with research/communications spend if used to help the community engage with the company.

## **Mandatory contribution**

Mandatory contributions are community activities which a company undertakes in response to the requirements of law, regulation or contract.

## **Outputs**

Outputs are what happens as result of the resources that a company commits to a community activity (e.g. the activities delivered, numbers reached, funds raised etc.).




## **Social enterprise**

Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. (Social Enterprise UK)

## **Time contribution**

A time contribution is the cost to the company of the paid working hours contributed by employees to a community organization or activity.

# Appendix 1: The LBG Framework

 <b>Inputs: What's contributed?</b>	 <b>Outputs: What happens?</b>	 <b>Impacts: What changes?</b>
<p>How (form of contribution)</p> <p>Cash</p> <p>Time</p> <p>In-kind (including pro bono)</p> <p>Management costs</p> <p>Why (driver for contribution)</p> <p>Charitable gifts</p> <p>Community investment</p> <p>Commercial initiatives in the community</p> <p>What (issue addressed)</p> <p>Education</p> <p>Health</p> <p>Economic development</p> <p>Environment</p> <p>Arts and Culture</p> <p>Social welfare</p> <p>Emergency Relief</p> <p>Where (Location of activity)</p> <p>Europe</p> <p>Middle East &amp; Africa</p> <p>Asia Pacific</p> <p>North America</p> <p>South America</p>	<p>Community outputs</p> <p>Individuals reached/supported</p> <p>Type of beneficiary</p> <p>Organizations supported</p> <p>Other company-specific output measure (e.g. environment)</p> <p>Business outputs</p> <p>Employees involved in the activity</p> <p>Media coverage achieved</p> <p>Customers/consumers reached</p> <p>Suppliers/distributors reached</p> <p>Other influential stakeholders reached</p> <p>Leverage (additional resources from other sources)</p> <p>Total leverage split by:</p> <p>Payroll giving</p> <p>Other employee contributions</p> <p>Customers</p> <p>Other organizations / sources</p> <p>Employees involved in own time</p> <p>Hours contributed in own time</p> <p>Foregone Income</p>	<p>Community impacts</p> <p>On people i: Depth of impact</p> <p>Made a connection</p> <p>Made an improvement</p> <p>Made a transformation</p> <p>On people ii: Type of impact</p> <p>Behavior or attitude change</p> <p>Skills or personal effectiveness</p> <p>Quality of life/well-being</p> <p>On organizations</p> <p>Improved or new services</p> <p>Reached more people or spent more time with clients</p> <p>Improved management processes</p> <p>Increased their profile</p> <p>Taken on more staff or volunteers</p> <p>On the environment</p> <p>Impact on the environment</p> <p>Impact on environmental behavior</p> <p>Business impacts</p> <p>On employee volunteers</p> <p>Job-related skills</p> <p>Personal well-being</p> <p>Behavior change</p> <p>On the business</p> <p>Human resource benefits</p> <p>Stakeholder relations/perceptions</p> <p>Business generated</p> <p>Operational improvement delivered</p> <p>Uplift in brand awareness</p>



## Appendix 2: Internal data collection tool (available to LBG members)

Structured into inputs, outputs and impacts the internal data collection tool is a simple and consistent way to capture information in accordance with the LBG Framework. Members can download the tool in the member section on the LBG website <http://www.lbg-online.net/member-section/guidance/data-collection-tools.aspx>

Company/Business unit				About							
Question >	1. Activity name/description	2. Name of partner/ beneficiary organisation	2a. Number of partner / beneficiary	3. Date from	4. Date to	5. Business unit/ department	Inputs - How				
							Cash	Time	In kind		
Contribution/ Activity number							6. Value of cash contributions - enter full amount	7. Number of staff involved in	8. Total hours volunteered	9. Value of staff time contributed -	10. Detail of in-kind contributions in-kind contributions -
Community Outputs			Business Outputs			Leverage					
People			Organisations			Number of			Value of		
Example	IT support for Anytown school	Anytown	17a. Number of direct beneficiaries	17b. Beneficiary Group (if applicable)	17c. Number of partner beneficiary organisation	18. Number of businesses	19a.	19b.	19c.	19d.	Please enter any additional cash amounts contributed
1						21a. Made a connection through your community activity	21b. Made an	21c. Made a	22a. Experienced a	22b. Developed	22c. Experienced
2			1,000	Children		Number of direct beneficiaries where results were measured					22d. Experienced
3											22e. Experienced
4						700		450			22f. Experienced
5											22g. Experienced
6											22h. Experienced
7											22i. Experienced
Summary results											
Please note: This sheet is calculated automatically											
Reporting currency											
Summaries		Category		Amount/ people/hours		% contribution					
INPUTS											
Total value of contributions (including management costs)								0			
Total value of contributions (excl management costs)								0			
How -		Cash		0		0%					
		Time		0		0%					
		In-kind		0		0%					
		Management costs		0		0%		% including mgmt costs			
CHECK TOTAL								0		0%	
Motivation -		Charitable gift		0		0%					
		Community investment		0		0%		% excluding mgmt costs			
		Commercial initiative		0		0%					
CHECK TOTAL								0		0%	
Subject focus -		Education		0		0%					
		Health		0		0%					
		Economic development		0		0%					
		Environment		0		0%					
		Arts & Culture		0		0%		% excluding mgmt costs			
		Social welfare		0		0%					
		Emergency relief		0		0%					
		Other		0		0%					
CHECK TOTAL								0		0%	

# Appendix 3: Project assessment sheet (available to LBG members)

The project assessment sheet enables members to report inputs, outputs and impacts of individual activities/projects. The information can then easily be lifted into the internal data collection tool ensuring. The project assessment sheet can be downloaded in the member section on the LBG website <http://www.lbg-online.net/member-section/guidance/data-collection-tools.aspx>

C OUTPUTS		
<b>Community outputs</b>		
17a	How many people directly benefited from the activity?	200,000
17b	What type of people benefited? (please select)	Street children
<b>D IMPACTS</b>		
<b>Community impact</b>		
17c	How many organisations?	
<b>Business outputs</b>		
18	Total employees involved (will calculate)	150,000
On people i: Of the total beneficiaries, how many		
19a	Number of different suppliers/consumers	10,000
19b	Suppliers/distributors	140,000
19c	Other influential stakeholders	
19d	Value of media coverage	
<b>Leverage</b>		
20a	Please enter any additional employees - payroll given	
20b	Employees - other contributions	
20c	Customers / consumers	
20d	Other external partners	
20e	Other sources	
20f	Total leverage (will calculate)	
20g	Number of employees activity in their own time	
20g	Hours contributed by employees	
22a	Experienced a positive behaviour or attitude support	
22b	Developed new skills	
22c	Experienced a direct quality of life as a result	
22d	Impact description	
23	Number of beneficiaries results were measured	

LBG Project assessment sheet		
Question	[Insert company name]	Example
<b>A ABOUT</b>		
1	Project name	Aviva's Street to School
2	Name of beneficiary/partner organisation	Arrival education
3	Project description	Championing the rights of street-connected children around the world, reaching out to street-connected children or those at risk of becoming
4	Objectives:	Original goal to help 500,000 children by 2015
a	What does the project set out to achieve for the community?	Ensuring children have access to education
b	What does the project set out to achieve for the business?	Improved wellbeing and skills from employees
5a	Start date (date contribution began)	01/01/2013
5b	End date (if different)	ongoing
<b>B INPUTS</b>		
<b>How (form of contribution)</b>		
6	How much cash was contributed?	1,500,000
7	Time: Number of staff involved in company time	50
8	Time: Total hours volunteered in company time	160
9	Time: Cost of the staff time contributed	2,800
10	In-kind: Description of in-kind contributions	Use of meeting rooms



### **LBG is managed by Corporate Citizenship**

Corporate Citizenship founded LBG and we continue to manage the network and develop the Framework. Corporate Citizenship is a global consultancy that starts with a very simple premise - that just as individual citizens have rights, responsibilities and aspirations, so do companies. For more

than 20 years we've helped businesses find their place in the world. Working as critical friends we ask the sometimes difficult questions that challenge our clients to fulfill their responsibilities and ambitions through practical action. Visit [www.corporate-citizenship.com](http://www.corporate-citizenship.com) for more information.



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