

# Measuring Community Impact Using the LBG Model

A Pilot Program by ACCP and Corporate Citizenship  
Final Report

August 2013





# Contents

<b>Executive Summary</b>	1	<b>Applying the LBG Model</b>	18
<b>Background: Measurement Trends</b> <ul style="list-style-type: none"><li>↳ Total LBG Members Corporate Contributions</li><li>↳ Strategic Contributions on the Rise</li><li>↳ Effective Data Benchmarking</li><li>↳ Employee Engagement Incentives</li><li>↳ Inspiring Contributions</li></ul>	2	<b>Pilot Company Observations</b> <ul style="list-style-type: none"><li>↳ LBG Inputs Guidance</li><li>↳ Valuating In-Kind Donations</li><li>↳ Valuing Employee Volunteerism</li><li>↳ Valuing Donated Professional Services</li><li>↳ Traditional vs. Skills Based Volunteerism</li><li>↳ LBG Model: Valuable Aspects</li><li>↳ Applying the LBG Model: Benefits and Challenges</li></ul>	20
<b>Introduction to LBG</b>	4	<b>Capabilities Gained from the Pilot</b> <ul style="list-style-type: none"><li>↳ Tracking Impacts: Community and Business</li><li>↳ Project Management Skills and Capabilities</li><li>↳ Stakeholder Engagement</li></ul>	23
<b>The LBG Measurement Model</b>	5	<b>Evaluations and Recommendations</b>	25
<b>Introduction to ACCP</b>	7	<b>Case Studies</b>	27
<b>ACCP/Corporate Citizenship Measurement Pilot</b> <ul style="list-style-type: none"><li>↳ Participant Company Profiles</li><li>↳ Benchmarking Data</li></ul>	8	<b>Appendices</b> <ul style="list-style-type: none"><li>↳ The LBG Model – Categorizing Motives for Giving</li><li>↳ Benchmarking the Pilot Participant Companies</li><li>↳ Resources and Tools Evaluation</li></ul>	35
<b>Giving Among Pilot Participant Companies</b> <ul style="list-style-type: none"><li>↳ Business Data</li><li>↳ Total Community Contributions</li><li>↳ Motives for Corporate Giving</li><li>↳ Giving by LBG Input Category</li><li>↳ Domestic and Overseas Giving</li><li>↳ Supported Causes</li></ul>	11		



# EXECUTIVE SUMMARY

Corporate Citizenship and the Association of Corporate Contributions Professionals (ACCP) both focus on supporting the profession of corporate community involvement and the people who work within the profession, striving to make substantive change for social issues globally. Additionally, both organizations are committed to better understanding and measuring the impact of corporate community involvement. This shared commitment brought Corporate Citizenship and ACCP together to create and execute a pilot program to bring the LBG framework, a comprehensive model which enables companies to measure community contributions and assess results, to a group of U.S. companies.

**“Participants found use of the model most helpful in quantifying the results and impact of company contributions programs.”**

In recent years, a well-documented trend has emerged within the field of corporate community involvement of measuring the impact of community involvement efforts. Those working in the field have faced a dilemma of exactly how to measure this involvement. Corporate Citizenship and ACCP have stepped up to help community contributions professionals in many ways, including impact measurement efforts.

The LBG framework, managed by Corporate Citizenship, provides a structured model for measuring and evaluating community involvement activities, using an input/output/impact matrix. Both Corporate Citizenship and ACCP saw great value in introducing the LBG model to U.S. companies, so they partnered to create an 18-month pilot program which brought a diverse group of 13 U.S. companies together to learn how to apply the LBG model to their community involvement programs. The pilot program included four one-day workshops attended by the pilot program participant companies and staff from Corporate Citizenship and ACCP. These workshops dedicated time to benchmarking activities, discussing and learning the LBG model, and providing feedback regarding implementation of the model.

The pilot participants discovered some challenges to applying the model, but were able to overcome most of these challenges with guidance from Corporate Citizenship and ACCP. Participants agreed that the many benefits of the LBG model far outweighed the challenges, making it a valuable tool for any company with a community involvement program. Overall, participants found use of the model most helpful in quantifying the results and impact of company contributions programs, project-planning for future contributions programs, and communicating the importance and results of such programs to both internal and external stakeholders. The standardized, analytical structure of the model provided participants not only with concrete data on the impact of their community involvement activities but also a common language to use when communicating with peers, non-profit partners, and other business functions in their companies. Participants found this helped increase buy-in for community involvement programs and improved the effectiveness of those programs. It was strongly agreed that the LBG model is a very useful and effective tool for U.S. companies and that working together; ACCP and Corporate Citizenship can bring the model, and other services, to companies looking to enhance and increase impact measurement of their community involvement programs.



# BACKGROUND: MEASUREMENT TRENDS

Companies have been contributing to their communities for decades, but have only recently begun to express a desire to measure these contributions. The first trend in measuring contributions was to measure what companies gave, in terms of financial, volunteering, and product donations. In the past few years, efforts expanded to include the measurement of outcomes and impacts. Measuring outcomes and impacts is a significantly more detailed, but useful, process for companies.

A closer look at overall citizenship trends provides a greater understanding of the corporate philanthropic environment and the forces driving measurement trends. These following trends are based on years of data collected by Corporate Citizenship using the LBG measurement model.

## Total LBG Members Corporate Contributions

As of 2012, total contributions made by LBG member companies was \$2.64 billion<sup>1</sup> (£1.65 billion, €1.9 billion), up from \$2.32 billion in 2011. This increase in contributions is due partly to an increase in the number of LBG member companies reporting, up from 101 in 2001 to 109 in 2012, but more importantly due to an increase in the average contribution per company to \$24.32 million. This represents an on-average increase of nearly \$1.6 million per LBG member company.

## Strategic Contributions on the Rise

LBG members are becoming more strategic in their contribution efforts. In 2007, only 38% of total contributions were classified as community investments, which are considered long-term strategic investments. Five years later, community investment contributions represent well over half (57%) of total contributions. In the same period, the proportion of more reactive charitable contributions, such as responding to

requests for donations, dropped from 46% to 28% of all contributions. A significant decrease in unallocated contributions, 22% in 2011 to only 13% in 2012, also indicates increasingly strategic contributions. Business driven contributions activities (commercial initiatives in the community) remained static over this period at about 15% of total contributions.

## Effective Data Benchmarking

To determine how giving compares among companies, LBG members consider themselves relative not only to the group as a whole, but also to business sectors and peer companies. The importance of benchmarking against relative groups can be demonstrated by giving per employee. In 2012, giving per employee was \$723 for LBG member companies but varied from \$176 per employee in the retail sector to over \$2,560 per employee in the commercial property/real estate sector.

<sup>1</sup> LBG reports in pounds sterling and the exchange rate used by the project was £1 = \$1.6

## **Employee Engagement Incentives**

In 2012, Corporate Citizenship reported for the first time on steps LBG member companies take to encourage employees to get involved through volunteering and other activities. More than half of members (57%) have formal volunteering policies in place, which provide employees an allowance of paid time off for participating in volunteer activities. The average allowance is 2.5 days per employee per year. LBG member companies also provide a variety of other incentives: 26% offer matched funding of payroll giving, 52% match employee fundraising efforts, and 22% provide additional paid time off equal to the amount of volunteer time or make a donation to the organization where the employee volunteers.

## **Inspiring Contributions**

Whether by encouraging employees or customers to donate or by developing partnerships with other funding organizations, LBG members are a catalyst for inspiring further community contributions. In 2012, LBG members inspired approximately \$6.4 million in community contributions, on top of their contributions, from other sources. Of this, 8% came from employee payroll giving, 16% from other employee contributions, 44% from customers, and more than 30% from other organizations.



**“As of 2012, total contributions made by companies within the LBG group was \$2.64 billion (£1.65 billion, €1.9 billion), up from \$2.32 billion in 2011.”**



# Introduction to LBG

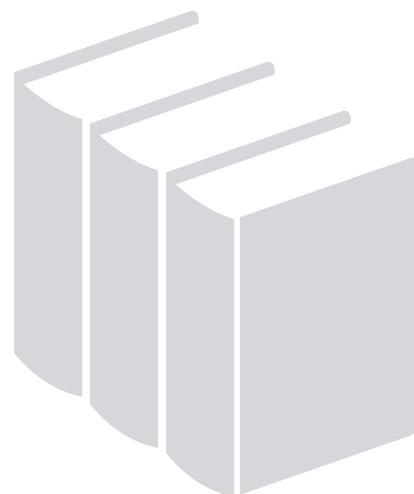
## Organization History

LBG is made up of corporate community professionals supported by the consulting firm Corporate Citizenship, which manages LBG. It was formed in London in September 1994, when six leading companies came together with a mission “to better define the measures of efficiency and effectiveness of all types community involvement activity by using benchmarking techniques.” LBG’s initial approach to measurement was heavily influenced by corporate quality management thinking. One of LBG’s first projects was working in parallel with a group of 16 U.S. companies on a report called the “Measuring Corporate Citizenship Project.” The report was published by the Council on Foundations in December 1996. The U.S. group disbanded, but LBG continues its work to the present day. Today, LBG has expanded to more than 300 largely international companies with support centers in the UK, U.S., Spain, Poland, Australia, and New Zealand.”

## LBG Model

The LBG model provides a robust and credible framework for organizations serious about community investment. The LBG model enables member companies to measure the totality of their contribution to the community and assess those contributions in light of the results, the benefits the contributions actually generate for the business and the community.

**“Today, LBG has expanded to more than 300 largely international companies with support centers in the UK, U.S., Spain, Poland, Australia, and New Zealand.”**





# The LBG Measurement Model

## Principles of LBG

The LBG measurement model is based on three simple principles that underline business management methodologies:

- Carefully cost the main inputs to the community.
- Map and measure their consequent outputs.
- Assess the impact of individual components and, where possible, the whole community program, over various time periods.

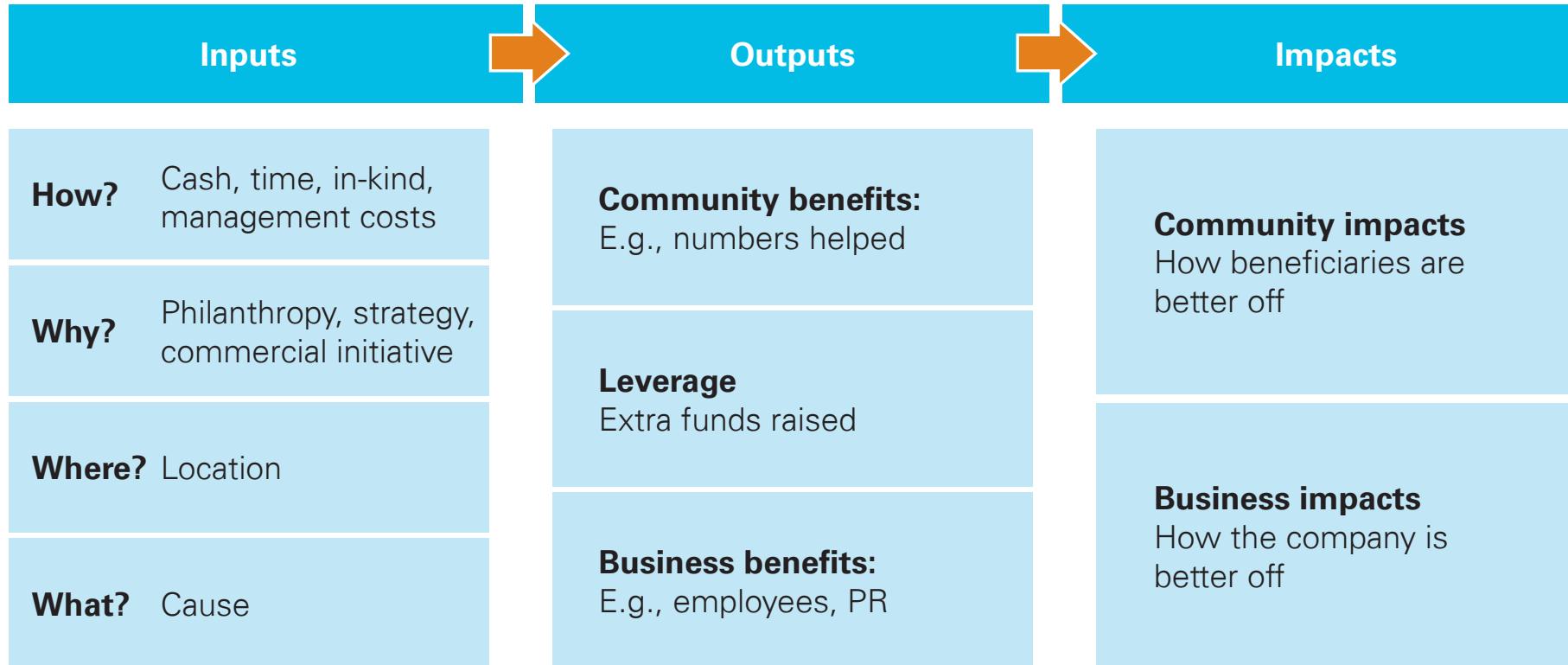
## Key Definitions

LBG is both a measurement model and a network comprised of corporate community professionals managed by the consulting firm Corporate Citizenship. Together, the LBG member companies and Corporate Citizenship have developed the LBG model to measure the totality of voluntary corporate contributions in terms of **charitable gifts**, strategic **community investment** and **commercial initiatives in the community**. Appendix 1 gives the precise definition of these categories and guidance as to how they are applied. Community affairs managers tend to be responsible for the first two categories while commercial initiatives are often led by colleagues in other parts of the business, such as human resources and marketing in coordination with community involvement executives.

The LBG measurement model also records and aggregates the management costs of community programs. These expenses are vital to the delivery of community projects and the ratio of management costs to program cost and performance can be a good indicator of the efficiency of the community affairs department, which often deploys cash, employee time and skills, and company resources to achieve impacts in the community. The LBG model provides detailed guidance on how to value non-cash contributions at cost, enabling the three different types of inputs a company can make to the community to be aggregated on an equivalent basis to achieve a total cost of the company's contribution.

The LBG model applied simple quality management techniques to measure corporate community contributions and uses a simple input/output/impact matrix shown in Figure 1 on the next page. The matrix allows companies to measure contributions in terms of input to the community, outputs achieved, and impacts made, with impacts providing long-term results. The LBG model was initially developed as a management tool but also evolved into a tool for planning community projects, often in conjunction with non-profits. It also became a firm basis for internal and external communication based on data, allowing for systematic benchmarking between companies.

**“The matrix allows companies to measure contributions in terms of input to the community, outputs achieved, and impacts made, with impacts providing long term results.”**



Over the years, LBG members have developed an unofficial motto: "Let's be known for what we achieve not for what we give." It is this emphasis on seeking to better understand the impact of corporate community involvement, and being performance-driven like other parts of the business, which first brought Corporate Citizenship and ACCP together.

**"Let's be known for what we achieve not for what we give."**



# Introduction to ACCP

## Organization Overview

The Association of Corporate Contributions Professionals (ACCP) is considered one of the United States' leading independent organizations dedicated solely to the development of corporate leaders who leverage integrated philanthropy in support of business goals while creating positive societal impact. ACCP is a 501(c)(6) non-profit advocacy and continuing education organization which is governed by a 20-member board of directors, representative of different industry segments and regions, and provides ongoing oversight of the ACCP staff and operations.

ACCP helps corporate responsibility executives identify and adopt best practices and provides unique training programs for contributions professionals. ACCP has nearly 150 company members and connects hundreds of executives, both member and nonmember, through traditional and virtual peer-to-peer learning networks.

## Programs & Services

ACCP represents companies in approximately 18 different industries who are relentlessly exploring ways to integrate business and social objectives. Among the many programs and services offered by ACCP is the Annual Conference on Corporate Contributions. This meeting is the premier conference in the U.S. for professionals in corporate citizenship, corporate social responsibility, community relations and volunteerism, assembling renowned speakers, authors, and practitioners to share best practices.

Each fall ACCP conducts a training academy, the Contributions Academy Forum, for corporate executives new to the corporate responsibility field. Billed as one of the most comprehensive and effective programs, the Contributions Academy Forum covers an array of topics including core and strategic philanthropic principles, as well as measurement.

In addition to these two long standing offerings, ACCP has also developed the below to meet both regional and virtual needs for the membership.

- L.E.A.D.S. (Leveraging Expertise And Developing Solutions) is a series of easily accessible, regional and topic-based events that combine the expertise of ACCP member companies, NGOs and public-sector agencies to develop solutions and tactics for corporate citizenship professionals.
- Members Only Webinars are offered on a monthly basis and connect members to content experts while never leaving the comfort of their desk.
- ACCP's online suite of tools is unmatched in the field. Each of our member companies enjoy unlimited access to the Benchmarking Tool, Giving In Action mapping platform, Knowledge Center, and ACCP's very own private, social network called LINK.





# ACCP/Corporate Citizenship Measurement Pilot

The LBG members, which Corporate Citizenship manages, and ACCP members are similar groups of corporate community contribution professionals. Both organizations are committed to developing the capacity of the community contributions professional to work effectively at home and abroad. The combined global scope of the two organizations spans more than 375 corporations worldwide. Both organizations are driven by:

- The needs of corporate community involvement executives to deliver effective corporate contributions programs and measure their outputs and impacts.
- The desire to learn from best practices in North America, Europe, and worldwide.
- The interest in establishing global standards within the corporate community involvement profession which align with a wider corporate responsibility agenda, and global standards such as Dow Jones Sustainability Index (DJSI) and Global Reporting Initiative (GRI).

**“The combined global scope of the two organizations spans more than 375 corporations worldwide.”**

With these common goals and objectives, Corporate Citizenship and ACCP devised an 18-month pilot program to engage 10 to 12 ACCP member companies, based in the United States, to test the LBG model as a systematic way to collect, organize, and evaluate the social impact of key community involvement programs.

In addition, the pilot would share the best practices of both U.S. corporate community involvement professionals and LBG members to strengthen the view that the LBG model is the global standard for measurement of corporate community contributions.

The pilot program offered four one-day workshops and included:

- An overview of the LBG framework and its guiding principles for valuation of contributions.
- In-depth insight on how to measure community and business impact, considering different types of measurement, and collecting information for single and multiple programs.
- Understanding the role of internal stakeholders and non-profit partners in the measurement process.
- Linking corporate community involvement to wider corporate responsibility agendas as exemplified by the Dow Jones Sustainability Index, which recognizes LBG as a reporting standard.
- Exploration of the potential development of an online tool to help with data collection and reporting.

**“Corporate Citizenship and ACCP held an 18-month pilot to test the LBG model with 13 ACCP member companies.”**

During the workshops the participant companies adopted the LBG benchmarking process of sharing company experiences and best practices, and based on hard data, sought to improve their performance. This aligns with the primary use of the benchmarking process, to promote the learning among member companies. In addition, companies were asked to benchmark themselves using the LBG model and identify a community involvement program to apply the LBG model to measure the program's impact.

### **Participant Company Profiles**

To test the flexibility of the LBG model, both Corporate Citizenship and ACCP wanted participants from across industries, including financial services, insurance, regulated utility, manufacturing, pharmaceutical, technology, direct selling, shipping and transportation, beverage, and chemical and retail products. Public and private companies with a large scale international presence were actively recruited, but companies with a primary footprint in the United States were also included. The goal of creating a diverse group was to not only help a wide array of corporations apply the LBG model, but also to gain insight and feedback about the application of the LBG measurement model from different types of organizational perspectives.

The 13 companies depicted on the following page agreed to join the pilot project, which lasted 18 months, with the fourth and final meeting held in November 2012. During this time the pilot project participant companies were given full access to the work of LBG in London and the contents of its website, including all the tools and guidance created over the past 15 years. The participant companies were treated as full, active members of LBG in order to fully understand how the model works. Executives from ACCP also immersed themselves in the LBG model, to support pilot participants. ACCP executives were given similar access to the LBG website and tools, attended the LBG annual plenary meeting in London, and met one-on-one with LBG member companies to better understand how to effectively apply the model.

### **Benchmarking Data**

Once the pilot group was formed, a systematic benchmarking process was undertaken using the LBG model. Companies were asked to submit their financial and community contributions data using the LBG categories which was aggregated and can be found in the chart on page 12 and category allocations may be seen on page 14. Details regarding community investment programs can be found in Appendix 2.

# Pilot Participant Companies



*The Coca-Cola Company*





# Giving Among Pilot Participant Companies

The data for this report is from 2011, with the exception of one company which provided 2010 data, and it is the data on which the pilot participants based their work.

## Business Data

The below chart shows the pilot participant companies are a very diverse group of companies, engaged in a wide range of commercial activity at home and abroad. Even without data from one participant company, the pilot group had global sales of \$375.9 billion, created pre-tax profits of

\$46.4 billion, and employed a total of 863,805 people around the world. On average, 50% of revenues were generated outside the U.S. This data point is an important factor, considering the group's interest in international standards for measuring community contributions and developing a common approach across countries.

## 2011 Business Data

Company†	Global Revenue (in millions)	U.S. Revenue (in millions) ‡	U.S. as % of Revenues	Global Pre-Tax Profits (in millions) *	Global Employees
Total ACCP/LBG pilot group	\$375,869	\$190,798	50.8%	\$46,455	863,805

The data represented above comes from company annual reports, both financial and CR. KPMG data provided from company submission to ACCP/LBG pilot program, not from annual reports.

† Business data for Amway is not available. Business data from ING reflects 2010 data.

‡ Dow U.S. revenue data includes all North America revenue and Hasbro U.S. revenue data includes U.S. and Canada.

\* The Hartford Group profit figures represent net income after taxes, as there was a tax benefit.

## Total Community Contributions

Foundations play a major role in managing community contributions within the group of participant companies. While corporate foundations exist outside of the United States, they are less common. Nonetheless, in all cases around the world reporting any direct business benefit as an output would violate self-dealing rules. Companies are allowed to achieve long-term, indirect benefits from foundation giving such as the creation of a better-educated workforce. Therefore, foundations can use the LBG template to measure benefits to foundations' strategic goals, rather than the direct business benefits sought in commercial initiatives.

Annual giving by the pilot group totaled \$1.9 billion in 2011. The level of giving varies widely from company to company, averaging \$58 million (excluding one company with extraordinarily high in-kind giving). The level of giving as a percentage of pre-tax profits also varies greatly, with a group average of 4.1%. The group's giving per employee for the whole pilot group was \$2,209. The average annual giving among participant companies (excluding one company) was 1.6% of pre-tax profits and \$818 per employee. These averages are close to U.S. giving norms but above the level of the LBG member companies, whose average giving is 1.2% of pre-tax profits and \$723 per employee.

## 2011 ACCP Pilot Participant Giving

Company†	Giving (in millions)‡	Giving as % of Pretax Profits	Giving per employee	Giving as % of Revenue
Average ACCP/Corporate Citizenship Pilot Group	\$159	4.1%	\$2,209	0.51 %
Average ACCP/Corporate Citizenship Pilot Group – without Merck*	\$58	1.6%	\$818	0.19%
Average LBG 2011 **	\$24	1.2%	\$723	0.20%

The overall figures above reflect the performance of the companies as a whole, disregarding those that were unable to submit complete revenue, profit, and giving data. Data for several companies came directly from the companies to the ACCP/LBG pilot program, rather than from annual reports.

† Data for Amway is unavailable. Data from ING reflects 2010 business data.

‡ Total giving for pilot program companies was \$1.9 billion for available company data. Giving figures may represent U.S. only giving in some cases and global giving in others. Data on dollar giving amount for FedEx is unavailable.

\* Given Merck's large giving figure, the average without this company is provided.

\*\* Giving data reported as €15.2 million and giving per employee reported as €452 were converted to dollars using a 1.6 conversion rate.

## Motives for Corporate Giving

An innovation of the LBG model has been to categorize corporate giving by three motives: **charitable gifts, community investment, and commercial initiatives**. The precise definition of these categories is set out in *Appendix 1*.

**Commercial initiatives** are usually undertaken by business managers (e.g. marketing, research, public relations) who have a bottom line goal even though the company is working with a non-profit. A key reason for the distinction of motives in the LBG model is to differentiate between simple income transfers, such as United Way contributions and matched giving programs, and conscious attempts by the company to invest resources to bring about change in a set of social, economic, or environmental circumstances seen as relevant to the business in which the company is operating. The former would be a **charitable gift**, while the later a community investment. **Community investments** indicate a return to both the business and the community is foreseen and needs to be measured. While the LBG model is not designed to be applied to every project, as some are just too small, flagship projects should be managed within such an input/output/impact framework.

The chart on the next page demonstrates how participant companies categorized their community programs within these three categories. Initially several companies found this hard to do, classifying all their work as “philanthropy,” but after further discussion were able to see the distinctions and record their company’s philanthropic activities according to the three categories. Although both charitable gifts and community investments are managed within budgets controlled by community affairs managers, it is the community investment category that has greater impact as it highlights managers’ skills as social investors and receives measurable returns for the community and company. Only four of the group participants included commercial initiatives in their analysis of their company’s contribution, indicating that more data should be collected for this categorization.

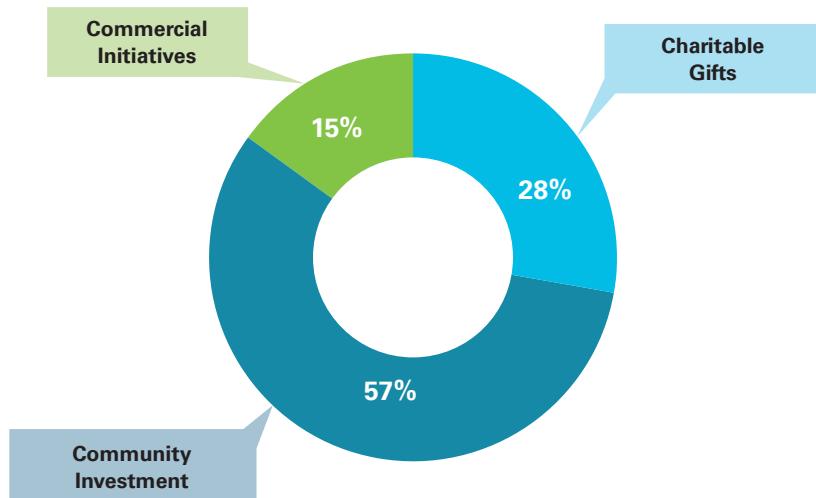
Breaking company contributions into these categories was not usual for many pilot group members. Over the first two sessions of the pilot project there was some uncertainty and unease about applying them, particularly how to categorize activities which are normally captured broadly under philanthropy.

Few **commercial initiatives** are being captured as participant companies are primarily focused on collecting data for the community affairs function (the categories of **charitable gifts** and **community investment**). This focus could indicate considerable under-reporting of a company’s total philanthropic contribution to the community at home and especially abroad. In order to have total oversight of the company’s community involvement efforts it is important to know what business units are doing. Impact measurement is most important when a strategic community investment element is led by a professional manager with concrete goals to achieve change in the community. The pilot group stressed a need for better data from non-profits, to see what impact **community investments** were having on social issues.

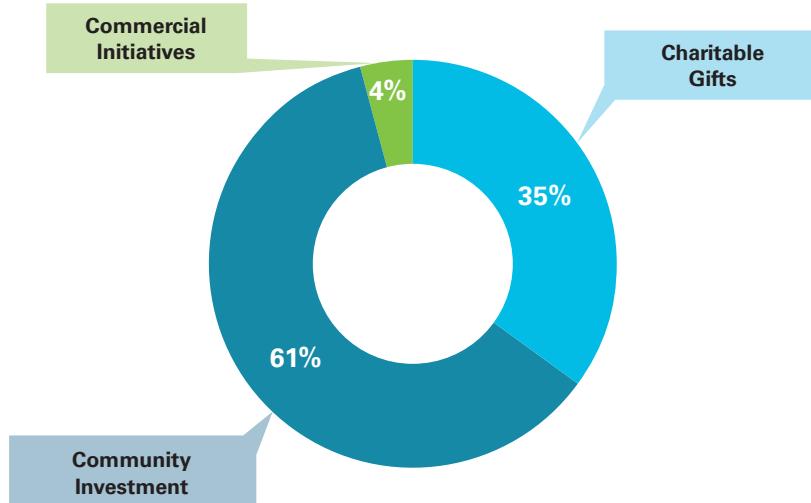
There was concern to better quantify the benefits to the business. **Commercial initiatives** tend to be built around clear business needs but often lack good data to justify performance for the community and the business. However, the return to the business for the commercial initiative might be easier to identify (such as an uplift in sales from a cause-related marketing exercise) than the return to the community.

## Motives for Corporate Giving Charts

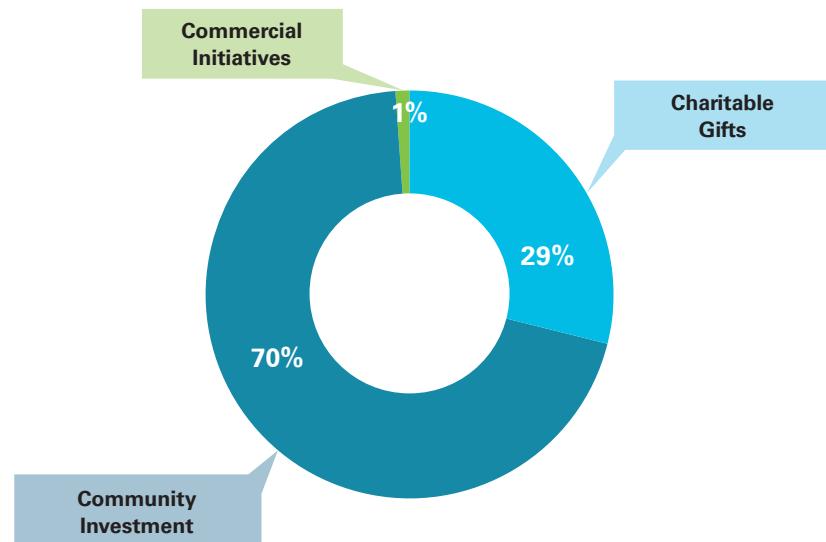
### LBG Company Data 2011



### Pilot Member Data 2011 (Without Merck)



### Pilot Member Data 2011



- Giving figures may represent either global or U.S.-only giving, depending on the company.
- 2010 data is provided for ING.
- The figure does not include data from Amway, FedEx and KPMG.

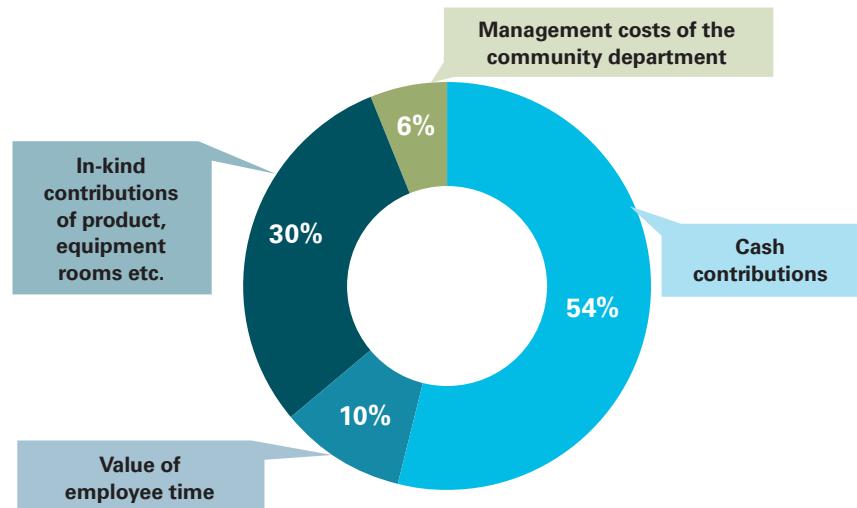
## Giving by LBG Input Category

The following charts highlight how participant companies give according to the **four LBG input categories of cash, time, in-kind, and management costs**. The mix of inputs among the participant companies was broad, although cash accounted for greatest percentage of inputs, followed closely by in-kind contributions. Much discussion arose among

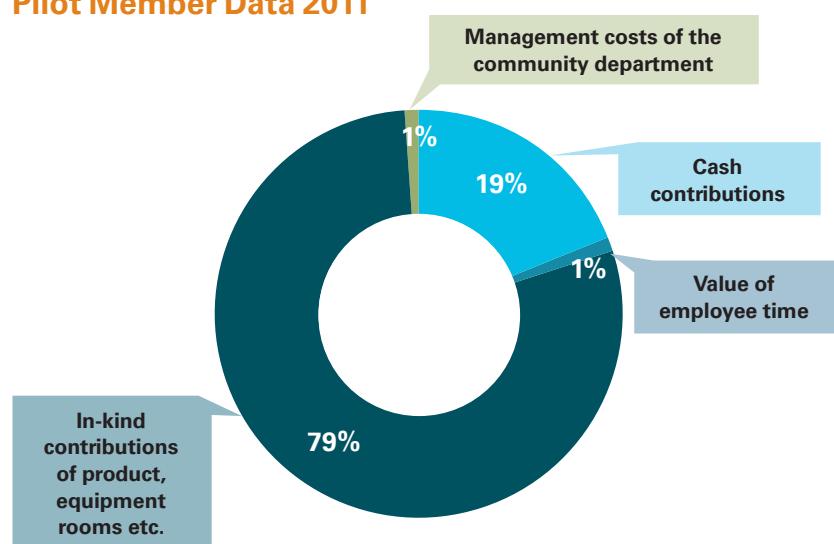
participants surrounding how the LBG model seeks to value the time contribution of employees for corporate volunteering initiatives. In response to these queries it was outlined that, most significantly, the LBG model advises all four forms of contributions to be recorded at cost to the company in order to make contributions comparable in value and to aggregate the total cost of the contributions program to the company. This varies from the U.S. approach, where in-kind contributions in particular follow the tax code and are often valued at fair market value (or wholesale value in the case of the pharmaceutical donations). This issue was noted and the solution for the participant companies was to report both ways, at cost and at fair market value. This is an accepted practice in the LBG model, where companies report in-kind contributions at cost as an input, and the non-profits receiving the donation report the value of in-kind contributions at fair market value as an output (the cost they would pay to obtain the goods in the open market).

About half the companies are giving cash contributions as their main input while the other half of the companies are donating in-kind as their primary input.

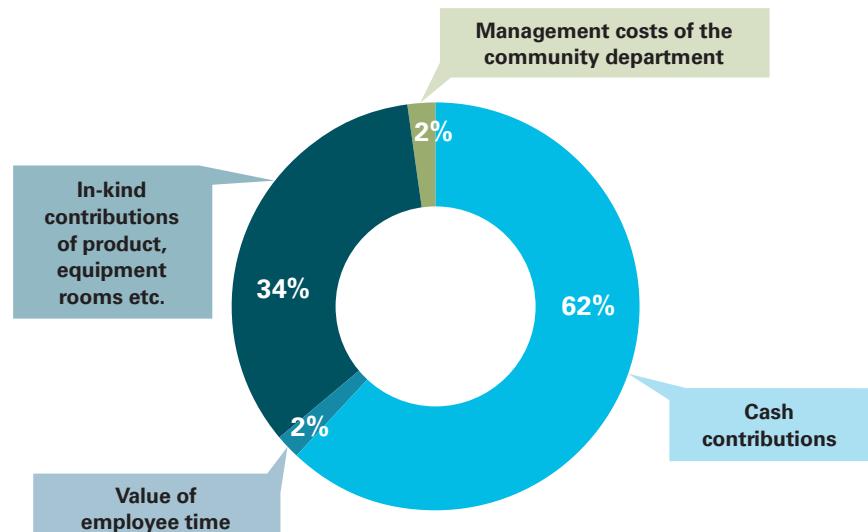
### LBG Company Data 2011



### Pilot Member Data 2011



### Pilot Member Data 2011 (Without Merck)

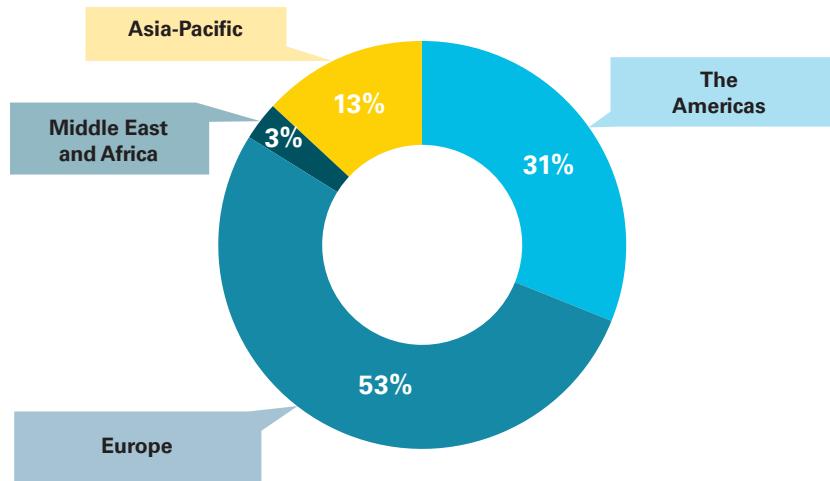


- Giving figures may represent either global or U.S.-only giving, depending on the company.
- 2010 data is provided for ING.
- The figure does not include data from Amway, FedEx and KPMG.

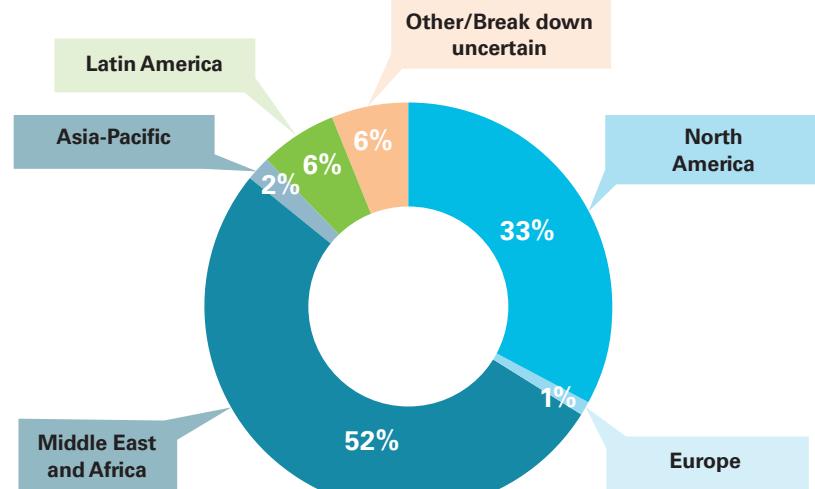
## Domestic and Overseas Giving

While on average 50% of the participant companies' revenues came from overseas, most companies gave a lower amount overseas. A few companies gave significantly overseas, but the majority of the nine companies that provided data on contribution locations gave less than 20% outside of North America. This low number could indicate

### LBG Company Data 2011

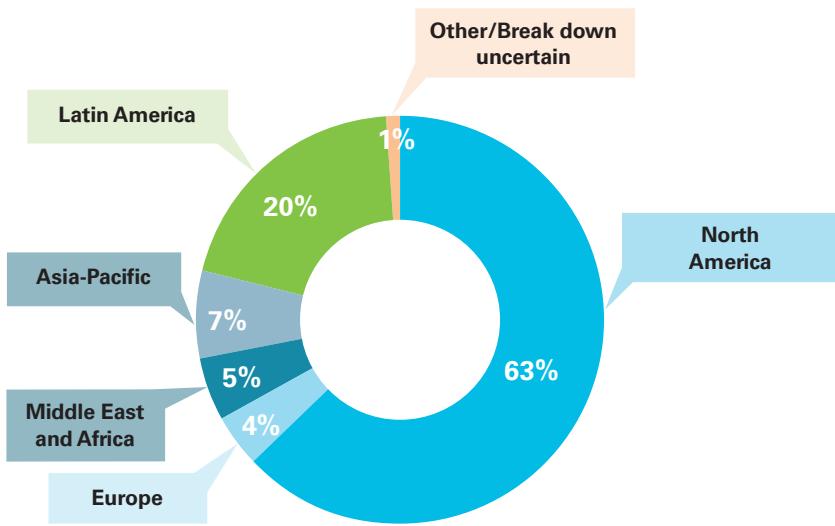


### Pilot Member Data 2011



under-reporting. Community contributions data collection overseas is generally seen to be in need of improvement, as overseas profits are consolidated into company profits but a considerable element of overseas giving may not be. Participant companies noted the success of LBG member companies in using the LBG model to create a common language for data collection around the world, yet noted some companies operate only in the U.S. market, and are not likely to engage in giving overseas. Participant companies did determine that even companies who did not give overseas could benefit from learning the LBG model of international best practices as part of their continuous management improvement strategy.

### Pilot Member Data 2011 (Without Merck)

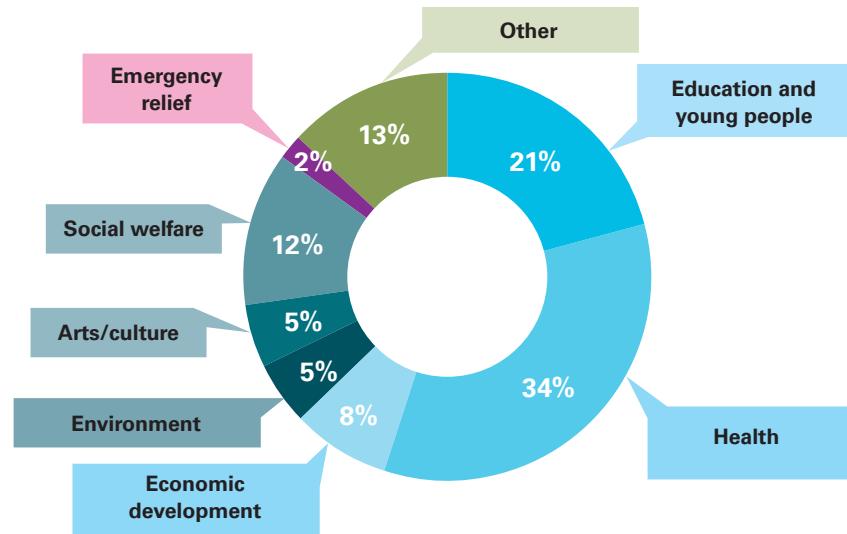


- Giving figures may represent either global or U.S.-only giving, depending on the company.
- 2010 data is provided for ING.
- The figure does not include data from Amway, Cisco, FedEx and KPMG.
- LBG does not separate data for North and South America.

## Supported Causes

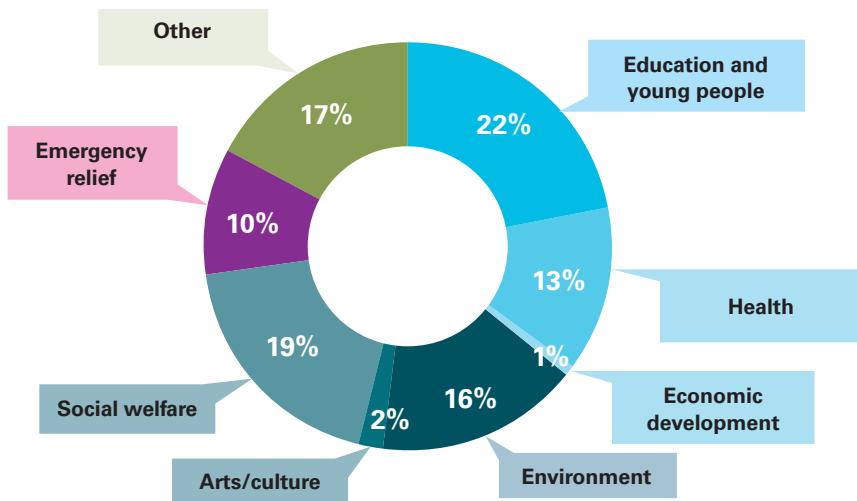
Pilot participant companies support a wide variety of social causes including the arts, education, economic development, healthcare, and hunger, a clear indicator that the LBG input/output/impact matrix was applicable across of these diverse causes.

### LBG Company Data 2011

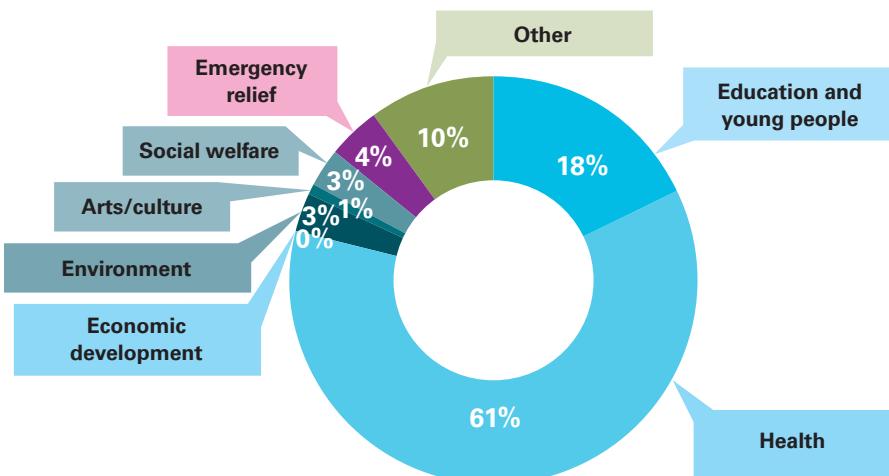


Companies are focusing giving on education and young people. Health and social causes are also highly supported.

### Pilot Member Data 2011 (Without Merck)



### Pilot Member Data 2011



- Giving figures may represent either global or U.S.-only giving, depending on the company.
- 2010 data is provided for ING.
- This figure does not include data from Amway, Cisco, FedEx and KPMG.
- Hasbro data does not separate health and social welfare. These contributions have been classified as health.



# Applying the LBG Model

Over the course of 18 months and four workshops, pilot program participants collaborated to learn how to apply the LBG model to their unique community programs. The group worked together to share successful approaches and advise how to overcome challenges. The pilot program provided a supportive network to learn and practice applying the model.

## LBG Model Applied to Participant Company Programs

The first two workshops of the pilot project were largely focused on a discussion of the theory of the LBG model and why certain decisions were made regarding key definitions and measures. The pilot project then jumped into action when participant companies began to use the LBG matrix as a template for in-depth review of one or more flagship projects. Participant companies completed homework between workshops, allowing them to apply the model in detail to a program or project they knew well, sparking internal discussions. Questions, comments, and issues arising out of the homework were then brought to each subsequent workshop where participants, along with Corporate Citizenship and ACCP staff, developed methods for addressing concerns.



For the third and fourth workshops Amway, ConAgra Foods, Merck, and PG&E shared the case studies found on pages 27-34 of this report, including what they are currently doing, how they are applying the LBG model to measure their impacts and successes, and any challenges to applying the model. These workshops leveraged the case studies to inform group discussion on how to aggregate LBG data across programs and geographies and use LBG impacts to communicate to internal and external stakeholders.

**“A better understanding of the process allowed them to re-think their measurement goals and objectives.”**

## Program Characteristics

Appendix 2 lists the flagship projects the companies sought to assess using the LBG model, ranging from hunger projects to education to environment. Most projects included charitable gifts and community investment with only one or two categorized as clearly commercial initiatives.

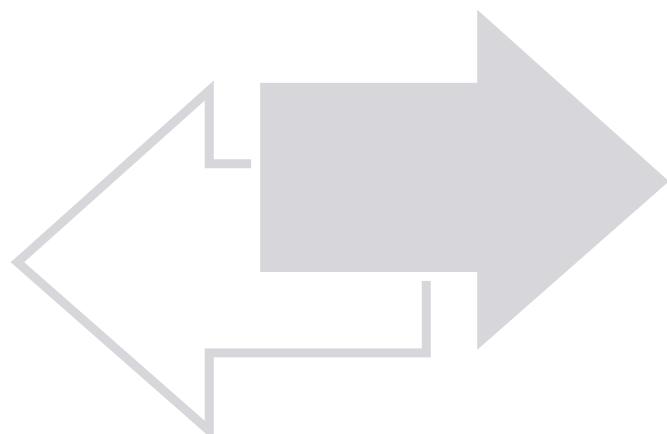
At the onset of the pilot, most companies had pre-selected a project they planned to use during the pilot program. However, once the workshops began several companies re-evaluated the programs and decided to choose different projects. While the reasons for changing varied from company to company, a better understanding of the process allowed them to re-think their measurement goals and objectives. Through this process, participants were able to select projects better aligned with articulating outputs and impacts.

When evaluating the characteristics of selected projects, two main attributes were identified across all projects chosen by participants. First, each project included a significant level of financial investment. Second, each project was considered a “signature” program by the company and its leadership.

The projects selected by participants included a wide-range of social causes, including environment, hunger and nutrition, providing access to safe water, financial literacy, and education. The most common focus area identified among participants was education, which included STEM, higher education, and primary education. Corporate Citizenship provided information on how LBG member companies have aggregated community impacts across widely diverse social causes.

Companies selected projects in different stages of implementation. Some were new projects at the beginning of the program cycle, while other projects were on-going. The stage of each project plays an important role in how companies plan to use the measurement information obtained by implementing the LBG model. For example, companies like Amway, which are at the beginning stages of a program, are using the LBG model to help in the planning process. In contrast, companies using the LBG model to evaluate an on-going program, like ConAgra Foods, are looking to communicate results and impact to gain program support.

A few of the participant companies identified a wider usage for the LBG model, beyond the programs selected for the pilot project, and have engaged other project managers to apply the LBG model to other community investment initiatives. For example, The Hartford is looking to engage its non-profit partners in the neighborhood of Asylum Hill in Hartford, Connecticut to create a uniformed approach on how they measure and report the impacts of their programs.





# Pilot Company Observations

## **LBG Inputs Guidance**

During the first two workshops of the pilot program, considerable time was spent discussing the LBG approach to measuring inputs. Participants wanted to further explore these measurement aspects and gain clarification, as they felt application in the U.S. marketplace differed than the LBG application to European and other international markets. Key aspects of the input measurement process discussed included valuing in-kind donations, valuing employee volunteerism, valuing donated professional services, and the distinction between traditional volunteerism and skill-based volunteerism. The feedback from participants has been fed back to Corporate Citizenship for consideration when developing future guidance.

### **Valuing In-Kind Donations**

On the input side of the LBG model, in-kind contributions of product or services are valued at the cost to the company. By consistently applying this principle these inputs can be calculated on the same basis as cash contributions. The market value of an in-kind contribution is also a useful measurement figure, but it counts on the output side of the model (benefit to the community). In the U.S., companies typically record in-kind contributions at market value, as opposed to the LBG model principle of valuing at cost. While the pilot participants agreed the issue needs further discussion, it was agreed that reporting both ways, at cost and at market value, was successfully implemented for use in the pilot program.

### **Valuing Employee Volunteerism**

To calculate the value of time employees spend volunteering, LBG members use a rate that most accurately reflects the cost to the company of an employee volunteering during paid working hours.

LBG members have established guidance on monetizing the value of employee volunteering but do not prescribe a specific rate or amount, as these can vary considerably between companies, sectors, and geographies. Pilot participants suggested identifying average rates within set categories, which could be applied to employee volunteering calculations. It was decided this could be done for U.S. based companies using national statistical data, but would be U.S. specific.

Pilot participants agreed more guidance is needed on this topic as company time is changing. Many companies offer flexible work hours, instead of the traditional hours of 9 am to 5 pm, and employees often work more than 40 hours a week, making it difficult to capture what constitutes company time. Without being able to accurately define company time participants found it challenging to value employee volunteer hours. The LBG model required employee volunteering to be captured during paid working hours or “company time.” The key test is whether the employee would agree that they are being paid for the time they are contributing.

### **Valuing Donated Professional Services**

Pilot participants were interested in how the LBG model defines pro-bono services vs. skills-based employee volunteering and where to capture such services, for example, as an in-kind donation or employee volunteering. Does a lawyer from The Coca-Cola Company contributing his time count as pro-bono service or skills-based employee volunteering, and therefore would his time be considered an in-kind donation or employee volunteering?

Corporate Citizenship advised the pilot participants that according to the LBG model, pro-bono work is valued similarly as in-kind contributions because the company donates a direct service to a non-profit

organization, meaning pro-bono donations are valued at the rate it would cost the company to provide that service. An important distinction was made that reporting of a pro-bono donation using the LBG model does NOT include the “commercial rate” a professional services company would charge a client but what it actually costs the company to provide professional service. Essentially, the salary, benefits, and all the other overhead costs that the company incurs (such as travel costs, secretarial support, legal training costs and memberships, legal and other insurances) by providing the service.

The LBG model follows the legal definition of pro-bono services as professional services provided for free that would otherwise require a fee. When a service is considered the “product” of a company it is considered an in-kind contribution, otherwise it is considered employee volunteering. For example, the time contributed by the lawyer from The Coca-Cola Company would be considered employee volunteering and valued as such because legal services are not the main “product” of The Coca-Cola Company. Alternatively, if an accountant from an accounting firm offered auditing services for free, it is considered an in-kind contribution as auditing services are a main “product” of an accounting firm.

### Traditional versus Skills-Based Volunteerism

When calculating the input costs of employee time, the LBG model does not differentiate between traditional volunteerism, such as employees participating in fundraising walks or reading to children, and skills-based volunteerism, an employee using their skills to aid a non-profit. According to the LBG model the cost of employee time is the same regardless of the type of volunteerism. However, some LBG member companies do track traditional and skills-based volunteerism separately for internal purposes. Pilot participants expressed a desire for the LBG model to differentiate between the two and this will be discussed by the LBG steering group.

### LBG Model: Valuable Aspects

Overall, the pilot participants found the LBG model to be very valuable. Specific aspects of the model found to be valuable are included:

- The LBG model is **analytical**, based on quality management principles.
- It is a **well-organized**, concise way to present data that is both simple to use and explain.
- The model is **flexible**, allowing for adaptation on a company-by-company and project basis.
- It has a process for **adapting** to new challenges and includes a **built-in process for continuous learning and improvement**.
- There are readily available **tools and templates** that help provide an off-the-shelf approach, flexible to individual company needs.
- The model provides a **common language** to apply across the business and around the world, which simplifies communications.
- Measurement language can be **shared with non-profit partners**, an idea participants welcomed in order to gain feedback on the model from leading U.S. non-profits.
- Corporate Citizenship has established important **links between the LBG model and other corporate social responsibility and sustainability standards**, which has the potential to become even more important in the future. Participants noted that reporting against such standards adds positive pressures to improve the quality of community involvement reporting.
- The model accepts and aligns with **GRI and DJSI indexes**, which provides global credibility and allows for consistency in reporting against other functional areas within the corporate enterprise.
- LBG’s benchmarking culture encourages sharing so members can **learn from each other and improve performance**.

LBG members' motto to "let the company be known for what it achieves not just for what it contributes" is right on target as the absence of a system to make that possible is one of the greatest challenges faced by the corporate contributions profession.

### **Applying the LBG Model: Benefits and Challenges**

The pilot program participants found the process of applying the LBG model helpful in many ways. For example, it helped participants clarify goals and objectives for supporting programs and then link the impacts sought with the specific projects. The model was found to be a great project planning tool for both the company and the non-profit partner. It enabled participants to think about projects and stimulate new ways to engage stakeholders, identify new areas to leverage skills, talents, and resources within the business, and analyze the cost-benefit analysis of projects.

While applying the model was overwhelmingly helpful, pilot participants did find challenges in the process. Obtaining impact data from non-profit partners was one of the greatest challenges and two main causes to this challenge were identified. First, most grant budgets are earmarked for specific purposes, creating a challenge to conduct measurement efforts with pre-existing grant funds. Second, non-profits often have limited capacity and resources to provide the impact data.

Obtaining impact data from internal stakeholders was also discovered to be a challenge, as internal stakeholders did not always understand the value of the process and therefore did not always support the team capturing data. There is a known tendency within business to ask "what does this do for the bottom-line?" and a strong desire for a single number that shows the worth of any business function, including community involvement. While the LBG model does not provide a specific, bottom-line number, it does provide a methodology for quantifying the benefits community involvement brings to the business. This methodology is achieved by aggregating the performance data of each major project, and with continuous improvement, the return on investment in community involvement will become increasingly clear.





# Capabilities Gained from the Pilot

Throughout the pilot program, ACCP and Corporate Citizenship solicited feedback from participants to continuously improve workshop sessions and materials, as well as understand how companies were integrating the LBG model into their day-to-day operations. As part of this feedback process, participants emphasized three key lessons learned from the pilot program.

**“Quantitative impact data supplemented qualitative information to enable participants to better understand the size of their impact and paint a broader picture of the value of the community program.”**

## 1 Tracking Impacts: Community and Business

Pilot program participants learned how to use the LBG model to measure both community and business project impacts. This quantitative impact data supplemented qualitative information to enable participants to better understand the size of their impact and paint a broader picture of the value of the community program. As a result, participants could better articulate the value of their program and gain support from senior leadership.

Additionally, the model’s emphasis on tracking both community and business benefits informs the selection of future non-profit partners. As a result of the pilot program, participants stated they now look to fund projects aligned with corporate strategy in order to provide business benefits and maximize project impact.

## 2 Project Management Skills and Capabilities

The pilot program helped build and expand participants’ project management skills and capabilities to strengthen their community programs. Participants found the LBG model provided guidance on which data is most important to capture for measurement efforts, enhancing their understanding of how to effectively measure and report impact.

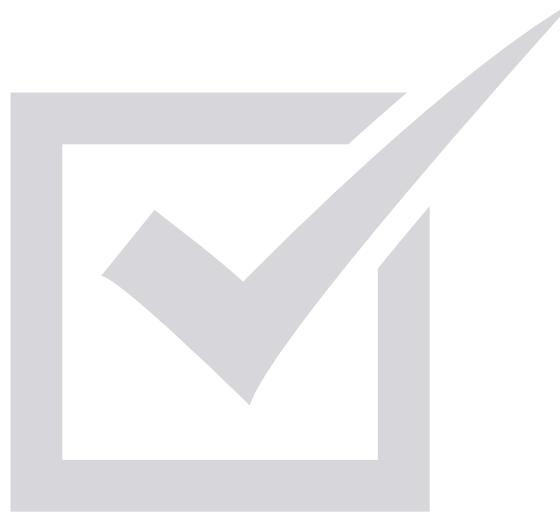
In regards to planning, companies shared that the LBG model provided structure on how to approach grant proposals and establishing non-profit partner relationships. The LBG model encouraged companies to set expectations for data collection at the beginning of a project or relationship with non-profit partners. Additionally, the model established shared definitions to create a common language and reduce potential for miscommunication among partners.

**3**

## Stakeholder Engagement

Participation in the pilot program facilitated improved stakeholder engagement. The LBG model enabled participants to speak the same language as counterparts in other parts of their company and demonstrate how community involvement is integrated with core business. Participants found their internal communications improved because they could better articulate the business benefits of the community program, in addition to the more humanitarian elements. Also, the ability to communicate the measurable impacts of community involvement programming helped enforce the company is a great place to work.

The pilot program also positively influenced external communications. For example, companies could share business benefits with the investor community and communicate positive social impact to governments. In addition, the LBG model helped shape conversations with potential grantees by building shared understanding of desired inputs, outputs, and impacts and facilitated conversation about how both partners could benefit from working together. Overall, participants learned the model was very helpful in communicating with all key stakeholders, both internal and external.





# Evaluations and Recommendations

## Evaluations

To maximize our learning, we incorporated a formal performance monitoring process into the pilot project in partnership with the consultancy True Impact. Starting with an initial measurement needs assessment among the participating companies, we then monitored the progress and experiences of the participants with the LBG model throughout the 18-month pilot, and finished with a work-shopping process to establish consensus findings and chart next steps.

As the pilot began, the principle questions guiding our analysis were:

- What measurement challenges do ACCP members face?
- What resources would help fill those gaps?
- How might ACCP provide additional support to its membership to best meet its needs?

Pilot participants acknowledged that improved measurement skills were acquired during the 18-month program to help them better plan, evaluate and communicate community investments. The model's simplicity made it easy to understand and apply. Additionally, most of the corporate responsibility terminology between U.S. based corporations and their LBG Group counterparts were translatable – with some exceptions such as product donation valuation and skills-based volunteerism. Overall, the pilot group agreed that the model helped create a common lexicon, while allowing for flexibility in meeting their specific measurement needs.

More to the point, participants noted that the application of the LBG model encouraged a thoughtful review of existing CR portfolios to address specific programmatic elements and add more rigorous systems. Some suggested that the model allowed for the exploration of common proxy metrics to better link inputs, to outputs and ultimately to impacts. For example, if by increasing the use of food assistance programs by 10%, then food insecurity reduced by 1% which shows that progress is being made even if hunger hasn't been alleviated.

One executive noted the program helped their department shift the dialogue with potential grantees to determine expected impacts during the planning and NGO selection process. Another used the LBG model results to shift the conversation with key stakeholders around community investments from output-driven to impacts. This shift helped CR executives collaborate with community partners to better tell the company's CSR story. Lastly, communicating social and business impacts helped another pilot participant engage internal stakeholders more effectively who were once skeptical about the benefits of collaboration.

## Recommendations

The pilot group established a general appetite for reducing the demands of implementation. The participants felt that ACCP and Corporate Citizenship could work together to further clarify shared definitions when learning the model, develop additional resource materials to support learning, simplify data collection, and launch training programs based on specific measurement needs. (Further details on these findings are available in *Appendix 3* of this report).

The pilot was designed to test the usefulness of the LBG model in meeting the pilot members' measurement needs. Our findings ultimately established the LBG model as a promising measurement tool in terms of content, delivery, value of results, and ease of use.



**Based on the experience gained from of the pilot project, the participant companies made the following recommendations to ACCP and Corporate Citizenship:**

- 1. Continue to increase interest in impact measurement in the United States**
- 2. Grow and leverage LBG model as an international measurement standard**
  - Leverage ACCP's network to facilitate and expand use of LBG model in the United States through partnership with Corporate Citizenship
  - Collaborate with thought leaders, such as academic groups, to increase impact measurement and the LBG model's credibility
  - Further refine and promote the LBG model in the United States
- 3. Determine how to adapt existing community investment software to facilitate LBG model usage**

(See *Appendix 3* for further details)



## Pilot Participant Company Programs Selected to Measurement

The following case studies illustrate how four of the pilot participant companies applied the LBG input/output/impact matrix to a community investment program at their respective companies.

# Case Studies

### **Amway Nutrilite® Little Bits Program – Impact Measurement of Social and Business Outcomes**

As one of the world's largest direct selling business, Amway has a team of 14,000 global employees and a presence in over 100 countries and territories selling a variety of innovative products which meet beauty, health, and home needs. Amway is a family company with a dedicated strategy and clear vision to work each and every day to help people live better lives, including sharing generously with the global community.

Amway carries out part of its vision through a variety of corporate citizenship programs, including the NUTRILITE® Little Bits™ program, an innovative solution to help fight chronic malnourishment in children. Using Amway expertise in nutrition and the experience of the NUTRILITE® brand, NUTRILITE® scientists developed the NUTRILITE® Little Bits™ supplement. This powerful supplement fills micronutrient deficiencies in children ages 6 months to five years by providing 15 essential vitamins and minerals in a tasteless, odorless powder that can be added to any food. In addition to providing the supplement, through partnerships with children's health organizations and NGOs, the NUTRILITE® Little Bits™ program also provides nutrition education and sustainability to children at-risk of chronic malnourishment.

The program began in 2009, and after just six months of operating in Mexico NUTRILITE® Little Bits™ reduced the prevalence of iron deficiency by nearly 90 percent and the prevalence of stunting by 40 percent, among approximately 150 children ages

6 months to five years. The program also produced more active, talkative, and playful children. In 2012, with proof that the program was making real impact on children, Amway expanded the program within Mexico and Zambia to reach a total of 800 children. In 2013, the goal is to reach more than 1,000 children in Mexico and Zambia. Amway plans to expand the program to an additional fifteen countries in 2014.

A vital aspect of growing the NUTRILITE® Little Bits™ program is measuring the impact of the program, an effort to which Amway is strongly dedicated. Over the course of a year a cross-functional group of employees from the CSR team and NUTRILITE® Product team worked together, engaging in frank conversation about what the program was to accomplish. Identifying social outcomes, such as number of children served, impact on stunting and iron deficiencies, and increased activity levels among children, were straightforward. The team then realized it was important to not only measure the social outcomes, but also business outcomes. The question of how to measure the impact of the program on the NUTRILITE® brand, and Amway as a whole, loomed large.

It was decided to focus measurement of business outcomes on the increase of favorability and awareness of the NUTRILITE® brand, mainly among Amway Individual Business Owners (IBOs). In 2013, an internal Amway market research team will develop targets for brand awareness and favorability among IBOs and a baseline to measure those outcomes. In 2014, changes from the baseline will be measured and compared to the targets.

	Inputs	Outputs	Impacts
How?	Partner donations, micronutrient product development & distribution, staff	<b>Community benefits:</b> Micronutrients included in NGO health programs, nutrition education, NGO capacity building, fortified diets for malnourished kids	<b>Community impacts:</b> <ul style="list-style-type: none"> <li>Reduction in Stunting and iron-deficiency anemia</li> <li>Children less susceptible to diseases and live to 5<sup>th</sup> birthday</li> <li>Global malnutrition issue is elevated</li> </ul>
Why?	Use of expertise in nature and science to improve children's health	<b>Leverage</b> Donations from Amway people; outside grants; partner health assessments, Clinical studies, NGO behaviour change communications	<b>Business impacts</b> <ul style="list-style-type: none"> <li>IBO's increase awareness and favorability of Nutrilite</li> <li>IBO/employees' investing in Nutrilite program</li> <li>Wider regulatory acceptance of value of nutritional supplementation</li> </ul>
Where?	Improving nutrition for chronically malnourished children	<b>Business benefits:</b> <ul style="list-style-type: none"> <li>Added emotional dimension to Nutrilite brand and visibility</li> <li>New market introduction</li> </ul>	
What?	Mexico and Zambia, then 15 more countries		

Measuring the social and the business impact of the NUTRILITE® Little Bits™ program enables Amway to achieve its vision of doing good in the world. Measuring business outcomes, such as brand awareness and favorability, allows Amway to determine a return on social investment

and inspire continued investment in communities across the globe. This measurement model will help improve company CSR programs, ensuring program success and a valuable return on social and business investments.

## **ConAgra Foods Foundation's Nourish to Flourish® Platform – Food and Facts about Food for the Future**

With the economy still in recovery mode and talks of tax hikes, fiscal cliffs, and increased food prices, basic needs - food, water and shelter - are no longer a given. According to the U.S. Department of Agriculture, food insecurity, also known as hunger, affects 50 million Americans. This number includes nearly 17 million children who live in households that experience times when there is not enough food in the home to provide for active, healthful lives. When children don't have consistent access to food, especially nutrient dense food, it can affect brain development, growth, and education performance.

ConAgra Foods is one of North America's leading food companies, with brands in 97 percent of America's households, ranging from Banquet®, Chef Boyardee®, and Healthy Choice® to Marie Callender's®, Orville Redenbacher's®, Reddi-wip®, and more. In fiscal year 2012, the company had sales of \$13 billion and employed more than 25,000 people. ConAgra Foods' brands have strong presence in grocery, convenience, mass merchandise, and club stores and a strong business-to-business presence, supplying frozen potato and sweet potato products and other vegetable, spice, and grain products to a variety of well-known restaurants, foodservice operators, and commercial customers.

With leading brands in a majority of households and FOODS in its name, ConAgra Foods knows the power of food and the impact it can make in a child's life. Much of the need related to food is about access to food and access to knowledge about food to make healthful food choices. With this in mind, the ConAgra Foods Foundation launched its Nourish Today, Flourish Tomorrow platform in 2007 to ensure kids have the food and facts they need to flourish in the future.

Nourish Today, Flourish Tomorrow is built on ConAgra Foods Foundation's nearly 20-year commitment to the cause of child hunger in America. This commitment began with an investment to bring Kids Cafe's, an after-school feeding program, to a larger scale, opening more than 250 across the

country. Today, the focus of the Foundation is to bring solutions to hunger within reach of those in need, spanning from direct service to non-profit capacity building and advocacy efforts to investing in research which helps determine where to focus dollars for the greatest impact.

The Foundation therefore values impact measurement as an important aspect of meeting child hunger needs and measures impact a number of ways, including the LBG measurement model. The model starts with the ultimate goal of ending food insecurity, and records inputs/outputs/ impacts that lead to the accomplishment of that goal. The logic model is designed as follows:

1. INPUT: The Foundation invests grant dollars in strategic non-profit organizations to help food insecure kids get consistent access to food throughout the summer, especially in areas where food insecurity is above the national average.
2. OUTPUT: Non-profit organizations have the capacity to serve more kids more meals (number of sites, meals, and kids served).
3. IMPACT: Communities have more resources to serve more kids, and in the future can apply learning's to expand and bring best practices to scale.

This is only the beginning, as the Foundation continues to build its impact and storytelling tools in a more comprehensive way. The commitment to impact measurement now expands beyond the just the Foundation, to include employee engagement through volunteerism and brand engagement through cause marketing. ConAgra Foods recognizes the value of impact measurement in meeting end goals, such as ending food insecurity, and consciously expanded impact measurement efforts from a practice of the Foundation to an effort embraced by functions across the company.

Inputs	Outputs	Impacts
<ul style="list-style-type: none"> <li>• &gt;\$3.1 million over five years (~\$75k per two-year placement)</li> <li>• Feeding America staff expertise and knowledge</li> <li>• Program curriculum and tools</li> <li>• Technical assistance and capacity building support</li> <li>• Peer learning and mentoring</li> </ul>	<p><b>Community benefits:</b></p> <ul style="list-style-type: none"> <li>• 27 of projected 35 corps members placed in the field from NY to CA</li> <li>• 17 community needs assessments completed</li> <li>• Cohort 1 enabled an increase in the number of meals served by 127% over 2009 among placement sites</li> </ul> <p><b>Leverage:</b></p> <ul style="list-style-type: none"> <li>• Adoption of national Federal Nutrition Assistance Program policies at local level that came of fruition via advocacy efforts of partners such as FRAC, CBPP, NCLR, Share Our Strength, etc.</li> <li>• Garnering additional financial resources to support local food banks (amount unknown)</li> </ul>	<p><b>Community impacts:</b></p> <ul style="list-style-type: none"> <li>• Two cohort 1 members are FTE at food banks</li> <li>• Developing food banks' capacity to start and expand child feeding</li> <li>• Started new program models and expanding existing programs to underserved areas</li> <li>• Increased participation in food bank offerings and Federal Nutrition Assistance programs</li> <li>• Addressing access barriers to reach more children</li> <li>• Deeply rooted in the needs of local communities and has focused on leveraging available resources and partnership development</li> </ul>
	<p><b>Business benefits:</b></p> <ul style="list-style-type: none"> <li>• Press release issued</li> <li>• Article written about ConAgra</li> <li>• Recognition as a leader in Child Hunger; first to fund status</li> <li>• ConAgra Foods Child Hunger Corps branding</li> </ul>	<p><b>Business impacts</b></p> <ul style="list-style-type: none"> <li>• Improved reputation with national and local governments</li> <li>• Improved reputation with non-profit organizations</li> <li>• Seen as a leader in addressing childhood hunger in the U.S.</li> <li>• Social media and blog posts</li> </ul>

## **Merck – Commitment to Corporate Responsibility means Commitment to Impact Measurement**

At Merck, corporate responsibility is a daily commitment to tackle the world's biggest health challenges while discovering better ways to make a positive difference in everything the company does. It is a simple promise that is embedded in the company and informs all individual actions.

One significant component of Merck's commitment to helping the world be well is achieved through charitable giving programs. Combined, Merck and the Merck Foundation contribute approximately \$70 million annually to qualifying organizations whose interests and programs are aligned with the company's strategic priorities in the areas of health, education, and communities.

Like many organizations with a significant charitable giving portfolio, focus on measurement and evaluation at Merck has evolved over the years. As the sophistication of the company's charitable programs has increased, so too has the desire to demonstrate the effectiveness of the programs which they fund.

Today, whether funding a program for \$1,000 or \$5,000,000, Merck works with non-profit partners to develop a measurement and evaluation framework that is appropriate for the program – one that not only measures what goes into the program (such as dollars or units of medication), but also what comes out of the program (such as number of people trained) and what results (such as a reduction in prevalence of a particular disease) will be achieved. As a standard practice with multi-year programs, Merck works with non-profit partners to incorporate dedicated measurement and evaluation resources – both funding and human capital – into the project proposal and budget.

In 2011, the Merck Foundation entered into a partnership with Safe Water Network designed to improve health outcomes with safe water solutions in rural communities in India. The *Safe Water Station Community Initiative* is a three year, \$1.5 million program focused on establishing an evidence base for the cost effectiveness and sustainability of decentralized safe drinking water stations, with a focus on building capacity to address factors contributing to waterborne diseases in water-challenged communities in Andhra Pradesh, Uttar Pradesh and Rajasthan.

In addition to providing the funding for the program, Merck also sent employees serving as Fellows in the company's *Richard T. Clark Fellowship for World Health* program to the Safe Water Network in India. For three months, Fellows from India, Panama, and the United States worked side by side with the Safe Water Network on projects related to establishing a health impact assessment, creating behavior change and demand programs for clean water, and devising a communication and advocacy strategy to promote access and adoption of health and hygiene practices.

As we reflect on the second year of the Safe Water Station Community Initiative and enter into the final year of the program, it is evident that our commitment to measurement and evaluation has benefitted both Merck and the Safe Water Network. From ensuring clarity on project objectives and desired outcomes to providing a framework for discussing challenges and strategies for overcoming them, the shared commitment to measurement and evaluation by both Merck and the Safe Water Network has been critical to the success of the program.

Inputs	Outputs	Impact	
		Short-Term (Measured)	Long-Term (Not Measured)
<p>Funding (\$1.5m)            Employee time:  <ul style="list-style-type: none"> <li>• 5 Merck Fellows, 3 months each</li> <li>• 2 “Interim Fellows”, ~20 hours each</li> </ul> </p>	<ul style="list-style-type: none"> <li>• 8 –12 sites launched</li> <li>• Demand generation programs implemented</li> <li>• Demand generation programs assessed along with health impacts</li> <li>• Outreach/advocacy strategy developed</li> <li>• Findings disseminated through forums and Publications</li> </ul>	<p><b>Households</b></p> <ul style="list-style-type: none"> <li>• Decreased fluoride intake</li> <li>• Decreased incidence of diarrhea</li> <li>• Reduced medical costs</li> </ul> <p><b>Community</b></p> <ul style="list-style-type: none"> <li>• Access to safe drinking water for 30 –50k people</li> <li>• Increased adoption &amp; utilization from demand generation</li> </ul> <p><b>WASH Sector</b></p> <ul style="list-style-type: none"> <li>• Cost-effective demand generation packages</li> <li>• Knowledge sharing &amp; peer review</li> </ul> <p><b>Business (Merck)</b></p> <ul style="list-style-type: none"> <li>• Development &amp; learning for Merck Fellows</li> <li>• Opportunity for engagement with government and WASH sector Visibility for CSR efforts</li> </ul>	<p><b>Households</b></p> <ul style="list-style-type: none"> <li>• Decrease in fluorosis</li> <li>• Increased productivity</li> <li>• Improved livelihoods</li> </ul> <p><b>Community</b></p> <ul style="list-style-type: none"> <li>• Economic growth</li> <li>• Herd effect benefits</li> <li>• Active/functional institution to support station</li> </ul> <p><b>WASH Sector</b></p> <ul style="list-style-type: none"> <li>• More effective interventions</li> </ul> <p><b>Business (Merck)</b></p> <ul style="list-style-type: none"> <li>• Enhanced reputation for corporate citizenship</li> <li>• Deeper engagement with Indian government</li> <li>• Increased trust &amp; value among key stakeholders through commitment to helping India Be Well</li> <li>• Increased knowledge of needs/marketing approaches for “have less” segments that can be applied to Merck’s business</li> <li>• Improved employee morale</li> </ul>

## **PG&E Bright Minds Scholarship Program – Program Overview and Impact Measurement**

Pacific Gas and Electric Company, incorporated in California in 1905, is one of the largest combination natural gas and electric utilities in the United States. Based in San Francisco, the company is a subsidiary of PG&E Corporation.

There are approximately 20,000 employees who carry out Pacific Gas and Electric Company's primary business—the transmission and delivery of energy. The company provides natural gas and electric service to approximately 15 million people throughout a 70,000-square-mile service area in northern and central California.

The PG&E Bright Minds Scholarship Program was developed in 2011 as the company explored ways to enhance and refresh its educational portfolio. Benchmarking indicated that a community scholarship program would serve as solid proof point not only around PG&E's commitment to education but also to its investment in its customers and the long term economic growth of the state, in a particular time when education costs continue to rise. It was, and continues to be, a top area of concern for its customers.

For many years the company and its employees supported academically excellent high school students with scholarships primarily funded by and administered by its Employee Resource Groups (ERG). PG&E decided to develop a company scholarship program to compliment and build on the success of the ERG scholarship program.

The PG&E Bright Minds Scholarship program launched in early 2012, committing to award up to \$1 million in scholarships to students residing within the company's service area. Winners received "full-rides" (up

to \$30,000 a year for up to four years) and finalists received \$2,500. Preference was given to first-generation college students and not only supported graduating high school seniors but also high-need students who have less access to scholarships, such as transfer students and "non-traditionals" (adults 26 and older that are returning to school).

Post program evaluation showcased that the program was the highest performing program among PG&E's portfolio of community programs. Not only did it directly support 100 individuals and families, it also created long-lasting and positive touch points and fostered closer relationships between the company and teachers, administrators, schools, nonprofit organizations, elected officials, community leaders, and employees. The media also covered the program widely, and overall feedback was very positive.

In 2013, after measuring not only the business and community/social outputs but also impacts and return on investment of the program through PG&E's own model as well as LBG's, the company enthusiastically decided to continue the program. Starting in 2012, as part of ACCP's national pilot group on measurement, PG&E has used both models to evaluate the performance of each of its key community programs.

This focus on demonstrating impact and return on investment has been complemented by ongoing opinion research on the increase of favorability of the PG&E brand with higher levels of awareness of PG&E's community and charitable initiatives, of which the Bright Minds Scholarship program is one of the highest performing.

Outputs	Impacts	ROI
<p><b>Community benefits:</b></p> <ul style="list-style-type: none"> <li>• 14,000 people created an account</li> <li>• 8,060 applied for a scholarship</li> </ul> <p><b>Leverage:</b></p> <ul style="list-style-type: none"> <li>• Posters at 300 schools</li> <li>• 108 scholarship sites</li> <li>• Outreach by community partners hosting 10+ events</li> <li>• Integrated ad campaign</li> <li>• Press outreach, Currents, and social media</li> </ul> <p><b>Business benefits:</b></p> <ul style="list-style-type: none"> <li>• Engagement with school, community and government leaders</li> <li>• Surprise company visits for “full ride” winners</li> <li>• Letters to 80 \$2,500 winners</li> <li>• Announcements at major public events like MLB</li> </ul>	<p><b>Community benefits:</b></p> <ul style="list-style-type: none"> <li>• 100 scholarships awarded</li> <li>• 100 students have support to complete their higher education paths and reach their full potential</li> <li>• Nonprofit partners better support communities by promote this program</li> </ul> <p><b>Business benefits:</b></p> <ul style="list-style-type: none"> <li>• Pipeline of top candidates for PG&amp;E internships and jobs</li> <li>• Personal involvement of PG&amp;E top executives increased commitment</li> <li>• Greater exposure of PG&amp;E’s commitment to education</li> <li>• Increased engagements with schools, communities and government leaders</li> <li>• Improved employee morale and pride</li> <li>• Positive publicity</li> </ul>	<p><b>Reputational:</b></p> <ul style="list-style-type: none"> <li>• Over 31 million people reached</li> <li>• 100% of the coverage included mention of PG&amp;E</li> <li>• 32% of the media coverage included a quote from PG&amp;E</li> <li>• 35% of the media coverage included explanation of why PG&amp;E offered the scholarships</li> <li>• 60% of the community relations messages were included in coverage</li> <li>• Over 64,000 people digitally engaged with the content</li> <li>• 79% positive social media sentiment</li> <li>• PG&amp;E mentioned in 85% of social media posts; 47% of the posts included a link to PG&amp;E or Currents</li> </ul>



# Appendices

## Appendices

Appendix 1: The LBG Model – Categorizing Motives for Giving

Appendix 2: Benchmarking the Pilot Participant Companies

Appendix 3: Resources and Tools Evaluation



# Appendix 1:

## The LBG Model – Categorizing Motives for Giving

CATEGORIES	LBG DEFINITION
<p>Indicators of <b>charitable gifts</b></p> <p>If the answer to most of the following questions is “YES”, then the contribution should be categorized as a charitable gift under the LBG model – however large or small.</p> <ul style="list-style-type: none"><li>• Is the contribution in response to an appeal or initiated by a charity or employee on behalf of a charity?</li><li>• Is it worthwhile but does not fit with the community investment strategy?</li><li>• Is it unlikely to be repeated on a regular basis?</li><li>• Is reliance placed solely on the charity’s good faith that the money is well spent, rather than through defined alternative systems to measure outcomes?</li></ul>	Intermittent support to a wide range of good causes in response to the needs and appeals of charitable and community organizations, increasingly through partnerships between the company, its employees, customers and suppliers.
<p>Indicators of <b>community investment</b></p> <p>If the answer to most of the following questions is “YES”, then the contribution should categorized as community investment, even if the sums involved are initially small (although on the whole they tend to be much larger than charitable gifts).</p> <ul style="list-style-type: none"><li>• Is the contribution one of the target areas for community involvement chosen by the company for its importance to the business, thus part of the strategy?</li><li>• Is it part of a longer term partnership with one or more community-based organizations?</li><li>• Is it linked into some sort of systematic reporting of outputs?</li><li>• Is it a major commitment of resources?</li></ul>	Long-term strategic involvement in community partnerships to address a limited range of social issues chosen by the company to protect its long-term corporate interests and to enhance its reputation.
<p>Indicators of <b>commercial initiatives</b> in the community</p> <p>If the answer to most of the following questions is “YES”, then the contribution is a commercial initiative in the community. However the distinction between this category and core business activities can be a fine one. To count, the activity must be voluntary, not mandated by law or other regulation. It must have clear charitable purpose, with a net transfer of resources from the company to the ultimate beneficiaries.</p> <ul style="list-style-type: none"><li>• Is the contribution from a line management budget, such as marketing, public relations, promotions or sponsorship, rather than the community budget?</li><li>• Is it targeted at an issue of immediate commercial importance to the interest or image of the business or industry?</li><li>• Does it seek a competitive or other form of advantage for the company?</li></ul>	Activities in the community, usually by commercial departments, to directly support the success of the company, promoting its brand identities and other policies, in partnership with charities and community-based organizations.



## Appendix 2: Benchmarking the Pilot Participant Companies

Company	Topic	Key Project Focus	Project Stage
<b>Amway</b>	Hunger	Nutrilite® Little Bits Program providing micro nutrient packets to address childhood hunger and malnutrition, already using results from the pilot program and plans to use LBG model for programs around the world	Established
<b>Cisco</b>	Education or Workforce Development	Looking at a couple of options, one local focus on STEM in San Jose County, one global professional development program	Established
<b>The Coca-Cola Company</b>	Higher education	The First Generation Scholarship Program signature program that provides scholarship to full time students who are the first in their immediate family to attend college and demonstrate financial need.	Established
<b>ConAgra Foods</b>	Hunger	Hunger Free Summer working with Feeding America to address the needs millions of children during the summer, when time away from school means not knowing where they will get their next meal	Established
<b>The Dow Chemical Company</b>	Education – STEM	Working with National Science Teachers Association (NSTA) to address high turnover rate and limited content knowledge among science teachers	Established
<b>FedEx</b>	Environmental Sustainability	EarthSmart Outreach program with National Fish and Wildlife Foundation and local grantees that focuses on urban conservation and restoration projects across the United States.	Established
<b>Goodrich Corporation*</b>	Workforce Development	Charlotte Bridge Home Program –helping veterans return to work, using LBG model to outline data	New
<b>The Hartford</b>	Education	Looking to aggregate education investments, LBG model already filled out for individual programs	Established

\*The Goodrich Corporation has been acquired by United Technologies Corporation.  
This acquisition closed in July 2012.

<b>Company</b>	<b>Topic</b>	<b>Key Project Focus</b>	<b>Project Stage</b>
<b>Hasbro, Inc.</b>	Education	Hasbro Summer Learning Initiative – United Way Rhode Island	Established
<b>ING, US</b>	Education and Youth Financial literacy	Partner with Girls Inc. for Investment Challenge teams of girls ages 12-18 build and manage diversified, real time portfolios as part of an integrative investment and economic literacy curriculum	Established
<b>KPMG LLP (US)</b>	Financial Literacy	Look at complimentary programs aimed at increasing student achievement in middle school and high school based upon improved financial knowledge and basic understanding of accounting.	Established
<b>Merck &amp; Company, Inc.</b>	Health	Safe Water Station Community Initiative improving health outcomes by bringing safe water solutions in rural communities in India	Established
<b>Pacific Gas &amp; Electric Company</b>	Education	Bright Minds Scholarship Program awards scholarships to students residing within the company's service area, with preference given to first generation college students and high need students who have less access to scholarships	Established



# Appendix 3: Resources and Tools Evaluation

## Assessment Process

ACCP has implemented a systematic process for assessing the strengths and opportunities for improvement associated with implementing the LBG model and begun to identify potential next steps in the ACCP/Corporate Citizenship partnership, including:

- Initial baseline survey of participants' measurement interests
- Workshop monitoring (ongoing feedback – workshops 1-3)
- One-on-one interviews
- Interim satisfaction and feedback survey

## Preliminary Summary Results

Participants in the pilot project have embraced the LBG model as a viable solution to their measurement needs, though there is a general appetite for reducing the demands of implementation.

Survey results: Number of responses (N) = 6; Respondents rated each category on a 1-10 scale, then described specific strengths and opportunities for improvement. General findings were consistent with individual interviews.

**Content - 7.5**



**Delivery - 6.8**



**Value of Results - 6.7**



**Ease of Use - 6**



## Resources and Tools

In response to these findings, ACCP has begun the process of developing the following resources in partnership with Corporate Citizenship and with the support of True Impact:

- ACCP will provide training on the LBG model, for both corporate members and their non-profit partners, to teach the concepts and tactics necessary for successful implementation leveraging ACCP's new and existing training platforms.
- As a result of member concerns and interest, ACCP, with support from True Impact, explored the possibility of creating an online tool to collect impact data for management and reporting purposes. Ultimately, it was not deemed necessary for there to be an LBG online tool. However, there is interest in building a tool that would improve NGO data gathering to the corporation.

This online tool development will be explored in further detail by ACCP and True Impact. The pilot group felt that an online tool would need to meet the following needs to be effective:

- It must help facilitate the process of gathering data from non-profit partners that is consistent with the principles of the LBG model.
- It must reinforce the reporting interests of our corporate membership and complement members' existing (and varied) grants management tools.
- It should leverage True Impact's successful ROI Tracker data collection initiatives.

As this tool would need extensive research and planning to implement, further exploration is needed prior to giving actual parameters for the tool or a timeline. ACCP and True Impact will work towards this goal and report back to the pilot participants at a future date.

Content	Delivery
<ul style="list-style-type: none"> <li>• Thorough (4)</li> <li>• Clear (1)</li> <li>• Simple (1)</li> <li>• Consistent w/other logic models (1)</li> <li>• Useful framework for metrics/ROI (1)</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of presenters / technical assistance (3)</li> <li>• Simple, clear instructions (1)</li> <li>• Peer interaction (1)</li> <li>• Model itself (1)</li> <li>• Structure of each workshop (1)</li> </ul>
Ease of Use	Value of Results
	<ul style="list-style-type: none"> <li>• Model (simple, valuable) (5)</li> </ul>
	<ul style="list-style-type: none"> <li>• Standardized tool (2)</li> <li>• Common understanding with NGOs / catalyst for ROI conversations (2)</li> <li>• Ensures outcome-orientation (1)</li> <li>• Use as a planning tool (1)</li> <li>• Industry standard/credibility (1)</li> </ul>

## Additional Feedback

Participants in the pilot program added additional feedback, including:

- “Simplify as much as possible.”
- “It’s hard in a series of very short workshops to get into all of the nuances.”
- “It can be overwhelming.”
- “I wish I was allotted more time from senior management to spend on this project.”
- “Our greatest limitation has been finding time to devote.”

Companies also added resource requests, including:

- “A “wizard” that walks you through the completion of the chart with questions to get you thinking and gathering data and info.”
- “A tool that produces the Inputs/Outputs/Impacts chart for an organization would be helpful for internal communications.”
- “Preparing a “cliff notes” version might help get people over the hurdle of feeling like they have to work through 70 pages of “input” information.”

**We would like to acknowledge the following participants in the LBG Pilot Program:**

**Kristen Bovid**

**Corporate Citizenship Program Manager**

*The Dow Chemical Company*

**Julia Chicoskie**

**Program Advisor**

*FedEx*

**Kelly Chopus**

**Former Director of Community Relations**

*Goodrich Corporation*

**Rose Jackson Flenorl**

**Manager, Global Citizenship**

*FedEx*

**Brian Grill**

**Executive Director**

**Office of Corporate Philanthropy &**

**The Merck Company Foundation**

*Merck & Company, Inc.*

**Rosa Ray**

**Manager, Metrics & Reporting**

*The Coca-Cola Company*

**Kori Reed**

**Vice President, Foundation and Cause**

*ConAgra Foods*

**Candy Becker**

**Foundation Coordinator**

*ConAgra Foods*

**Sarah Sasaki**

**Senior Manager, Community Relations**

*Pacific Gas & Electric Company*

**Amy Springsteel**

**Director of Corporate Responsibility**

*ING, US*

**Rhonda Mims**

**President**

*ING Foundation*

**Jesse Hertstein**

**Senior Corporate Citizenship Specialist**

*Amway*

**Sandra Wheatley**

**Director Global Community Affairs**

*Cisco*

**Karen Davis**

**Vice President, Community Relations**

*Hasbro, Inc.*

**Lori Bessette**

**Grants Manager**

*Hasbro, Inc.*

**AnnMarie LaBreck**

**Director, Corporate Social Integration**

*The Hartford*

**Morgan Sones**

**Director of Community Investments**

*The Hartford*

**Anne Gross**

**Director**

*KPMG, LLP*

**Megan Bracken**

**National Director of Corporate Citizenship**

*KPMG, LLP*

**Technical Advisor**

**Farron Levy**

**President & Founder**

*True Impact*

Additionally, we would like to thank KPMG, LLP for hosting workshop meetings and providing in-kind support throughout the pilot program.

## Staff Contributors:

ACCP

**Mark Shamley**

President & CEO

ACCP

**Melinda Bostwick**

Vice President, Member Services

ACCP

*Corporate Citizenship*

**David Logan**

Co-founding Director

*Corporate Citizenship*

**Megan DeYoung**

Director

*Corporate Citizenship*

**Linnea Texin**

Consultant

*Corporate Citizenship*

