

Measuring Community Impact

Canadian corporations are making significant investments in their communities through corporate community involvement programs. As companies, their shareholders and other stakeholders become increasingly interested in the effective management of social and environmental performance, they also seek assurance that corporate community involvement programs are generating the greatest possible impact and return on investment. As a result, businesses recognize that they need to introduce a results-based framework to measure the return on their community investments.

While the desire to measure the business and community benefit of corporate community involvement programs is growing, there are no commonly accepted measurement frameworks available. This briefing proposes a standard framework for the measurement of community impacts.

There Is No Single Community Impact Metric, but Rather a Standard Framework

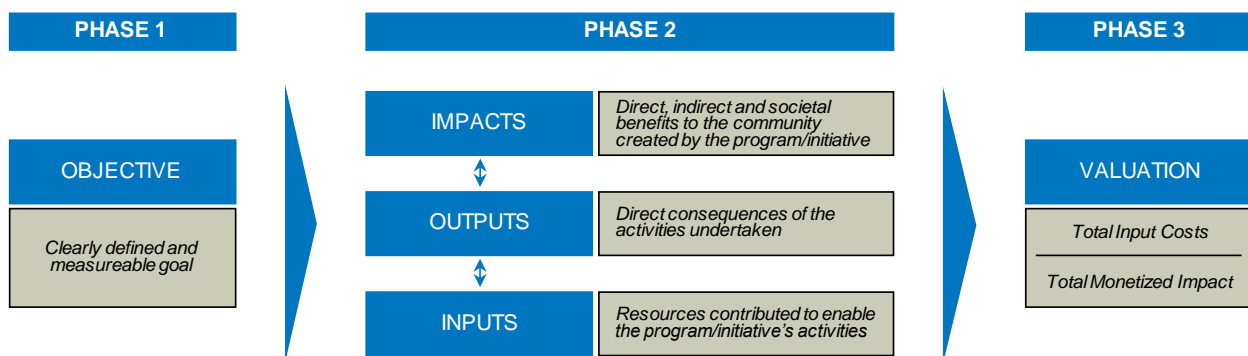
Unlike the environmental and economic domains of corporate social responsibility, which have evolved common metrics (e.g., carbon dioxide equivalent emissions, net-income-before-tax, etc.), the social domain of community impact measurement is still emerging. Despite the work in this area, there is currently no single community impact metric that can be used to calculate and compare community benefit. The activities of companies, the objectives of community impact measurement and the impacts to be included in measurement will be different for each individual company.

Instead, CBSR's review of existing research¹ has led to the development of a standard framework that can be used across companies and sectors to measure community impacts. The adoption of a standard measurement framework will help companies to focus on their community objectives, determine the most appropriate input and output measures to support their programs, and assess their own impacts relative to their unique goals. Monetizing those inputs, outputs and impacts allows companies to quantify the value of their community involvement programs and to demonstrate their community return on investment.

CBSR's Community Impact Measurement Framework

CBSR's Community Impact Measurement Framework provides a 3-phase approach to determining the community impact of a company's corporate community involvement program.

- **PHASE 1** – Define the program objective(s)
- **PHASE 2** – Identify and monetize the desired program impacts and determine the required program inputs and outputs
- **PHASE 3** – Value the effectiveness of the program (compare program costs to impacts)



Key Learnings:

- The identification of impacts is an iterative process; it requires recognition of the relationship between impacts, outputs and inputs
- Do not allow inputs to drive impacts; first determine what the desired community impacts are and then work backwards to determine the required outputs and inputs
- There may be many community benefits; determine which direct, indirect and societal benefits are most important to the business and can be most easily monitored
- Monetizing impacts requires assumption setting; not all data has been monitored, collected or is available – reasonable estimations may be initially required
- Valuation allows companies to understand the relative impact of different programs or demonstrate the community impact to internal decision makers or external sponsors

¹ - Among many sources, we were influenced by the measurement processes utilized by international development and aid organizations as well as – "Creating Social Impact: Strategic Use of Resources in the Social Sector" (The Boston Consulting Group), "Corporate Social Performance - From Output Measurement to Impact Measurement" (Karen Maas), "Measuring What Counts - Establishing a best practice approach for the management, valuation and performance measurement of corporate contributions to the sustainability of Canadian communities" (Stephanie Robertson)

A Practical Application

To illustrate CBSR's Community Impact Measurement Framework, it has been applied to Farm Credit Canada's (FCC) flagship corporate community involvement program, *Drive Away Hunger* (DAH). The diagram below outlines how FCC is able to breakdown some of their community benefits (direct, indirect and societal) and monetize the impacts to the community. It should be noted that there may be other community benefits, but for the purposes of this example a limited set are used.

The calculation and monetization of community benefits initially requires making several high-level assumptions—as it likely will with any company attempting to convert its input and output measurements into impact measurements. However, companies can work with their community partners and internal departments over time to monitor and collect the appropriate empirical data to more accurately report their community impact.

Measuring Community Impact				
1	OBJECTIVE	Mobilize Canadian communities to contribute 1 million pounds of food to food banks at national, provincial and local levels with a focus on those supporting rural Canada		
2	INPUTS	Hard Costs to Run the Program + In-kind Contributions + Employee Time + Allocated Management Costs	\$ x	
	OUTPUTS	Total Food Collected by FCC through DAH <i>(Actual food donations and a cash-conversion calculation)</i>	1.6M lbs	
	IMPACTS	<i>Impact Monetization</i>		
	Direct Benefits	Value of the meals served to people by food banks due to food donation efforts coordinated by FCC	$\text{Number of People Assisted By Food Banks Across Canada per Year} \times \frac{\text{FCC's Food Contribution}}{\text{FBC's Total Food Supply}} \times \text{Average Cost of a Meal in Canada}$ <small>FBC – Food Banks Canada</small>	\$ a
	Indirect Benefits	Value of the time required to coordinate a comparable food drive and corporate fundraising program	$\text{Average Salary of a Fundraising Professional (with a \$100-250k goal)} + (\text{Number of Hours Required to Coordinate the Program} \times \text{Hourly Wage of Third Party Organizers})$	\$ b
Societal Benefits	Reduced health care system costs as a result of a reduction in the number of doctor consultations required by Canadians who were previously less healthy due to their inability to afford healthy and sufficient amounts of food	$\text{Health Care Costs of People on S.A.} \times \frac{\text{\# of People on S.A. Assisted by DAH}}{\text{\# of S.A. Recipients in Canada}} \times \text{Reduced Doctor Consultation Factor}$ <small>S.A. – Social Assistance DAH – Drive Away Hunger</small>	\$ c	
TOTAL IMPACT		$= \text{Direct } \$ a + \text{Indirect } \$ b + \text{Societal } \$ c =$	\$(a + b + c)	
3	VALUATION	$= \frac{\text{INPUT } \$ x}{\text{TOTAL IMPACT } \$ (a + b + c)} =$	x : (a + b + c)	

Community impact measurement helps companies move beyond input and output reporting to meaningfully communicate the impacts of their efforts, addressing the often asked "so what?" question. Measuring the community impact of corporate community involvement programs also allows companies to compare the effectiveness of their portfolio of community programs against one another. Holding the same set of assumptions true across a set of programs establishes a consistent baseline for comparison and allows companies to understand where and how to focus their efforts to create maximum community benefit.

Whether an organization chooses to measure community impact for internal purposes or external reporting, better understanding program impacts offers companies tremendous opportunity to create and improve long-term community benefit.

CBSR's Community Impact Measurement Framework was developed by Blake Connoy and Andrea Baldwin, advisors at Canadian Business for Social Responsibility (CBSR). Using the framework, CBSR is pleased to support companies through:

- Analysis of their existing corporate community involvement programs;
- Support in designing corporate community involvement programs that deliver strong community impact; and/or
- Workshop facilitation to help apply CBSR's framework in the context of existing metrics and measurement systems.

For more information about how CBSR can support your organization please contact:
Blake Connoy at blake@cbsr.ca or 416-703-7435, ext. 230.

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