measurement
demystified

Determining the Value of

Corporate Community Involvement

THE CENTER
FOR CORPORATE
CITIZENSHIP
AT BOSTON COLLEGE

WHERE LEADING CORPORATIONS BECOME COMMUNITY LEADERS.

APQC ®
AMERICAN PRODUCTIVITY
& QUALITY CENTER

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Foreword

Over the last 20 years community involvement (CI) has evolved from an add-on activity to a bona-fide line function with bottom-line accountabilities. Like any other business line, it's expected to add value. For community involvement, however, adding value means creating a win-win situation — increasing the returns on investments for both the company and the community.

The challenge for CI managers — obligation even — is to establish rigorous and effective measurement processes. But CI is about intangibles: relationships, reputation, and responsibility. How does one measure a company's performance in these areas?

The Center for Corporate Citizenship at Boston College and the American Productivity & Quality Center (APQC) looked to the best companies in the field to help answer these questions. We examined the performance and measurement systems of our seven best-practice partners, identifying and deconstructing their outstanding practices.

Measurement Demystified: Determining the Value of Corporate Community Involvement presents the findings of our benchmarking study and organizes the lessons of other companies into a constructive framework for measuring value, rounded out with real-life examples of these processes in action. It is our wish that you use this report for guidance, reference, and, above all, inspiration.

Sincerely,

Bradley K. Googins, Ph.D.
Executive Director
Boston College Center for
Corporate Citizenship

Dr. C. Jackson Grayson
Founder and Chairman
American Productivity
& Quality Center

Preface

In 1998, The Boston College Center for Corporate Community Relations set out with the American Productivity and Quality Council (APQC) to identify the most effective approaches to community involvement. The resulting report, *Community Relations: Unleashing the Power of Corporate Citizenship*, broke new ground by establishing benchmarks for the field. The study also revealed organizational weaknesses in corporate community involvement. The most striking one was measurement. Almost universally, corporations were struggling with how to determine the impact of their CI programs in systematic and comprehensive ways.

Shortly after that report was published, the renamed Center for Corporate Citizenship at Boston College again joined up with the APQC to pick up where the previous study left off. Our goal: to demystify the measurement process.

Measurement Demystified: Determining the Value of Corporate Community Involvement does that by incorporating the findings of our benchmarking study, lessons from best-practice organizations, and the insights and frameworks from leading thinkers. It is a common-sense, five-step approach to measuring the value of community involvement. This report is divided into the following steps:
- Setting strategic goals
- Designing framing questions and measures that provide answers
- Keeping records
- Measuring value using a system that works
- Revising and updating strategic goals

Along with instructions and advice for each step are examples and data from leading companies. The report emphasizes the importance of building measurement into programs from the beginning to ensure that results don't slip by unnoticed at the end. We also pay attention to one of the major sources of tension in measuring the impact of community involvement: how to balance the appeal of a rigorous approach to measurement, which is often complex and resource-intensive, with the appeal of a practical approach, which is more open to criticism.

By following the guidelines in this report, and with proper planning and a commitment to measurement up front, community involvement managers will not only know what is and isn't effective, they'll be able to demonstrate to others the value of their programs.

MEASUREMENT DEMYSTIFIED: DETERMINING THE VALUE OF CORPORATE COMMUNITY INVOLVEMENT

Consortium Benchmarking Study

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ABOUT THE CENTER FOR CORPORATE CITIZENSHIP AT BOSTON COLLEGE

The Center for Corporate Citizenship at Boston College, a part of the Wallace E. Carroll School of Management, has 350 corporate members. The mission of the Boston College Center is to provide leadership in establishing corporate citizenship as a business essential.

The Center is world renowned for its Executive Certificate Program in corporate community relations. A thought leader, its "Standards of Excellence in Corporate Community Involvement" has been endorsed and adopted by leading corporations, senior executives, community relations professionals, and opinion leaders.

For more information, or to contact The Center, please see the organization's home page at www.bc.edu/corporatecitizenship.

ABOUT THE AMERICAN PRODUCTIVITY & QUALITY CENTER (APQC)

For more than two decades APQC has remained steadfast in its mission of working with people and organizations around the world to improve productivity and quality. A nonprofit organization supported by nearly 500 companies, government organizations, educational institutions, APQC:

• Discovers, researches, and understands emerging and effective methods of both individual and organizational improvement.
• Broadly disseminates its findings through education, advisory, and information services.
• Connects individuals with one another and with the knowledge, resources, and tools they need to successfully manage improvement and change.

APQC has become a world-renowned resource for process and performance improvement for organizations of all sizes across all industries. It provides the tools, information, expertise, and support needed to discover and implement best practices in a variety of areas.

For more information, or to contact APQC, please see the organization's home page at www.apqc.org.

STUDY SPONSORS

This consortium brought together diverse organizations with common needs for improvement.

The study's sponsors are:
Arch Chemicals
Clarica
Compaq
Enron
Duke Energy
GPU Energy
Kaiser Permanente
KeySpan Corporation
NSTAR
SAFECO
Salt River Project (SRP)
Texas Utilities and Gas
Washington Dental Service

BEST-PRACTICE PARTNER ORGANIZATIONS

The sponsors of this consortium benchmarking study selected the following organizations as best-practice partners in the study.

The selection process involved evaluating the responses from all organizations that completed a study screening survey and comparing their measurement initiatives with the best-practice criteria.

The best-practice partner organizations that participated in the study are:
3M
IBM
Petro-Canada
PPL
Prudential Insurance
Sears, Roebuck & Co.
Suncor Energy Inc.

I. Setting Strategic Goals

Our first charge in community resources is to do good, and after that comes doing well. I want people to understand that our programs have to have substantive social content, or they don't happen.

Mary O'Malley
Vice President of Local Initiatives, Prudential

As corporate community involvement evolves from a side function to a core business strategy, firms are under pressure to demonstrate that their investments in the community are paying dividends. Yet, measuring the value of what often boils down to as relationships remains mystifying to most people in the field. How does one even begin to calculate the worth of a community outreach project or an employee volunteer program? To answer simply: begin before you start. Prior to launching a new initiative, decide what results you want to achieve. It's surprising how many companies don't do this. Take the case of one large manufacturer that wanted to identify how its community involvement supported human resource goals such as employee retention and morale. After contracting with an external research group to assess employee awareness of and involvement in the company's community programs, it quickly became clear that the programs had not made a difference. The CI department had never intended to support HR, so it didn't design pro-

grams or allocate resources that might support HR objectives. CI lacked a formal volunteer program. It didn't communicate its programs internally or solicit employee opinions and concerns. Given this, it's not surprising that employees were almost universally unaware of the company's community programs and did not know what the company stood for as a corporate citizen. In fact, external community representatives knew more about the company's efforts than its own employees. For the small numbers who were aware of the company's efforts in the community, the survey demonstrated a positive connection among awareness, employee morale, and commitment to remain with the company.[1] The lesson from this story is that community relations too often relies on luck and "happy accidents" to create business value. Thus, the most important part of the process of creating and measuring value starts at the outset of planning strategies, programs, and activities.

[1]Boston College Center for Corporate Community Relations. Executive Summary of Employee Assessment of Corporate Image and Organizational Commitment. Boston, Mass. 1996.

SUMMARY MISSION STATEMENTS

3M "In the spirit of 3M's corporate values, we seek to build trust and enhance 3M's reputation as an innovative, caring company. We support and inspire innovation that will strengthen education and life in 3M communities through active partnerships, contributions, and volunteerism."

IBM "To help people use information technology to improve the quality of life for themselves and others."

Petro-Canada "As a leader in Corporate Social Responsibility, we strengthen Canada through strategic, innovative community investment that supports both the community and our business. We do this with: Integrity, Caring, Accountability, Teamwork, and Pride. In accordance with our social vision, which guides our Community Investment activities, we are investing our energy to develop Canadian talent, expertise and innovation through education."

PPL "Contribute to corporate earnings growth by improving the economic vitality and quality of life of the communities we serve. Strengthen PPL's positive image to enable cost effective operations."

Prudential "To make a difference in our local communities by empowering them to be Ready to Learn, Ready to Work, and Ready to Live."

Sears "Help make Sears a compelling place to shop, work, and invest."

Suncor Energy "To maintain and improve the quality of life in society, particularly in communities where its employees work and live, by investing in communities, encouraging employee volunteerism, and building mutually beneficial relationships with stakeholders."

DEFINE IN WRITTEN POLICY STATEMENTS HOW THE COMMUNITY INVOLVEMENT FUNCTION WILL CONTRIBUTE TO BUSINESS GOALS

These will take the form of strategic goals, which should specify their intended impact on the business and on the community. The goals should also work to shape plans, programs and activities.

It's possible to design community programs that serve the business and have little or no benefit for communities. Organizations that focus first on achieving real and positive outcomes in communities end up with initiatives that optimize business benefits and create a sustained impact rather than a one-shot deal. The following companies concentrate on making a measurable difference in the quality of life for their key communities:

GOOD PRACTICE COMPANY EXAMPLES

IBM: Through its work on Reinventing Education, IBM is working to improve student reading, math and science skills; enhance teacher training; and improve the quality of school operations. At the same time, the corporation has set ambitious goals to lead education and school reform both in the US and abroad.

Prudential: Prudential has launched an initiative called the Prudential Neighborhood Partnership to use a holistic development approach to regenerate six distressed communities in the United States. The company's focus is to be an effective change agent, which promotes neighborhood development through resident empowerment.

3M: 3M is actively working with county governments, human service departments, and nonprofits to promote workforce development and welfare-to-work programs in St. Paul, Minn., through the Community Employment Partnership. The company is also working to improve the quality of life in St. Paul by supporting high quality urban design through the Riverfront Corporation Design Center.

Petro-Canada: Petro-Canada's program, Climate Change Action: The Job Begins at Home, aims to work with its communities to reduce household greenhouse gas emissions. Also, to help answer Canadians' questions and concerns about cancer, Petro-Canada made the largest donation to the Canadian Cancer Society to fund its toll-free line.

PPL: Through its department of Economic Develop-

FIGURE 1
PRIMARY GOALS OF COMMUNITY INVOLVEMENT PROGRAMS

Goals	Overall % Agreed	Telecom Utilities % Agreed	Insurance/ Finance % Agreed	High Tech % Agreed	Chemical/ Oil /Gas % Agreed	Other Sectors % Agreed
1. Enhance reputation	97	100	100	100	75	100
2. Address community needs	87	75	80	75	100	100
3. Address company values	63	38	80	75	50	78
4. Respond to stakeholders	63	75	20	25	100	78
5. Preserve corporate license to operate	53	63	40	25	75	56
6. Address employee comm. needs	47	75	20	75	25	33
7. Recruit/Retain employees	37	0	40	100	25	44
8. Augment client marketing	30	38	20	50	0	33
9. Respond to government regulations	20	38	20	0	25	11
10. Augment business marketing	13	0	0	50	5	0

n = 30

FIGURE 2 AVERAGE SCORES ON GOAL-SETTING PROCESS		
ASPECTS OF GOAL SETTING	BEST PRACTICE GROUP	REMAINING BENCH GROUP
CI strategy meets the needs of communities	3.63	3.00
There is a written strategic plan for CI	3.38	2.95
CI goals align with business goals	3.50	3.09
Continuous process of improvement of CI strategy and operations	3.13	3.00

Scores are based on the following scale: 1=poor, 2=fair, 3=very good, 4=excellent

ment, PPL encourages corporations to relocate to PPL territory thus bringing numerous job opportunities to its communities.

Sears: Sears is helping to prepare women in challenging situations to enter the workforce through its Fashion Takes Action program. With its recent commitment to the American Red Cross National Disaster Relief Fund, Sears has helped numerous families get back on their feet after ice storms, tornados, and hurricanes.

Suncor: Suncor's community involvement efforts have sought to develop relationships with the company's aboriginal communities to promote employment opportunities and to increase the total value of aboriginal business contracts. The company is also working to ensure that the best health care is available for its

employees, their families, and the community in Fort McMurray by supporting the Northern Lights Regional Health Foundation.

SET GOALS
The Goal-Setting Process
By taking a rigorous planning approach to goal setting, you place your company in a prime position to create, measure and demonstrate value added to the business and community.

Key steps to goal setting:
• **Gather data**
• **Make choices**
• **Gain internal support**
• **Develop and test ideas**
• **Implement**

Gather Data
Fundamental to good strategic planning is fact-based management — collecting information that helps managers make informed decisions.

Strategic goals should clearly define the anticipated outcomes of the function. Figure 1 shows the study partners' strategic goals. These goals will be determined, to a large extent, by the nature of the company's industry. In this study, for instance, partners in the high-tech sector unanimously selected recruiting and retaining employees as one of their top two community involvement goals, whereas those in the chemical, oil and gas sector unanimously selected "responding to stakeholders" as one of their top two goals. Companies in the telecommunications and utilities and in the chemical, oil, and gas sector are more likely than others to set

The Goal-Setting Process

The good practice companies in the study engage in formal data collection processes to set goals. This process points companies to opportunities while helping them steer clear of potential risks.

Suncor Energy's top executives and community relations managers assessed the new strategic direction of its business and matched it with detailed consultations from key community stakeholders in its extensive stakeholder research project. They designed this project to assess stakeholder opinion, to gauge business impact, and to validate Suncor's involvement in the community. By measuring gaps between community attitudes and business intentions, Suncor could identify and anticipate issues of concern to the community, assign priorities and leverage opportunities to meet stakeholder expectations, alleviate concerns, define and deliver key messages, allocate resources, and establish performance measures.

IBM began a strategic redesign of its CI function by conducting detailed surveys of employees, shareholders, and customers, and linked this to the company's developing business directions.

Sears surveyed each of its associates and organized focus groups with district and store managers to help define a direction for the company's community involvement activities. Understanding associate needs and expectations, the CR department decided to adopt "volunteerism" as the unifying CR theme instead of focusing on one or two specific issues. The company also utilizes several survey forms to document associate volunteer efforts in the community under the Sears Good Life Alliance.

Prudential goes through a similar process every three years or so to update its CR strategy. The CR department convenes outside organizations into groups to help Prudential identify issues of concern. The department also surveys internal stakeholders and organize focus groups of employees to decide where the company can best help the community. Surveys are also utilized to document volunteer hours and projects and to assess customer awareness and support for Prudential's community initiatives.

3M utilizes the feedback and advice of its 200 employees organized in Employee Advisory Committees. Also, the company conducts broad surveys of its employees. It uses the results for planning purposes, and to measure the reputation of the company with this critical stakeholder group. On occasion, 3M also asks a research firm to survey the company's reputation in the community and solicits the help of students at the Carlson School of Management at the University of Minnesota to survey 3M's grantees, competitors, and community members.

"preserving the corporate license to operate" as their primary community involvement goal.

These goals tell managers how the function will create a mutually reinforcing relationship between community interests and business interests. To do this, the data collection process should be used to clarify two broad factors:

- Community interests
- Business interests

One example of this idea comes from SAFECO Insurance. Recognizing a need to increase insurance coverage and financial services in low-income neighborhoods, SAFECO designed a community involvement initiative called Urban Initiatives. First tested in three different regions, Urban Initiatives' goals are:

- To increase SAFECO's market share of policies written in traditionally urban markets.
- To support community improvements in order to reduce losses.
- To tap into women, minorities and ethnic populations for employee and agent recruitment.
- To enhance SAFECO's reputation and build corporate visibility, enabling it to sell more policies.

The program is designed to meet the needs of the business as well as the community. It fills a need and provides a previously lacking affordable service. In doing so, SAFECO is pursuing a strategy to enhance the quality of life in key communities by adding to the vibrancy of institutions, increasing the employability and entrepreneurial opportunities for residents, and promoting and increasing safety. At the same time, the

company is pursuing a strategy that it believes will create a new, profitable niche market.

Data collection should shed light on the dynamics of the business/community relationship, giving managers perspective on the community's needs and its perceptions of how the company can address them. Specifically, collected data should help to answer questions about the following:

- **Attitudes:** What are the attitudes of the community toward the company? Are they generally favorable or unsupportive?
- **Expectations:** What are the expectations of the community? What type of involvement does the community expect from the business?
- **Awareness:** How aware is the community of current involvement? How does the community evaluate this involvement?
- **Needs:** What are the community's critical needs? Where does the community suggest that the company can best contribute?

Focused data collection serves as an assessment of external relationships. This differs from a traditional needs assessment which might, for example, identify that in certain key communities, crime and violence is the most important issue, and in others, traffic and growth are the top concerns. Looking only at this broad needs assessment, a business may miss the growing tensions and negative perceptions around the company's environmental impact, its lack of support for welfare-to-work, its record on equal opportunity hiring, or its non-existent leadership on the digi-

FIGURE 3

BALANCING COMMUNITY INTERESTS WITH BUSINESS INTERESTS

FINANCIAL COMPANY	HIGH-TECH COMPANY
Top Business Issues • Diversification of the business • Recruiting and retaining talent • Managing growth • Global expansion • Maintaining innovation • Planning and response to potential economic downturn • Internet presence • Building brand and reputation	**Top Business Issues** • Workforce shortage • Global human rights • Digital divide • Reaching markets beyond the "high end" customer • Becoming a global company • License to operate • Product safety • Privacy • Innovations and R&D • Employee retention • Building a strong brand • "Silo-like" culture • Being fast • Leadership supply – who is our next generation of leaders? • Increased competition – especially in the marketing/communications arena and especially in HR recruitment/retention
Top Social Issues • Economic trends and demographics and expanding workforce needs • Increasing regulatory activity (e.g. CRA, predatory lending) • Increasing disparity between haves/have-nots • Globalization • Diversity • Opportunities to brand company through community involvement	**Top Social Issues** • Digital divide • Privacy in the information age • License to operate • Increased pressure from interest groups • Environment • Diversity and equal opportunity pertaining to women and minorities • Globalization • Community development in less developed countries • Human rights • K-12 education • Higher education and graduate schools • Safety • Crime

tal divide. It could also miss opportunities to form strong relationships with key stakeholders that encourage win-win involvement such as promoting stronger schools, work force development, or economic development.

Use data to align business goals and community needs
Once you have collected data from the community interests and needs assessment, match it to your business goals. Specifically, identify:
• Key business goals of important line and support functions.

- Longer term (two- to three-year) strategic goals and key business or market challenges. This will spark creative thinking about whether and how core business issues link to community needs.
- External threats and opportunities that could influence, for better or worse, the company's ability to meet its business challenges.

Figure 3 provides examples of this type of analysis from Boston College's work with a financial company and a high-tech manufacturer.

This process will show you how social issues affect core business challenges. The financial firm in figure 3, for instance, will see how its workforce development, growth, customer-base expansion and brand tie into issues of diversity, increased regulation, and new market development. The high-tech manufacturer views the digital divide as both a core business challenge and a community issue because of its fundamental need to attract and retain skilled lineworkers. Ultimately, this process helps the company identify

ALIGNING BUSINESS GOALS & COMMUNITY NEEDS
THREE EXAMPLES

One of Sears' goals for community relations is to support its associates (i.e. employees). It has worked to implement this goal by seeking the input and guidance of its associates to direct Sears' involvement in the community. Sears conducts associate surveys to solicit their opinions on the direction of community involvement and associates' attitudes towards the company as a corporate citizen. Community relations staff have pursued this with the blessing and support of HR. HR understands and supports employee involvement in supporting its core business objectives.

At PPL, the economic development and community affairs department supports key departments and business lines. This requires the department to convince other departments and business lines to budget for its support services. The economic development and community affairs managers seek support for their operations by demonstrating that their operations can add value by leading to new business generation, protecting the license to operate, and supporting the development of new services.
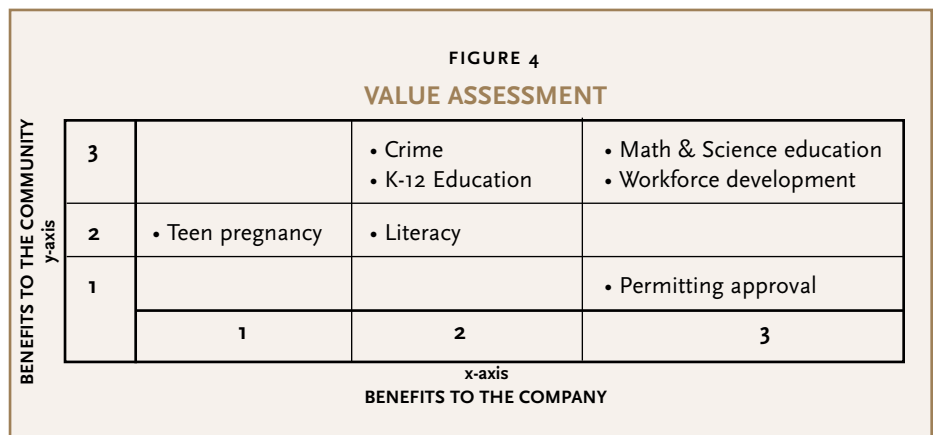
Prudential's CR department has a formal relationship with the local sales department. They work together to set goals and objectives for the CR department in terms of supporting and generating sales and to set the criteria for what constitutes a sale that CR could claim as a result of its activities.

efforts to support the training and development of low-income individuals and to enhance its relationships with women-owned and minority-owned suppliers.

Make Choices

The data collected should yield a wealth of information that will help you make decisions about your CI activities. The down side is that the sheer amount of information can be overwhelming. Sometimes the data points to obvious answers, but just as often it presents multiple options.

although these may become secondary priorities. This process is both simple and adaptable. The graph can be used, for example, to help managers review their cur-

FIGURE 4

VALUE ASSESSMENT

		1	2	3
BENEFITS TO THE COMMUNITY y-axis	3		• Crime • K-12 Education	• Math & Science education • Workforce development
	2	• Teen pregnancy	• Literacy	
	1			• Permitting approval
		1	2	3

x-axis
BENEFITS TO THE COMPANY

Value Assessment

One evaluation technique called "value assessment" can help managers focus their own expertise to make evaluative decisions. In this model, a manager takes the information gathered and plots it on a graph (see Figure 4).

The y-axis plots the issues that are important to the community. The x-axis plots the issues that are important to or would somehow benefit the company. The upper right part of the graph identifies the issues important to both. In this example, improved math and science education and workforce development are critical needs. They also happen (in this case) to be key issues of concern for the company. Supporting these areas make more sense for the business than investing the brunt of its resources in crime or K-12 education,

rent portfolio of community programs and test their value by plotting how much a program adds value to the community (y-axis) and the business (x-axis). Those that are in the upper right quadrant have high strategic value.

Gain Internal Support

Community involvement, generally speaking, does not generate products or services that contribute directly to the bottom line. However, it can work to support line functions that do. Therefore, creating and then measuring the value-added requires community relations to form internal alliances with key departments and business lines. It makes little sense to define a strategic goal to support sales and marketing if managers in

those respective departments are not involved and supportive in the design of this objective.

Too often community relations departments will make the mistake of setting strategic goals in isolation. For example, a department specifies that it will support HR goals around recruitment and retention without securing the buy-in and guidance of the HR department. In one instance, a company attempted to implement a program to support employee professional development through volunteerism. Community relations tried to design and implement the program without involving human resources. Not surprisingly, HR did not understand the program, so didn't endorse the approach as an employee development tool. Employees, therefore, were effectively discouraged from participating.

In contrast, Petro-Canada's National Community Investment program (NCI) consults with individual business units to determine how NCI can best support their business goals and develop relationships within their communities. According to Hazel Gillespie, director of community investment, "The National Community Investment Program is really a tool that we use to support our business units by developing stakeholder relationships." NCI also works with regional community investment advisory committees to devise its strategic plan that outlines NCI activities, the "expected return" on those activities, and the methods it will use to track its impact in the community. There are currently four regional advisory committees, whose members represent the business units in Western Canada, Ontario, Eastern Canada, and East Coast Offshore.

IBM employees in the CR department work collaboratively with the research and development department to create new technological solutions to address critical community and educational needs. When the CR department is considering a new partnership opportunity, the managers approach the research department to see what products and services are currently in development that might be incorporated into the new partnership. Nonprofit organizations and schools that partner with IBM therefore also serve as beta test sites for new technologies.

Develop and Test

Your next step is to design action plans and, more specifically, core programs and projects that will deliver the outcomes set forth in the company's strategic goals. There is no straightforward approach to CI project design. It requires the creative and often innovative application of information and community relations resources. We recommend the following steps:

Screen project ideas against criteria

The value assessment technique can lead to win-win projects, but it can also be expanded upon to allow for a somewhat more sophisticated analysis and decision-making process. This can be done by taking the core strategic goals that have been designed through the planning and data collection process and turning them into a measurement tool.

For example, Diageo uses a Foundation Scorecard to determine which projects to support. The process uses the company's key business-related and community-impact criteria. Business goals include:

- Build Diageo talent
- Raise corporate or brand reputation
- Provide leadership opportunities for company and people
- Meet external affairs and communications objectives
- Build trade or business partner relations
- Meet brand objectives (where appropriate)
- Impact consumers

Community goals include:
- Address community need
- Develop partnerships
- Leverage funding (i.e., the opportunity that the project will obtain sustainable support outside of the corporate grant)

Every potential project is evaluated against these criteria. Managers offer their best analysis of whether they expect that a project has a probability of success or a high risk of failure.

Petro-Canada uses a similar system. It identifies nine key strategic drivers (or key indicators, in their terminology) for community affairs:
- Intensity of opposition
- Previous negative incidents
- Regulators' sensitivities
- Compatibility with existing development
- Amount of new activity
- Reputation of company
- Management awareness
- Level of community involvement
- Involvement of external advocates

For Petro-Canada, these key indicators drive the community affairs process and decisions about project implementation. From these drivers, it produces an assessment template to evaluate the potential value of community projects. The criteria include whether a project:
- Aligns with Petro-Canada's social vision theme ("development of Canadian talent, innovation, and expertise through education")
- Enhances Petro-Canada's profile and generates good neighbor relations
- Has growth potential with the possibility of a long-term partnership
- Does not unnecessarily duplicate the work of another organization
- Provides Petro-Canada with the opportunity to own or brand the investment
- Links with some of Petro-Canada's other community investments to build synergy
- Provides opportunities for employee and family involvement

Companies like Diageo, Suncor, and Duke Energy make their strategic criteria explicit to community stakeholders. This encourages applicants and potential partners to submit relevant and compelling proposals. Doing so can complement the ensuing decision-making tool.

Issue a Request for Proposal (RFP)
More companies are borrowing from the private foundation world by issuing RFPs. In the best of circumstances, RFPs can let others "innovate" for the company. In this model, companies define specific criteria

> "When we're looking at programmatic initiatives that are branded but not necessarily along the lines of the Prudential neighborhood partnership, the evaluative criteria is set up at the front end of the project. With our educational initiatives we're taking a look at questions such as, Have we seen any improvements in the educational outcomes through the children in the state? Have we achieved any greater consensus on certain questions that are before the public right now? For programmatic goals for the foundation, we take a look at, What were the activities achieved with this grant? Did they meet the initial plans laid out by the proposal? What else happened? Now I'm talking very general, obviously, these have specific questions attached to them. With our social investment program, the ultimate questions are alive, of course, but we're also looking at what the organization managed to achieve with the funds that were loaned to them."
>
> *Mary O'Malley, Prudential*

improve its community impact. Sears has worked with HR managers and its associates to design the "Sears Good Life Alliance" to support employee interests. Suncor ties stakeholder concerns into the business plans of key units. Another form of participation is the practice of forming site-specific community advisory panels (CAPs). Arch Chemical, for example, uses CAPs to focus and select strategic win-win community programs at its plant sites.

Use an intermediary or a vendor organization
These can help companies define goals and implement programs. Sears has worked very closely with a vendor organization to conduct research and form its Sears Good Life Alliance initiative. Suncor worked with a vendor to design program activities that support its reputation with key stakeholders. Petro-Canada utilized external auditors to determine how the company was meeting their "total loss management standards" and to survey a wide range of stakeholders to assess how the company was doing in the community.

in their RFPs, which are based on their strategic goals. IBM uses this approach.

Encourage participation
Bring in key internal and external stakeholders for a participatory brainstorming process, which will lead to strategic, value-creating initiatives. Prudential has taken this approach by working in close partnership with internal line managers to design its cross-marketing initiative. 3M has surveyed its grantees in order to

Adapt, adopt and replicate programs
Pick programs and strategies that have the potential to be replicated throughout operations and communities.

Enron used its overseas experience and growing exposure to micro-lending programs to form Enron Investment Partners, a for-profit venture capital fund that supports small, minority- and women-owned businesses, often operating in distressed communities. Prudential adapted its core competency as an investor and created a social investment fund to provide below-market rate loans to promising, under-funded nonprofit service organizations. IBM has replicated its Reinventing Education program in 21 school districts within the U.S. and seven countries internationally.

Design mission-critical programs
Approach the task of designing programs with two complementary mindsets. First, design "mission-critical" programs. Second, test ideas before implementing them on a large scale.

Mission critical programs support critical goals. So, instead of treating philanthropic or volunteer programs as outcomes of the community involvement function, regard them instead as tools to achieve strategic goals.

In the early 1990s IBM faced a restructuring. An analysis of the community relations function showed that the company was giving $130 million a year in cash grants in a variety of areas. Although the company supported many worthy initiatives, there was little opportunity to capture or assess the impact of its initiatives. IBM believed it could do more for its communities and business by using traditional resources in new ways. The company emphasized real, joint-venture partnerships with community organizations instead of

supporting relationships based on grant transactions. As a result of this mindset, company talent, intellectual property, and finances work collaboratively to solve problems. IBM now focuses the majority of its resources on mission-critical activities, to support educational reform and non-profit management. Two-thirds of its budget is allocated through in-kind technology or information technology consulting-service donation.

Test innovative community projects to determine whether they will deliver on objectives
Other business functions do this. They invest resources using a well developed process to assess risks up front. Where appropriate, they pilot projects on a small scale before moving to a larger scope. They test strategic initiatives before fully committing to them.

The traditional CR model, however, operates quite differently. The situation that confronted Duke Energy Community Relations Manager Scott Carlberg is typical in CR. The company had already committed a substantial portion of the year's grant budget and the contributions were spread all over the map. Even grants within the company's stated focus areas demonstrated no plan to create positive returns for the company and community. Further, it seemed to make little difference whether the grants supported their goals because funding was committed for the ensuing year as well. The function, like many, was caught in an inertia in which the priority was to cut checks rather than make strategic investments. In the course of three years Duke has changed its processes and it now focuses the majority

of its funds to support initiatives that enhance its core focus areas of education, community development, and volunteerism. The new approach maintains the flexibility to test whether projects meet defined goals, and clearly limits grant relationships to three years or less.

IBM piloted Reinventing Education in a few key regions. Similarly, Prudential piloted in a single city a cross-marketing initiative designed to support productivity and sales goals. PPL launched its Neighbor of Choice strategy in a few plant locations. In each case, the companies collected data to determine whether the program could deliver on strategic goals. The programs presented numerous challenges, from managing the interaction between the corporate and nonprofit cultures to creating incentives for line managers to participate. The process of testing pilot sites has helped these companies determine whether these projects will deliver on established goals. In addition, it has helped the companies develop and test measurement systems. IBM devoted resources to formally evaluate and informally assess the outcomes of its Reinventing Education program. After seeing its success and potential for replication, the company began to expand the initiative through the United States and abroad. Likewise, Prudential, after formally measuring its results, has expanded its cross-marketing initiative from one city to six. And PPL has convinced more sites to budget for the support of community relations and its Neighbor of Choice strategy.

Implement

Once you've set goals and tested your key initiatives, you can implement programs. Little will be said about the implementation process in this report other than to recommend that companies formally design measures into their projects. Suncor's Foundation gives grantees an assessment tool at the beginning of the partnership so they'll know how they will be assessed throughout the project. The tool assesses the specific organization on the following criteria:

- What are their established objectives?
- How did those objectives meet the objectives that are set for the foundation, which are in line with the corporation's objectives?
- How did this relationship help to build our reputation?
- How did it help to build strategic relationships?

Duke Energy audits each of its top five grant recipients' finances, strategic plan, and fundraising operations to see if they support the organization's strategy. The objective of these non-confrontational evaluations is to support Duke's goal to build nonprofit leadership and management capacity.

II. Designing Questions and Measures

Community involvement does not lend itself easily to dollar quantification. Other business functions have a much easier time assessing their value added because they can use profitability metrics to evaluate return or productivity metrics to identify efficiency and cost savings.

In general, support functions, such as marketing, communications, HR, government affairs, and community involvement, have a more challenging time quantifying results. Even if it is clear that a support function contributes to the bottom line, it's not always easy for the function to claim credit for its efforts.

The way to overcome these challenges is to plan and to set clear goals. Once you've set your goals, you have to determine whether they're being met. That means asking the right questions, which in turn helps to frame and organize thinking about how to measure impact. Asking the right questions leads to the next step in the process — designing measures to answer those questions.

DESIGNING QUESTIONS

The questions you ask should be:

Strategic
- Questions build from and uphold strategic goals. The answers will help staff form measures and prioritize those activities that support goals.

Mary O'Malley, Vice President of Local Initiatives for Prudential, identifies the following types of questions at the outset of key programs.

With our educational initiatives we're taking a look at questions such as:
- Have we seen any improvements in the educational outcomes for the children in the state? Have we achieved any greater consensus on certain questions that are before the public right now?

- For programmatic goals for the foundation, we take a look at: What were the activities achieved with this grant? Did they meet the initial plans laid out by the proposal? What else happened?

- With our social investment program we're looking at what the organization managed to achieve with the funds that were loaned to them.

Quantitative
- Questions help define metrics that show progress toward strategic goals. They help identify the status quo, show rates of improvement and probability of achievement.

Qualitative
- Understanding subjective attitudes, opinions and testimonials can be valuable information for CI. It's

Figure 5
MEASURES USED TO ASSESS THE BENEFITS TO THE COMPANY FROM COMMUNITY INVOLVEMENT (CI)

MEASURES	% OF BENCHMARKING GROUP USING INDICATOR
Employee Related:	
1. Employee awareness and support for CI	93
2. Levels of volunteering	93
3. Motivation/Morale	70
4. Recruitment	57
5. Retention	44
6. Training and Skills	42
Investor Related:	
1. Access to markets and opportunities	57
2. Social investment ratings	46
3. Cost or tax savings	19
Customer Related:	
1. Customer awareness and support for CI	82
2. Increased sales	52
Community/Government Related:	
1. Community awareness and support for CI	89
2. Positive local decisions	86
3. Government awareness and support for CI	86
4. Benefit of doubt in crisis situations	86
Reputation Related:	
1. Media coverage	100
2. Awards and accolades	93

important to involve key internal clients by asking them what questions they would ask to determine whether CI is making an impact.

DESIGNING MEASURES

The right questions point you toward measures. For instance, by asking the question, "Do individuals who are aware of our community programs tend to be more interested in buying our products and services?" you tell yourself how to measure the answer. In this case, you can measure awareness levels and compare this with purchasing patterns.

The way you design measures will be influenced by the type of impact measurement process you choose. Therefore, it is important to keep in mind the most advantageous approach (see the next section on impact measurement processes). For example, if you want to measure corporate reputation, you will probably choose a measurement process that uses stakeholder surveys.

Your goal isn't to design complicated, highly scientific measures that look sophisticated but are hard to understand. Rather, you should use measures that make sense, are manageable, and help the department do its work.

MEASUREMENT PROCESSES

Figure 5 shows the different measures used by the study participants. The column on the left is divided into the different value-adding areas that CI can support. For each value-added category, a list of relevant measures shows CI's impact. The right column

shows the percentage of the study participants who are using a particular measure.

How Do We Know We Made a Difference?

A significant obstacle to measuring the value of community involvement is causality. It is very difficult to state definitively that a positive business outcome was caused solely by a specific set of CI activities or because of a company's strong reputation as a corporate citizen.

As one strives to be more certain of causation, the approach to evaluation becomes more technical, costly, and lengthy. Also, very often rigorous, statistical testing of causation demands particular conditions that are hard to establish. Even when everything is in place, the results may be inconclusive or open to multiple interpretations.

The Rigorous Approach

Establishing the value of the CI department's activities and/or the company's reputation as a good corporate citizen is a challenge. Traditionally, this requires a scientific research approach that relies on some type of experimental design. This usually involves comparing conditions that are identical in every way except for the presence of the CI program. There must be a number

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As Raytheon recommends, make your measures "local, friendly and dirty."

Local: These measures fit your needs and context.

Friendly: You understand, trust and welcome these as part of your management.

Dirty: These measures are heavily used, dog-eared with lots of fingerprints.

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of comparisons for the results to be considered valid. Another way is to subsequently evaluate the effect of a program in the community by surveying the relevant stakeholders and asking them directly about the impact of the program. The first method relies on the analysis of objective conditions; the second method relies on the analysis of subjective views. Both IBM and Capital One Financial Services used the objective analysis method to determine if their signature programs have made a difference in the lives of children. (IBM for primary education, and Capital One for at-risk youth development.) Evaluators compared a sample of children that experienced the programs against those that did not. The research showed that those inside the program improved more than the others across a variety of learning dimensions. Note that the evaluators did not ask the participants why they changed their behavior. They simply noted the change or absence of change following the program.

Meeting the conditions for a valid experimental design is difficult. One solution is to relax the strict demands by opting for a quasi-experimental design. This type of

Framing Questions

If your goal is to support employee recruitment, retention and productivity, ask:

1) Does our reputation as a good corporate citizen help attract and retain employees?
- Do potential employees who believe we have a strong reputation in the community choose to work for us?
- Are they more committed than those who are not aware of our reputation in the community?

2) Do our community programs help attract and retain employees?
- Do potential employees who are aware of our programs choose to work for us?
- Are they more loyal than those who are not aware of our programs?

3) Do employees who participate in our programs feel more committed to the company?
- Is morale and on-the-job performance improved?

4) Do employees who participate in our programs also develop their skills and competencies?
- Has their on-the-job performance improved?
- Has their leadership potential been enhanced?

If your goal is to support sales targets, ask:

1) Does our reputation as a good corporate citizen help increase our sales?
- Do potential consumers/customers who believe we have a strong reputation in the community buy from us more often?
- Are they more loyal than those who are not aware of our reputation in the community?

2) Do our community programs help attract sales?
- Do potential consumers/customers who are aware of our programs buy from us more often?
- Are they more loyal than those who are not aware of our programs?

3) Have our relationships with key stakeholders helped to influence buying decisions?

If your goal is to support corporate reputation, ask:

1) How is our program(s) enhancing our corporate reputation? Is it:

- improving how key stakeholders view the company as a corporate citizen?
- helping to increase the level of trust key stakeholders have in our company?
- enhancing how stakeholders view our brand and the quality of our products and services?
- enhancing how stakeholders see the quality of our management and operations?
- increasing the number of investors?

2) How is our program(s) building awareness of our corporate brand?

3) How familiar are key stakeholders with our efforts to be a good corporate citizen?

If your goal is to support the license to operate, ask:

1) What is the level of support for us in the community?

- How do our communities feel about us?
- How strong are our relationships with key stakeholders?

2) What actions would key stakeholders take on our behalf? Would they:

- support us at a public hearing?
- speak favorably about us to a reporter?
- advise a friend to buy a home near our operations?
- advise a friend to seek employment with our company?
- say that they trust us and our decisions?

3) What actions did our programs help encourage?

- Did they positively influence a permitting and approval decision?
- Did they help us avoid costly delays?
- Did they help us avoid or mitigate a crisis?
- Did they help us to keep our operations going?

Sample Measures

The following examples provide possible measures to help meet the goals and answer the questions listed on page 18.

If your goal is to support employee recruitment, retention and productivity:

- Measure employee awareness of CR and contribution programs.
- Measure employee participation (e.g., volunteer time, program support, and contributions).
- Measure employee support (e.g., testimonials regarding their experiences and their development).
- Track employee attitudes and satisfaction with the company.
- Track retention and absenteeism rates for those most aware compared to those least aware of CR and contributions.
- Measure recruitment and retention rates of individuals who participated in a company sponsored workforce development program.
- Calculate the development of employee skills and competencies through volunteerism (can also factor costs of alternative training compared to the costs of running the program).
- Conduct pre- and post-event surveys that track attitudes and behavior before and after a major public initiative or sponsorship.

If your goal is to support sales targets:

- Measure customer awareness of community programs.
- Determine market penetration of giving programs or exposure.
- Measure attitudes of customers toward the company as a corporate citizen.
- Measure awareness of purchasing behavior, measures of customer satisfaction, etc.
- Calculate feature space in media and compare to advertising costs for that space.
- Track sales from a new store in a low-income neighborhood compared to sales from other retail facilities.
- Collect testimonials from internal stakeholders on key relationships and business leads.
- Collect testimonials from customers on the role of the company's status as a good corporate citizen (or from impressions of community programs).

- Define with internal stakeholders a virtual finder's fee that indicates the percent of sales attributable to CR programs.
- Track the return of donating to a nonprofit organization which then becomes a new customer.
- Conduct preliminary and post-event surveys tracking attitudes and buying behavior.

If your goal is to support corporate reputation:
- Measure attitudes of key stakeholders who are aware of the CI program toward the company as a corporate citizen; compare these to the attitudes of stakeholders who are working as the company's partners in the community; track attitude changes over time.
- Benchmark standing against competitors in the industry.
- Define the stated level of trust for the company among key stakeholders; identify the aspects of the business they do and do not trust.
- Conduct pre and post surveys of awareness of brand reputation.
- Track media hits and exposure of the company's CR programs.
- Track awards and recognition garnered.

If your goal is to support the license to operate:
- Compare approval rates with and without community involvement programs to similar projects.
- Calculate revenues gained by a business line starting a project earlier than anticipated due to community support.
- Track the regulatory process (e.g. ease of obtaining approvals, length of hearings, number of interveners, the lack of negative push back, and protests and boycotts).
- Track the number of public protests, permit interventions, and negative comments at public hearings for your company compared to the industry (tie these to costs avoided).
- Look at the success of legislative initiatives; public support in line and facility siting cases connected to community programs and relationships.
- Measure support from key stakeholders (e.g., testimonials regarding their experiences with the company, letters of support, and public commentary).

design looks at creative ways to get as close as possible to a situation that compares a control group to a test group. Community involvement managers might want to consider this type of analysis to determine whether

> Rigorous experimental or quasi-experimental designs may be useful when:
> - A company is expanding to new sites. Survey key stakeholders before and after establishing your presence in the community. This will give you comparable data. Any positive outcomes in terms of how your company is viewed in the community, or specific support it received from key stakeholders, can be measured and more reliably attributed to community involvement.
>
> - If your company has multiple sites, use a variation of this design by comparing the extent and intensity of community involvement in different communities. Measure favorable outcomes in those communities. Sites that have little or no CI can be used as control cases.

programs lead to cost avoidance and/or protect the license to operate. For example, PPL's Economic Development and Community Affairs department (ED&CA) has been working with plants to implement a community strategy called Neighbor of Choice that creates formal action plans to build trust and manage key community issues. One plant received approval to build additional generating capacity on its site twice as fast as what PPL views as normal. Another plant that doesn't have the Neighbor of Choice strategy in place made a similar proposal in a region with similar characteristics as the other site. The plant was still waiting for local authorities to issue a decision after a period of time that had far exceeded their conservative estimate. Because the only notable difference in the two situations was the presence or absence of the Neighbor of Choice strategy, it's reasonable to conclude that the work of ED&CA contributed to the faster approval.

In a similar circumstance, Suncor Energy's new $360 million Steepbank mine expansion was approved two years ahead of schedule, marking the shortest approval process in provincial history for a project of its size. Suncor's success was no doubt influenced by the fact that it consulted with area residents and made a commitment to stakeholder input and concerns. The result was an estimated $22 million increase in revenue at the mine site.

For at least two reasons, it is important for managers to be aware of rigorous, experimental or quasi-experimen-

tal designs. First, it is important to understand when and where it will be cost-effective to try to utilize these approaches. Often, there are more opportunities to employ these approaches than managers are aware. The box insert on the previous page provides some guidance on when such approaches may be apt.

Keep in mind how your corporate culture will influence the way you use these approaches. A company of scientists, engineers or well-educated professionals may be skeptical of measurement approaches that are not rigorously designed. However, even with these organizational dynamics, top managers will often be reasonable about not demanding the highest standards. Instead, they're often looking for the CI function to define:

- The logic for how CI can support the business.
- A plan to generate value-added support.
- Credible measures that provide evidence of success.

The Practical Approach

Sometimes community involvement managers can become caught searching for the "Holy Grail" of measurement — a perfect study that demonstrates beyond a statistical shadow of a doubt that the function adds value. However, even many of the most rigorous approaches can be open to differing interpretations and skepticism. What managers miss is the importance, and opportunity, of including other key internal clients in the measurement process. By including others, managers can design measures that key internal clients agree are credible and demonstrate impact, even if they do not satisfy the most rigorous design

qualifications. Thus, faced with the challenge of demonstrating impact, Community Relations can take a different route, and work with key "internal customers" to establish criteria of impact.

Instead of making claims, the Economic and Community Development managers at PPL go straight to the source.

> We don't state what difference we make for a business unit. At the outset of a program we ask, say, a plant manager, or a site location team to tell us how we could make a difference for them. We ask them to set measures for us — 'What would be credible to you?' When we get agreement on that, we go back to them, and after we've successfully supported them we'll ask, 'What difference did our community programs make in helping us to get a building permit? Or to get a favorable decision? Or to help us avoid a situation that might create costs?' Then they tell us what difference it made and they assign a dollar value to it. Those are the numbers we use.
>
> —Luis Ramos, PPL

Prudential has taken a similar approach. In designing its cross-marketing program, Local Initiatives managers negotiated with participating sales managers to design agreed upon criteria of what constitutes a sale that was generated by the program, and what could not be attributed to the program. Key internal clients ratified the criteria, which allow Local Initiatives to track the revenues that come in as a result of Prudential's community involvement.

These good practice companies develop the terms of success in a participatory way. In so doing, the companies design measures and standards for causation that reasonable people can agree on.

Once questions and measures have been defined, the next step is to create and implement a system to collect the records that you need to make assessments.

III. Gathering Records

Imagine what would happen if key business lines didn't know how much it cost to design products and bring them to market. What if they didn't bother to track sales, or collect customer profiles, or measure customer satisfaction? The company wouldn't know what was working or where it was losing money. Record keeping is critical for key business lines, including community involvement. Yet, most companies undervalue and under-record the total amount of contributions they make to the community. In many cases, companies don't track the full amount of philanthropic grants they make because grants are embedded in budgets across various departments, business lines, and sites. The problem gets worse when companies try to track "softer" contributions such as employee volunteer time, loaned expertise, and in-kind donations.

What's more, few companies have mechanisms to track and record the outcomes of their efforts. Typically, they'll track media coverage of their community programs. However, the task of gathering other records will depend on the good memory of managers who have heard or seen stories about the business and societal benefits of CI.

Record keeping (i.e., the data and information you collect and monitor about the resources used and their outcomes) is where measurement succeeds or fails. Without accurate, rigorous records of activities:
- Strategic planning and operations will suffer.
- The sense of the company's total contribution to the community will be inaccurate.

- Managers will not be able to gain control and direction over contributions or CR.
- The ability to measure impact and progress will suffer.

What records should you collect? Start with the work you did during the goal-setting process. Records should support the measures you use and the questions you have posed. If a record does neither, don't bother with it.

Following is a record-keeping model that allows CI managers to specify and track resources and their resulting impacts. The model was developed by the London Benchmarking Group (LBG) via the Corporate Citizenship Company.[1]

TRACKING INPUTS
First, identify all the resources your company contributed in the following categories:

Charitable Gifts
- Intermittent support to a wide range of good causes in response to needs and appeals for aid.

Community Investment
- Long-term involvement in community partnerships to address a limited range of issues chosen by the company to protect (in part) the company's interests and/or reputation.

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[1]Logan, David, and Richard Tuffrey, <u>Companies in Communities: Valuing the Contribution</u>. London: Charities Aid Foundation, 1999.

FIGURE 6

THE LONDON BENCHMARKING GROUP PRO FORMA

TYPE OF SUPPORT		SPECIFIC ACTIVITIES	PROGRAM COSTS
1. Charitable Gifts			
Cash	1.1	Donations to local, national, and international appeals	
	1.2	Social sponsorships of causes or events (not part of a marketing strategy)	
	1.3	Company matching of employee giving	
	1.4	Costs of supporting and promoting employee involvement	
	1.5	Costs of giving by customers and suppliers	
Time	1.6	Employee volunteering on company time	
	1.7	Secondments (i.e., loaned executives)	
In-kind	1.8	Gifts of products from inventory at cost	
	1.9	Written down product or equipment*	
	1.10	Company premises and other resources	
2. Community Investment			
Cash	2.1	Memberships and subscriptions	
	2.2	Grants and donations	
Time	2.3	Loaned executives	
	2.4	Other staff involvement, such as technical and managerial support	
	2.5	In-house training or experience	
In-kind	2.6	Gifts of products from inventory at cost	
	2.7	Written-down product or equipment	
	2.8	Use of company products and other resources	

TYPE OF SUPPORT	SPECIFIC ACTIVITIES	PROGRAM COSTS
3. Management costs		
Cash	3.1 Salaries and benefits	
	3.2 Operating costs including overhead, research and evaluation	
	3.3 Communication of community programs	
4. Commercial initiatives		
Cash	4.1 Sponsorship of events, publications and activities, promoting brands or corporate identity	
	4.2 Cause-related marketing, promoting, and sales	
	4.3 Support for universities, research, and other charitable institutions	
	4.4 Community-based care for consumers with special needs	
Time	4.5 Longer term loaned executives to charitable organizations	
	4.6 Community development assignments as part of a training plan	
In-kind	4.7 Gifts of products from inventory at cost	
	4.8 Written down product or equipment	
	4.9 Use of company premises and other resources	
	4.10 Exceptional gifts of property and other assets	

[*]LBG defines this as goods, stocks, or assets held by the company but depreciated in its books for a variety of reasons. Products may be time-dated, slightly damaged, or end of range; they may also be trials not put into full production or simply surplus market demand.

Source: The Corporate Citizenship Company

FIGURE 7

REPORTED BUSINESS BENEFITS BY STUDY PARTICIPANTS

Value-Added Category	Reported Business Benefits
Employee related	• Positive response to utilizing volunteerism for professional development and team building. • Employee survey demonstrates that volunteer activities contribute to leadership development. • Voted one of the best companies to work for in the United States. • Surveys show increased employee morale from participation and increased numbers of employee volunteers, volunteer hours, and the number of company-sponsored volunteer projects. • Satisfaction survey results show positive impact and anecdotal evidence. • Employee training program designed to use volunteers and products with most donations. • Employees learn how to use products so they are more equipped to sell them. • Projects are used for team-building during orientations or other training. • Within days of a local volunteer program, the market's district manager reported at least three individuals applied for jobs and specifically mentioned company CI commitment as the key factor in their decision to seek employment with company. • Internal survey shows an increase in employee pride, morale, and commitment as a result of employee involvement in volunteer activities.
Investor related	• Share price not affected when industry and specific development program were targeted by Greenpeace. • Rated as industry leader in the Dow Jones Sustainability Index. • Awards have made company a top pick among socially screened investment funds. • Inclusion and high ratings in mutual funds that only recognize socially responsible companies.
Customer related	• Preliminary and post-show surveys proved that community sponsorships measurably improved customer perceptions and impacted shopping decisions. • Sales leads were generated from community involvement (several companies). • The company has launched programs that introduce products to education market. • After featuring the most recent CI initiative on the front cover of an advertising supplement, sales exceeded typical rates by more than six percent. • Increase in loyalty index each year driven by CR.

Customer related
(continued)
	• Annual brand tracking survey indicate scores higher
	  than the other major competitors in CR/CI.
	• Leverage nonprofit relationships for business growth.
	• Financial literacy seminars drive current and potential clients into financial centers;
	  greater participation in seminars with increased traffic in branches leads top-product
	  sales.
	• Designed new insurance products in urban markets.
	• Affordable mortgage products designed for nonprofits.
	• Developed a cleaner, ethanol-based gasoline as a result of stakeholder consultations.

**License to operate/
Community/Government
related**
	• Branch expansion has been possible because of company's public record.
	• People who did not want a plant have said that company is a good corporate citizen.
	• Expansion of urban facilities without undue impact on reputation.
	• Received building permits directly because of community service.
	• Ease of obtaining approvals, short cycle time, lack of negative push back, or
	  protests and boycotts.
	• No public protests; no permit interventions; no negative comments at public hearings.
	• Success of legislative initiatives; public support in line and facility siting cases.
	• Avoided costs on the implementation of numerous local issues and projects, such
	  as avoiding the long-term expense for monitoring sites after the cleanup of environ-
	  mentally impacted sites by convincing local municipalities to ban further develop-
	  ment of the area.
	• Organizations and individuals speak up and support entry into their market knowing
	  the company helps the local economy with jobs and revenues and gives back through
	  community program.

Reputation related	• Moving up in CSR national index for most respected companies.
	• Recognized by a new Dow Jones index.
	• Named top-performing company by an important nonprofit.
	• Eighty-one percent approval by community leaders, 87 percent by residential
	  customers (industry average is about 60 percent).
	• A privately held company validated community reputation before agreeing
	  to its sale.
	• Sixty to 70 percent of media coverage of company is related to community involvement.
	• One of the most admired companies in Fortune; rated on NAACP survey for
	  the diversity offered employees and community support.
	• Increase in positive brand ratings from customer/community research; increase
	  in ratings over market competitors; CR is proven driver of image.

Commercial Initiatives

•   Activities in communities, usually by commercial business lines, to directly support the success of the company.

Figure 6 shows a pro forma sheet to help managers track information.

TRACKING VOLUNTEER HOURS

Tracking the number of hours employees volunteer is no easy task since it may involve rounding up reports from around the company. Sears has streamlined the process somewhat through a volunteer tracking form it places on the inside cover of the company's in-house publication every quarter. The company also asks store managers to complete a planning form that outlines the date, description and estimated number of volunteers for projects during Sears Volunteer Week. It uses the same format to track volunteerism for the Sears Good Life Alliance. Before a project, CR asks store and district managers to project the number of associates and community members who will be involved and to define the goals and objectives of the program. After the project, CR asks the manager to complete a recap form, which asks:

•   Was the project successful?
•   Is this something you would do again?
•   What do you think the impact was on the organization or the children that you served?
•   How many volunteers were there?
•   How many hours did you work?
•   Are our employees willing to proceed and develop an ongoing relationship with this particular organization?

Sears is looking into other systems as well, including a call-in line with voice recognition software that will convert verbal inputs into information readable by a database program.

TRACKING OUTPUTS

The second core element of record keeping is tracking relevant outputs, the results of the inputs the company has contributed. These answer your framing questions and measures.

The LBG model defines three classifications of outputs:

- Leverage: the additional resources attracted to an activity or project as a result of the initiative or participation of the company. An example is Prudential, whose efforts to revitalize downtown Newark have helped attract additional funding and support.
- Community Benefit: the direct outcomes of the contribution for the community. For example, the number of students that have participated in and benefited from a reading program.
- Business Benefit: tracking the outcomes and impacts for the business.

Generating and Recording Business Benefits

Categorizing outputs is not a straightforward exercise since they can be so wide ranging. That's why it's critical that managers educate themselves about the types of business benefits CI can generate. This will not only help managers plan and present the business case, it will make it easier for them to design the questions, measures and records to evaluate their programs.

Figure 9 presents a rough template to help you consider what type of business benefit outputs to track. Use this for planning, record keeping, evaluation and reporting activities. It can also be used to complement other measurement techniques.

NEXT STEPS

At this stage, your planning and direction should be set, positioning you to move into the next stage: impact assessment.

Figure 9 provides a brief summary of the numerous ways participants report that their CI programs have been able to generate business benefits.

FIGURE 9

BUSINESS BENEFIT OUTPUTS

Indicator	Output
Employee Related	• Employee awareness and support for CI • Levels of volunteering • Motivation/morale • Recruitment • Retention • Training and skills
Investor Related	• Access to markets and opportunities • Social investment ratings • Cost or tax savings
Customer Related	• Customer awareness and support for CI • Increased sales • Increased brand awareness • Customer retention • Performance on competitive bids and RFPs that have a community component • Development of new markets (e.g., inner city, nonprofits, etc.)
License to Operate/ Community/ Government Related	• Community awareness of/support for CI • Positive local decisions • Government awareness of/support for CI • Benefit of doubt in crisis situations • Permitting and approval • Opposition to operations mitigated • Crisis averted or mitigated • Work stoppages due to community opposition stopped • Boycott or negative press campaign avoided or mitigated • Cost avoidance • Donating unsaleable product • Preventing operating stoppages • Preventing operational delays • Reducing legal and/or PR costs • Development of trust-based relationships with key stakeholders
Reputation Related Media	• Coverage • Awards/accolades • Increased brand awareness

Source: The Center for Corporate Citizenship at Boston College

IV. Assessing Impact

You have to measure. Even if it means taking baby steps, you have to measure. Even if all you did was a simple ranking of opinions from a third party about your community work, it's critically important. Because if you measure, you start in some way to gain understanding and acceptance from others.

Don Bernhard, Manager of Economic Development and Community Affairs, PPL

What's the difference between program impact and program outcomes? Outcomes are the direct, easily identifiable, immediate results of a program, while impact defines how well the program met the goals of the business and the community. For example, the outcomes of a volunteer project might be that 50 employees participated, two Habitat for Humanity homes were built and the program was featured on the evening news. The impact might be that the project boosted employee morale, strengthened employees' dedication to the company, improved their on-the-job skills and competencies, enhanced the company's reputation and fostered relationships with key stakeholders. From the community's perspective, the impact might be that the neighborhood was improved and two families were raised out of poverty, setting them on a path to better health, safety, income, education and achievement.

Proving impact is difficult at best. It can be costly, time-consuming and technically demanding. Even if great effort is made to be scientifically rigorous, some people will still question the results. Therefore, it's best to treat measurement and evaluation as both an art and a science.

For this reason, best practice companies spend considerable time planning up front. They emphasize the strategic design of their programs, set a clear mission for the function, and specify goals. Best practice companies establish a "logic model" that shows how dedicating resources to make a real difference in communities will add value to the business. This is not always an easy or straightforward task. It requires creativity and innovation, and in some cases, the need for outside expertise and input from peers and other departments, or from external consultants.

The way best practice companies approach planning is important to the success of the impact assessment techniques they employ. They have learned that measurements must receive internal support in order to be understood and valued by important internal stakeholders. The best practice companies take a participa-

The best practice companies take a participatory approach to planning and measurement. They involve key internal clients in the process to set a strategic agenda.

tory approach to planning and measurement. They involve key internal clients in the process to set a strategic agenda. Typically, CI serves as a support function. If part of its mission is to increase its strategic value to the corporation and add to the bottom line, it is critical that CI managers engage with other departments and operations to define how CI will support business goals. From here, it becomes equally important to maintain the participation of key internal clients to establish what metrics will credibly demonstrate whether or not CI programs generated impact. As discussed previously in this report, companies like PPL and Prudential plan up-front what evidence will credibly demonstrate the business case of CI. Often, the criteria that are defined do not require the conditions needed for a pure experimental design, nor for advanced statistical analysis. By using a participatory process that first explains the logic of how CI can gen-

erate value, CI managers listen to the input of internal clients and are able to identify evaluation criteria that reasonable people can agree will define success. These criteria must be understandable across key internal functions, using concepts and a business language currently in currency within the organization.

THE APPROACH TO ASSESSING IMPACT

There are a number of approaches to measuring the value of community involvement. These vary in rigor and technical requirements and fall into four categories that are *not* mutually exclusive and can actually be more powerful when combined.

1. **Link to performance assessment**
2. **Stakeholder perception surveys**
3. **Case analysis and project evaluation**
4. **Return on investment (ROI) assessment**

1. Link to Performance Assessment

This, the least difficult approach, involves applying to CI the same performance management models that other business functions use. In short, use outcomes to report impacts.

In The Center's work with 350 member companies, it has found that CI managers often overstate the demand internally for impact measurement. Key internal stakeholders don't always demand that the CI department produces statistically validated, air-tight dollar figures. Instead, they may simply be asking CI managers to follow the same management process that other departments use:

- A strategy that clearly explains the purpose of CI and its core goals

GENERATING IMPACT: IBM

IBM seeks to leverage its expertise in technology to address and improve social problems. All of its community relations activities strive to:
- Underscore the role of technology as a tool to address societal issues
- Demonstrate IBM's reputation as a solid solutions provider
- Enhance IBM's relationship with its customers and employees

To best achieve its mission, IBM focuses its community relations strategy primarily on education reform in the K-12 arena. This focus area is the top issue of concern for IBM's employees, shareholders, and customers. Approximately, 40 percent of IBM's community relations budget is spent on education, but IBM's community involvement initiatives also seek to support diversity, workforce development, arts and culture, and the environment.

To generate the greatest impact through its community involvement programs, IBM fosters unique partnerships with educational institutions or with nonprofit organizations where the company can make a difference. Partnerships create win-win outcomes for both parties. IBM approaches these partnerships as it would a joint venture with any business partner. Schools or nonprofit organizations working with IBM have a voice in creating effective solutions, partial ownership in implementing these solutions, and the responsibility for incorporating these solutions into systematic change. Equally important is the opportunity for the company to build and enhance Team IBM. Every CR program taps into IBM expertise across several business units and depends upon employee participation at every level. CR staff work collaboratively with their fellow IBM employees in the research department to provide and create new solutions to address critical community and educational needs. "It's not a question of just taking off-the-shelf solutions or existing technology and turning them over to our partners," says Ann Cramer, IBM director of Corporate Community Relations. "It's a question of bringing the best minds and the best technology together to develop new services and new solutions to address critical needs and that can then be made available to a broader range of customers outside of the not-for-profit sector."

A key focus to IBM's community relations strategy is developing new products and services that address social needs. Many of these products and services, however, are then also marketed to the company's business partners and customers. When the CR department is considering a new partnership opportunity, CR staff approach their colleagues in research to see what products or services are currently in development that might be incorporated into the new partnership. The "win-win" in this collaboration is two-fold. IBM grantees benefit from the newly developed technology solutions that are being created to address their needs. IBM in turn can utilize the grantees as testing sites for these new technology solutions, which IBM can then refine and bring to scale for future projects and for its commercial market. Many of IBM's community partners have even become loyal customers for IBM's business.

The value-added? As a result of IBM's community programs, the company has
- produced six new products for market
- applied for 15 patents as a result of the company's community partnerships in 2000 alone.

These outcomes clearly demonstrate how the corporate community relations department is meeting strategic goals to support the business. Tracking and reporting these records is, one could argue, all the department needs to demonstrate its value.

- An action plan that implements the strategy
- Measures that demonstrate whether strategic goals are met

Adapt Your CI Processes to Fit Your Overall Corporate Culture
Know the management process that your company's executive leadership uses and respects, and adapt your CI processes accordingly. These may include total quality management, business excellence, reengineering, Senge's knowledge management, Covey's principles of leadership, reputation management and relationship management. Your company may use one of these, some combination, or it may follow other processes not mentioned here.

Integrate CI Operations Within the Prevailing Management Models of Your Corporation
3M is a recognized leader in applying quality management principles and practices throughout its business operations. 3M Director of Community Affairs Dick Hanson first established a general framework of strategies and priorities, then drove corporate citizenship back through the strategic planning and management processes of business and other staff functions. Community affairs empowers the localization of community support and measurement of results.

Petro-Canada has adopted the principles of reputation management. The manager of National Community Investment is a key player on the company's corporate reputation management team. The team aims to let people outside the company know that Petro-Canada

has a strong direction, cares about its stakeholders and can deliver quality across the organization.

Track and Record Program Outcomes. Communicate These to Key Internal Stakeholders
Monitoring your organization's strategic planning and reporting process is a useful way to begin your own measurement process.

Here, companies go through their own variation of the steps we have already laid out:
- Setting strategic goals
- Defining questions and metrics
- Rolling out action plans
- Keeping records
- Reporting on records

The records you keep for your company's planning and reporting can double as evidence of program outcomes, impacts and value. This is relatively inexpensive and doesn't require complicated methodologies.

Figure 10 shows how PPL Community Affairs uses this approach to measurement. The department has defined a strategic plan, framed questions, determined metrics, and keeps records of results. It reports the most telling of these records in a community affairs report that demonstrates to both internal and external audiences the department's activities and value to the community and company.

With the guidance of its strategic plan, CA at PPL has gathered and summarized records. It uses these records (in part) to show the value it has created for the business (Figure 11).

FIGURE 10

PPL COMMUNITY AFFAIRS GOALS & MEASURES

Strategic goals	*Business—support:* • Business development • Customer service • Reputation (and license to operate) *Community—support:* • Education • Environment
Framing questions and metrics	*Framing Questions* • What business development opportunities does the CA create or support? How? • Are customers aware of our community programs? What are their attitudes? • Are customers involved in our community programs? • Does CA touch our customers? In what venues? • How has CA supported our license to operate? (e.g., favorable decisions) *Metrics* • Stakeholder access and touches • Attitudes • Awareness, exposure, and recognition • Business growth opportunities • Return on investment

Sometimes reporting the outcomes and records from the strategic planning process speaks volumes. In these instances, stored records are more than enough to demonstrate value. The case of IBM supports this idea.

IBM seeks to leverage its expertise in technology to address and improve social problems. All of its community relations activities strive to:

• Underscore the role of technology as a tool to address societal issues.

• Demonstrate IBM's reputation as a solid solutions provider.

• Enhance IBM's relationship with its customers and employees.

To achieve its mission, IBM focuses its CR strategy primarily on education reform in the K-12 arena. As a result of its programs, the company has:

• Produced six new products for market.

• Received or applied for 28 patents.

These outcomes clearly demonstrate how corporate community relations is meeting strategic goals to support the business. Tracking and reporting these records is sufficient to demonstrate its value. Suncor has similarly powerful records.

The examples provided from PPL, IBM, and Suncor show how important it is to keep well-cataloged records that relate to the goals and objectives of a strategic plan. Presenting this data alone makes a powerful business case. We've found, however, that too often companies do not formally track and catalog these outcomes. Instead, they are warehoused in the memories of CI managers. Tracking and communicating CI outcomes ensures that they are acknowledged and not forgotten.

[2] Selected results from PPL. "2000 Community Affairs Value Report: Setting the Stage for Success in 2001 DRAFT"

A Springboard

Good records can stand alone and answer questions about the value of CI. Outcomes may be enough to convince mild skeptics and satisfy the requirements of executives and departmental supervisors, but you should always have a backup. Records provide this backup. The corporate environment is highly fluid. Mergers and acquisitions, downsizing, and restructuring have become a fact of life. Today's understanding supervisor may become tomorrow's demanding skeptic. Record-keeping does double duty providing a catalog of outcomes as well as the raw materials that can be pressed into service for more sophisticated impact assessment techniques.

The London Benchmarking Group's input, output, and impact framework mentioned on page 26 shows how this occurs. The advantage of this very thorough approach is that the language of inputs and outputs relates well to many forms of management processes. Figure 12 on the next page provides an example of this process at work.

The Balanced Scorecard

The balanced scorecard is a framework that, by relating to a company's strategic management process, helps to make measurement processes strategic. The balanced scorecard suggests that a company identify up to four key performance goals that are vital to the success of the business. Together, these four goals represent the

scorecard. Each department and business line is responsible for providing evidence that demonstrates how it supports these goals.

For CI a clear advantage to the balanced scorecard is that it takes into account the type of intangible or difficult-to-quantify benefit that the function produces. It is also a useful way to help the department organize both its strategic and measurement priorities and it eliminates the guesswork of how to add value to the business.

An example from the broader benchmarking group is EDS, the information systems company based in Plano, Texas. In 1997 the company began to use the balanced scorecard. Under each scorecard category, EDS lists three core goals that show business lines and departments how to achieve the overarching perfor- mance categories of each element.

Staff members in community affairs at EDS were faced with a challenge: How would they demonstrate their contribution to scorecard goals?

To respond to this challenge, community affairs designed a clear strategy that set an agenda for the company to support the goals. The company would set its sites on achieving wins for the company and com- munity by focusing on math-science education and emphasising employee volunteering. This emphasis would focus particularly on high-value volunteer pro- grams that encouraged student mentoring, provision of employee expertise, and volunteer partnerships with existing or potential clients.

The subdivided goals listed on the scorecard helped

FIGURE 12

INPUTS, OUTPUTS AND IMPACT

Step 1 — Cost the input

- The company makes a grant of £5,000 to drill a well for the community neighboring an operations plant in the develop- ing world. £5,000 is the input cost.

Step 2 — Measure the impact

Leverage
- The nonprofit wins a 100 percent matching grant from the regional development agency, funded by the national gov- ernment. This additional £5,000 is counted as leverage.

Community benefit
- Now 2,000 families are enjoying access to clean water for the first time.

Business benefit
- Absenteeism goes down as workers living locally avoid water-borne disease. The company's reputation as a con- cerned corporate citizen is enhanced. Both these benefits to the company are measurable if monitoring systems are put in place in advance.

Step 3 — Analyze the impact

To fully measure the impact of this initiative, a range of indi- cators will be used over a longer period of time, particularly when a baseline study is done at the time the grant is made. Community indicators might include:
- A drop in infant mortality due to fewer water-borne diseases.
- Reduced attendance at the doctor's and/or purchase of expensive medicines by adults in the community.
- Improved school attendance.

Business indicators include:
- Increased productivity in the company and supplier businesses in the area, leading to higher profitability.

Source: The Corporate Citizenship Company

SUNCOR

- The Canadian national newspaper, the *Globe and Mail*, compiles an annual list of the top 25 most respected corporations. Suncor was ranked 10th overall, and sixth for corporate social responsibility and people management.

- Suncor Energy was also recognized on the Dow Jones Global Sustainability Index, which was introduced last year. The index ranks corporations according to their economic performance as well as their environmental and social performance. This index is designed to guide and influence the decision making of investment managers responsible for managing socially screened investment funds. Suncor placed as the top oil and gas company on the index two years in a row.

- Approval for the new $360 million Steepbank mine expansion was achieved two years ahead of schedule, marking the shortest approval process in provincial history for a project of this size. This success is attributed to Suncor's consultation with area residents and its commitment to stakeholder input and concerns and resulted in an estimated $22 million of additional revenue at the mine site due to the schedule advance.

- As a means to bring attention to Suncor's Oil Sands operation, in March of 2000 Greenpeace staged a blockade of Suncor's attempt to ship a large piece of equipment from Edmonton to Fort McMurray. The Greenpeace campaign never got off the ground because a number of Suncor's stakeholders came to the defense of the company's operations. In fact, all of the environmental partners called expressed surprise that Greenpeace picked Suncor as its target and indicated that this event would not affect their support of the company. Furthermore, the Pembina Institute for Appropriate Development, an environmental advocacy group in Canada, wrote an editorial in the *Edmonton Journal* indicating that Greenpeace had picked the wrong target in its attack.

EDS frame both measurement questions and metrics, as well as the records it would keep. Since the strategy was so new, community affairs decided the best way to record outcomes and impacts was to solicit testimonials from line managers. The CA staff wondered how line managers would describe the value of community programs. Staff was bowled over by the results. Cataloging these records, community affairs issued a report, *Tipping the Scales of the Balanced Scorecard*, in 1998 to show the impact it had created. The results from one aspect of the EDS Scorecard, customer perspective, are shown in Figure 13.

For EDS, the results of the scorecard process on customer perspective alone provides powerful evidence of the program's value. Also, the community affairs staff now has an idea of how to follow and pursue impact aproaches that provide more quantifiable returns. For example, community affairs managers will ask how many times managers have brought potential clients to observe community programs and how much value, in dollar terms, community affairs helped to generate.

Pros and Cons of Using Management Processes for Measurement

Connecting results back to a strategic framework for CI can win over internal champions. Reporting on strategy, goals, and outcomes is a convincing and understandable practice, and the process provides the raw materials necessary to tie into bottom-line assessment tools like ROI.

However, management process models do not always convince skeptics. They are limited in providing quantifiable impacts and dollar levels. To become a long-term solution as a measurement process, they require the continued support and buy-in of internal champions.

FIGURE 13

EDS COMMUNITY AFFAIRS AND THE BALANCED SCORECARD

Community Affairs Impact on Customer Perspective: EDS sponsors global volunteer day for clients and prospects. Community affairs tracks 350 client contacts who worked with EDS volunteers in 1997. Projects are often linked to client issues.

"Our key programs [such as the JASON project] are the best business development tool we have because they demonstrate the talents and passion of EDS employees to clients," said a senior sales executive.

"Our [major grants] help us contact. …people we might otherwise never meet — high-level people who make strategic decisions about hiring EDS," said a senior executive. CA is currently tracking leads gained from such grants.

EDS used a CA program called JASON "which competitors couldn't replicate, to set its proposal apart from the competition." The company won the bid. Project leaders gave credit to the program which demonstrates 1) that EDS is a caring company; 2) the impressive qualities of EDS technology in action.

That said, too often this straightforward approach is overlooked by CI managers.

2. Stakeholder Perception Surveys

This is fast becoming the most common way that companies measure the value of their CI programs. A stakeholder perception survey uses the techniques of opinion polling and consumer market research. A sample of people representing important audiences are asked a series of questions designed to identify any number of attitudes, perceptions, preferences, and even past behaviors or likely responses in the future.

Such surveys are conducted at a certain point in time and can seek the feedback of one or several stakeholder groups. However, more and more organizations understand that this type of measurement cannot be a one-time effort but must be revisited (typically within one to three years). In this case, surveying individuals from the same populations over time allows for tracking changes in perception, enabling a company to

produce vital trend information in stakeholder perceptions.

Because the stakeholder survey helps reveal whether key goals are being met, the process of designing these surveys should start by revisiting the strategic goals, questions, measures, and records that have been identified.

Typically, companies will use stakeholder surveys to help measure one or more of the following areas:
- The *awareness* of stakeholder groups of the company's efforts in the community.
- The *assessment* or evaluation of stakeholder groups for the company's community programs.
- The *expectations* (or preferences) that stakeholders have for the company's involvement in the community.
- The *attitudes* of stakeholder groups toward the business and its social responsibility. Are they favorable, unfavorable, or mixed?
- The behaviors that stakeholders report were motivated by the company's community programs and/or overall reputation as a corporate citizen.

From here, managers need to identify who the key audiences or stakeholders are. Broad categories of stakeholder groups can include:
- The general population of a particular region.
- A specific population (eg., the residents surrounding a manufacturing plant, or a particular demographic group).
- Existing or potential customers.
- Community or opinion leaders (e.g., professionals

FIGURE 14

STAKEHOLDER PERCEPTION SURVEYS

Stakeholder groups	Percentage of study group who survey the stakeholder group
Employees	73%
Communities	63%
Customers	57%
Government officials	33%
"Others"	13%

3M surveys nonprofit organizations that have received or applied for 3M Foundation grants. 3M has three sets of goals for this process:
1) To determine how well constituents understand 3M's mission, guidelines, decision-making rationale, and two-way communication.
2) To identify 3M's image and measure its reputation.
3) To benchmark the company's performance relative to its competitors.

All of 3M's scores for the benchmark findings ranged between 78 percent and 86 percent reporting high levels of satisfaction. Nonprofit organizations identified 3M's strongest performance areas to be:
- Candid responses
- Fairness in evaluation
- Overall quality

Not surprisingly, organizations that received 3M funding had higher perceptions of 3M, and those that did not receive funding were consistently lower. However, organizations that did not receive funding still gave the company highly favorable ratings.

at civic associations, non-profits, government agencies, and other businesses).
- Employees
- Existing or potential shareholders
- Suppliers
- Shareholders

The number of stakeholder groups a company surveys depends on its goals and what questions it is trying to answer. Sears' CR goals, for example, are to support sales and human resources, so CR surveys the general population and Sears employees to measure the impact of its CI activities. The CI departments at

Suncor and Petro-Canada are interested in supporting overall corporate reputation and how they influence employee attitudes, support existing plants, and help with site expansion. Toward those ends, they plan to survey a mixture of community stakeholders, opinion leaders, employees, and the general population.

The stakeholder survey process has evolved into a fairly complex and sophisticated mixture of science and art. While there are few managers in CI with the experience and expertise to design a rigorous survey

Questionnaire design

Managers who go through a process to formally define key measurement questions will be one step ahead of the game in designing a survey questionnaire. Many of the framing questions posed earlier can serve as the raw materials to use in a stakeholder questionnaire. Therefore, a good way to start is to review some of the sample framing questions provided earlier in the report.

However, that is just a start. The process of designing good, valid, and reliable questions should not be taken lightly. Questions should measure what you intend them to, and they should serve as a good metric. Further, it is important to know what kind of rating systems to use. Surveys that measure value-added should use closed-ended or forced-choice questions, as opposed to open-ended responses. Closed-ended questions come in many forms and use many rating systems. They may include "yes/no" or "true/false" responses. Others use Likert Scales, in which respondents are asked to rate their feelings according to a scale. It helps to have input from individuals with skills and experience in question and survey design.

That said, here is a sampling of some useful questions that you can think about adapting and testing for your surveys. This is not a full set of questions and they are not presented in the form of scales or rating systems. Instead, they are provided as another set of raw materials to be used for a survey. Some can be used with a variety of audiences, others are designed for certain stakeholders only.

Sample questions[3]

Attitudes

- Is Company X helping to improve our schools?

- Does Company X work to improve the environment in its business and community practices?

- Do you trust Company X?

- Do you hear good things about Company X?

- Is Company X committed to employing a diverse work force?

- Is Company X's senior management actively involved in the community?

- Does Company X actively encourage employee volunteerism in the community?

- If Company X is involved in the community, is it not concentrating on its business?

[3]Sources: Boston College Center for Corporate Citizenship; Fleishman-Hillard/lpsos, "Report on European Attitudes Toward Community Investment," 1999; Cone/Roper, "Cause Related Trends Report." 1999.

Behaviors
Based on what you know about Company X as a corporate citizen, would you:
- Encourage someone to purchase its products and services?

- Encourage someone to work for the company?

- Encourage someone to locate a home near its operations?

- Encourage someone to invest in the company?

- Be willing to speak in support of Company X to a news reporter?

- Be willing to speak in support of Company X in a public setting?

- Be willing to attend a public hearing or meeting in support of the company?

Purchasing behaviors
- To what extent does your view of a company's community involvement activities affect whether you do business with it?

- How often do you decide to buy a product or do business with a company because you felt they were making a positive contribution to the community?

- How often do you decide not to buy a product or not to do business with a company because you feel they are not operating with the best interests of the community in mind?

How strongly do you agree or disagree with the following statements:
- If price and quality are equal, I will purchase a product from the company that is committed to solving social problems.

- Knowing that the company supports and is engaged in activities to help improve society would make me more likely to purchase their products.

HR-related behaviors
How strongly do you agree or disagree with the following statements:
- Knowing that the company I work for supports and is engaged in activities that help improve society would/does increase my loyalty to the company.

- Agree or disagree: I wish my company would do more to support social causes.

- Agree or disagree: I feel a strong sense of pride for my company's values.

process, there should be people in other departments who can help. Marketing or research and development, for instance, are likely to use surveys. If in-house expertise isn't available, find an outside vendor who has both survey expertise and knowledge of corporate citizenship.

The Pros and Cons of Stakeholder Surveys

There are several good reasons why more CI departments are using stakeholder surveys. First, they fit very nicely with a core purpose of CI — that is, to manage stakeholder relationships. These surveys not only reveal what key stakeholders think of the program and company, the process itself promotes good relations. People like to be asked their opinion; they want to be heard. But if a company doesn't follow through with word or deed, they risk alienating important audiences. Stakeholder surveys run the risk of raising expectations, but if managed properly, they are more likely to help meet expectations.

Second, stakeholder surveys present a good organizational fit, they have a fair amount of credibility in most corporations, and CI departments often have close ties to marketing, PR, and HR, all of which use survey methodologies.

Third, stakeholder surveys are the leading methodology to measure corporate reputation, which, as noted earlier, is taken very seriously by financial analysts. Corporate citizenship is an important component of a company's reputational capital, and more CI

departments have named this as a key goal. In fact, 100 percent of the study participants said supporting corporate reputation is a key goal for CI.

To measure reputation, a variety of research groups and consulting groups — such as NYU Stern School of Business with Harris Polling, PriceWaterhouse-Coopers, Walker Research, and ProbusBNW — are developing reputation indexes that rely on stakeholder surveys. Edison International's efforts to measure reputation is presented in figure 15.

Fourth, stakeholder surveys measure how CI helps the bottom line. Typically, this is shown by using surveys to demonstrate how CI influences the behavior of key stakeholder groups. For instance, it measures how the company's CI influences:
- Purchasing decisions (by consumers and institutional customers)
- Employee attraction and commitment
- Investment decisions
- Supplier commitment
- Community support in times of crisis or need

Stakeholder surveys reveal both directly and indirectly whether stakeholders are aware of CI programs, if they care about them, and what corporate community involvement inspires them to say or do.

Finally, stakeholder surveys are relatively cost effective. Surveys are expensive, but they typically cost less than a full-blown measurement process that uses experimental designs. Also, many departments within an organization use surveys and will have a fair amount of knowledge and expertise in the process. In addition,

FIGURE 15

THE INFLUENCE OF REPUTATION ELEMENTS ON PURCHASING DECISIONS

Stakeholder Group	Community Involvement	Education Support
Elected/Government officials	■	*
Business interest groups	◆	*
Community-based Organizations	■	◆
Education	NI	■
Residential customers	NI	■
Small business customers	◆	■

■ = rates as a "Most Influential" driver with regard to purchasing decisions
◆ = rates as a "Very Influential" driver with regard to purchasing decisions
* = rates as a "Somewhat Influential" driver with regard to purchasing decisions
NI = not influential

The survey process helped Edison see that its efforts to be socially responsible — including its community involvement — supported its corporate reputation. This appeared to pay bottom-line dividends by encouraging purchasing decisions.

To measure reputation, a variety of research groups and consulting groups, such as NYU Stern School of Business with Harris Polling, PriceWaterhouseCoopers, Walker Research, and ProbusBNW, have developed reputation indexes that rely on stakeholder surveys. In 1998 Edison wanted to know how its efforts in the community and its overall level of corporate citizenship affected reputation.

Edison identified nine key stakeholder audiences to survey:
1. Elected/government officials
2. Business interest groups (e.g., chamber of commerce)
3. Community-based organizations
4. Education groups
5. Residential customers
6. Media
7. Shareholders
8. Employees
9. Small-business customers

The survey asked about product and service quality, market leadership, social responsibility, financial performance, environmental performance, labor practices, and diversity support. Edison tested what drove stakeholder perceptions of Edison's reputation, what would make them most likely to support Edison, and what element most influenced a stakeholder's decision to purchase energy from Edison. The survey found that Edison's overall reputation increases stakeholders' willingness to purchase, recommend, and help the company. Moreover, it revealed that four groups viewed the company's social responsibility as a secondary key driver of Edison's overall reputation. These four stakeholders were:
1. Elected/government officials
2. Business interest groups (e.g., chamber of commerce)
3. Community based organizations
4. Education groups

Finally, the survey reported that specific dimensions of social responsibility — community involvement and education support — were important drivers that influenced a stakeholder group to purchase energy from the company.

surveys provide a baseline from which you can track progress. This offers the added dimension of helping CI managers assess and improve their department's performance.

However, surveys are by no means perfect tools to measure the value added. As noted before, stakeholder surveys can meet with skepticism. Those in CI have the same dilemma as their colleagues in marketing, PR, and HR; survey results are always open to interpretation. No matter how rigorously they are designed, doubts about the validity and reliability of the data can always be raised. Survey methodology cannot tell us for sure that CI influenced behaviors in the ways that respondents claimed they did. Communications strategies are a critical aspect of creating value, and of responding to skeptics' concerns.

IBM was among the first companies to survey and promote survey data on the interest of customers in purchasing from socially responsible companies. IBM found that 77 percent of 1,550 respondents reported that a company's CI activities make a difference in their decision to conduct business with it. They also found that 80 percent said their decision to do business with a company was influenced by their perception of CI, and 74 percent said that they had chosen not to do business with companies they viewed as not acting with the best interests of communities in mind.[4]

Sears has conducted national surveys to identify the attitudes of the general population toward companies and their efforts to be good citizens. The more specific objective was to measure the impact of cause-related community relations programs on consumers. Key findings showed that 83 percent of consumers have a more positive image of a company that supports a cause, and 61 percent believe that cause-related marketing should be introduced as practice. Also, 30 percent say awareness of cause-related programs makes them more likely to buy products or services from companies. This survey was a key instrument for verifying that cause-related programs can help companies attract and retain the best employees, maintain community relations, and attract investors. Awareness of these programs also makes consumers more willing to buy a company's products.

In addition, Sears has taken a different route with a survey process. By doing a preliminary and post-event survey, the CR department was able to effectively measure its impact on shoppers' perceptions about Sears and its ability to support and increase sales.

[4]Boston College Center for Corporate Community Relations. Measurement of Consumer Attraction to Socially Responsible Companies. 1994.

Building Awareness and Addressing Skeptics

Some are skeptical of corporate community involvement's influence on such things as consumer preference and employee recruitment. Certain companies have been disappointed with their experiences offering "green" or "socially responsible" products, or products tied to a cause or social issue.

Some companies employ a "Field of Dreams" strategy, assuming that if they "build it," customers will come. Yet, often these companies do not adequately market and promote their corporate citizenship efforts. A quote from the UK-based survey research firm MORI illustrates the dilemma well.

"Community contribution and, crucially, its communication, give companies a competitive edge. Communication should be stressed, because the public generally has little knowledge of what individual companies do — only one in three can think of a single company that makes a community contribution, and no single company is mentioned more than 12 percent. When we show people the range of activities companies already undertake they tend to be stunned and impressed." (Stewart Lewis, MORI).

To confirm whether CI supports sales, recruitment, etc., companies must make efforts to build awareness. Then different measurement techniques — surveys among them — will do a much better job capturing actual behaviors, as opposed to politically correct sentiments. Thus, when using survey techniques, it is important to identify how aware key stakeholders are of community involvement.

Sears surveyed viewers of a nationally syndicated talk show to learn whether its sponsorship had reached the public. Thus, its question moved away from the hypothetical (What would you do if you knew our company was involved in the community?) to the realm of action (After seeing what Sears has provided, how will this affect your shopping decisions?).

Suncor, is the first oil company to receive the Canadian government's green label for a new cleaner-burning gasoline formula. The company markets the gasoline under the green label. Like other products, it will succeed in part on the quality of the marketing surrounding it. In order to measure the levels of consumer attractiveness, Suncor will first need to test if consumers are aware of the label.

Community Affairs at 3M lives by the philosophy of encouraging third-party recognition. The department believes that it is important to communicate what one's company is doing in the community. However, it prefers not to talk about 3M's community involvement directly. Instead, it finds ways to enable and encourage others to talk about 3M's involvement in the community. Having a nonprofit organization or community member sing 3M's praises, managers believe, is more effective than the community affairs department communicating a similar message.

3. Assessing Impact: Calculating Returns on Investments

When done successfully, return on investment (ROI) is the Holy Grail of CI measurement. ROI will indicate whether community involvement programs are performing and meeting business related goals. It will provide powerful information to support the business case for CI, and by communicating your work through this process, you will break down the cultural divide that often exists between CI and other business lines. However, the path to this ROI Holy Grail is fraught with obstacles. This process takes effort, creativity and the ability to persuade. Few CI departments use ROI techniques as part of their measurement processes. Only 20 percent of the study participants have used cost-benefit analysis, but just 13 percent use other forms of ROI methods.

Definition

ROI approaches use economic models to answer a simple question: Did our investments pay off, or would we have been better off investing our money, time, and energy elsewhere? There are two related popular techniques that can answer this question: cost-benefit analysis and ROI analysis. Other related techniques include internal rate of return (IRR), break-even analysis, payback, and net present value.

CI's rate of return is determined by calculating the costs and benefits associated with CI activities as accurately as possible.

CI Costs

Costs can include:

- Planning and design.
- Allocated resources such as cash grants, and in-kind. If volunteers are provided, a conservative approach would be to include their participation as a program cost. Managers can use either the Points of Light Foundation or Independent Sector's published hourly rates. A less conservative approach is only to include volunteer time as costs in situations when volunteers receive formal or informal leave policies.
- Salaries for personnel needed to administer, monitor, support, and evaluate the particular community program (or overall function).
- Costs related to communication about the program.
- Costs related to staff training.
- Opportunity costs.

CI Benefits

Benefits are measured in income or savings, or both, generated from a project. Benefits can include:

Savings
- Tax credits received from philanthropic contributions.
- Saved costs of free advertising space received from media coverage of the CI program(s).[5]
- Legal fees averted (includes legal department staff time and projected billable hours from contracted firms).
- Crisis PR efforts averted (includes PR staff time and projected billable hours from contracted firms).

- Costs of avoided down-time from failure to receive building approval, work stoppages, etc.
- Reduced employee recruitment costs, reduced turnover costs, and/or reduced absenteeism.
- Reduced employee training costs (e.g., through community service learning initiatives).
- Reduced customer turnover.
- Other staff management hours saved.

Income
- Sales generated from programs.
- Value of new products and services generated from CI programs.
- Increased worker productivity.
- Increased share price (e.g., from attention of socially-screened investment funds).

Figure 16 provides a summary of the reported benefits the best-practice organizations have generated.

The Challenge of Defining Benefits

The costs of CI programs are relatively easy to figure out. In contrast, calculating benefits can be quite difficult and politically charged. A sales department, for example, may not be especially enthusiastic about giving CI credit for bringing in business. Government relations may not be forthcoming in singling out CI as a key factor for winning approvals. HR may also be hesitant about giving CI credit in assisting with recruitment, retention, or skill development.

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[5]This technique has both proponents and detractors. Some in the PR arena argue that it is not appropriate to translate this coverage into the equivalent of advertising. News coverage may focus on several messages and the corporate name, program, and brand may be diluted. In contrast, others suggest that this type of media coverage is very helpful for building corporate reputation because key audiences see the reports as objective. They view this coverage as much more valuable than paid advertisements.

FIGURE 16

BEST-PRACTICE ORGANIZATION EXAMPLES OF CI BENEFITS

SAVINGS **Free advertising space**	**IBM:** In 2000, 25 percent of all corporate media coverage was related to IBM corporate community relations programs. This was more than any other aspect of the business.
Costs of avoided down-time	**PPL:** Economic development and community affairs has calculated a triple-digit per-cent ROI from rapid permit and building approvals. **Suncor:** Approval for new $360 million mine expansion was achieved two years ahead of schedule and resulted in an estimated $22 million of additional revenue to the mine site. **Petro-Canada:** Environment, health, and safety and community affairs' efforts to build stakeholder relations in Northeastern Alberta resulted in a hearing for its oils sand project that lasted only one day. Such hearings can normally take up to a month.
Reduced HR costs	**Prudential:** The company's volunteer programs aid in employee professional development in the areas of program management, relationship building, and network building. **3M:** Community affairs supports education in the areas of economics, math, and science to develop new talent from which to recruit future employees. CA also supports HR goals to retain employees, raise employee morale, and build profes-sional development.
INCOME **Sales**	**Sears:** A CR promotion in Sunday newspaper circulars was tied to a six percent jump in sales. A CR product donation on a nationally-syndicated television talk show was tied to a projected increase of $13 million to $40 million in sales. **Prudential:** CR's cross-marketing initiative brought sales managers together to partner on CR initiatives and to build internal relationships. The outcome generated significant cross-selling opportunities. The program has produced an ROI of 600 percent to 700 percent. **PPL:** Economic development and community affairs managers estimate a triple digit percentage ROI from efforts to attract new businesses to service territories.
New products and services	**IBM:** CCR programs have led to the development of six new products and 28 patents. **PPL:** Economic Development and Community Affairs has worked with other depart-ments to develop several new services, such as an initiative to help cell phone service providers place cells on existing utility towers, and thus increased PPL's total revenue from these leasing costs.
Increased share price	**IBM:** The company became a hot pick for socially-screened investment funds, after *Business Ethics* magazine named it the 1999 top corporate citizen in the world.

In addition, calculating benefits is straightforward in some areas but more challenging in others. To be calculated, some benefits require specialized knowledge or data that is typically not accessible to anyone except the department that owns this data and the top management team. For example, to understand how CI may save on turnover costs, HR must share its calculation of the costs of employee turnover. This figure usually varies for every industry and firm.

Similarly, calculating the costs of down-time requires some effort and assistance from relevant departments. For example, consider the scenario when a company hopes to win approval to build a new site. Very often companies experience bureaucratic delays or they're held up by stakeholder opposition. With each day that passes, several types of costs mount. There is the cost incurred from a sitting budget. Operating costs accrue from losing out on the efficiency of having the new site in use. There are costs from legal, GR, and PR staff and consultant time that goes into winning approval. Every day that CI helps cut from this process saves costs. To understand these costs, CI staff needs data from other departments and business lines. To get this data, CI needs these other departments and business lines to believe that CI can contribute value.

The real challenge in using ROI techniques is calculating benefits that internal skeptics will accept.

The most skeptic-proof way to prove CI adds value is to design a rigorous approach that employs advanced statistics to determine whether or not the benefit in question would have likely occurred in the absence of the CI program. If there are no resources to set up experimental designs and use advanced statistical techniques, there are three plans of action.

- **Design the best study possible.** If, for whatever reason, it's not feasible to design a rigorous experimental design, then use the next best thing. Sears, for example, took advantage of a major CR product donation on a nationally-syndicated television talk show to perform a preliminary and post-show survey of viewers. Sears' study is not perfect, but it helps a reasonable decision-maker see that CI can deliver bottom-line results and can indeed demonstrate a favorable ROI. This case is discussed later.
- **Gather evidence and be persuasive.** Sometimes it's obvious that CI added value. PPL's Neighbor of Choice plant received permits. The plant without a strategy did not. Environmental groups defended Suncor vs. Greenpeace, saving the company from costly delays and negative publicity. IBM's work in education led to new product development. Take the time, line up the evidence, and make your case. It may not be scientific, but that does not prevent it from being persuasive.
- **Build measurement partnerships.** CI staff at PPL and Prudential do not use complex studies or legal briefings to support their claims that CI adds value to the business. They have addressed the causality question up front by negotiating with their business partners. They have asked: "As reasonable people, what would convince you that our work provided real monetary returns to your bottom line?" Together, they defined the necessary criteria. As a result, at Prudential, CR and sales agree on what constitutes a cross-marketing sale that the CI pro-

gram supported. At PPL, ED&CA and finance agree on when CI helps protect the corporate license to operate. Suncor goes a step further; CI goals and responsibilities are factored into the business plans of each business line. Therefore, the entire company has bought into the idea that CI creates value and is held accountable.

In the benchmark group, 59 percent of participants rate their coordination with other departments very good or above. For most companies it would be much

Figure 17 shows the departments with which the best-practice organizations coordinate their measurement activities.

Taking a Conservative Approach

Even when colleagues from line functions come on board, you're bound to face skepticism. It's not easy to overcome CI's "feel good" reputation. Sensitivity analysis is one technique to help you turn them into believers. When costs or benefits are not clearly defined (this is a particular problem when you expect to receive payoffs over time instead of all at once), you need to test more than one version of events. Thus, sensitivity analysis involves creating several scenarios, generally a best case, a worst case, and a most-likely case. In the best case, use your highest estimate for benefits, your lowest for costs. Do the reverse for the worst case scenario. In the most-likely case, use your best judgement about the CI activity's impact.

FIGURE 17

MEASUREMENT PARTNERSHIPS

Best Practice Organization	Internal Measurement Partners
3M	HR
IBM	R&D, Product Development, Finance, Marketing and Sales, HR
Petro-Canada	Corporate Communications, Marketing, Operations, Seismic Drilling, Surface Land Group, Facilities
PPL	Plant/Ops, Finance, Government Relations, Marketing and Sales, Prudential Marketing and Sales, HR
Sears	Marketing and Sales, HR
Suncor	Aboriginal Affairs, Stakeholder Relations, HR

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lower. Measurement and evaluation, despite their reliance on objective analytical techniques, are political processes. Key stakeholders need to buy in and trust the processes and assumptions that lie behind CI measurement results. Coordination is one way to achieve buy-in.

PPL uses sensitivity analysis when calculating ROI measures. PPL compares its survey results, and then Economic Development and Community Affairs managers use the most conservative estimate of the impact of their own efforts. Sometimes, they discount their own impact, playing the skeptic themselves. They

found that in certain situations, the company's reputation as a corporate citizen completely tipped the scales in their favor. Says Don Bernhard, manager of Economic Development and Community Affairs at PPL, "This is what the data are telling us, but we don't often use those numbers because it strains credibility. Sometimes it would mean that we are providing a return of many millions of dollars."

DETERMINING RETURNS

Analyzing your costs and benefits can be tricky, so you might want to enlist some help. The ROI method featured in this report is related to cost-benefit analysis. Some companies call it economic value-added or shareholder value added (SVA). The shareholder value added model calculates costs and benefits over a period of time.

PPL is one of the few companies using SVA to calculate returns. It has designed a mock up that is based on a real-life case to show the field that ROI methods work for CI. In conducting its SVA analysis, PPL realized that the value added of ED&CA would accrue over several years. For this reason, it used a financial technique called net present value or NPV. NPV addresses and acknowledges benefits and/or costs expected to accrue in future years and relates them in present dollar terms. This requires a manager to calculate a discount rate — typically 10 percent — so that future earnings and savings are reported in current dollars. Spreadsheet programs have formulas that can help managers input the discount rate into the NPV formula.

PPL designed a mock up based on a real-life case to show the field that ROI methods work for CI. ED&CA prepared a hypothetical SVA analysis based on the company's request for a permit for site expansion. PPL made an initial investment of $250,000 for community programs that involved grants, relationship building, and communications, followed in the second year with a $2 million investment to comply with agreed and expected environmental and safety requirements. The costs included ED&CA staff time and the expense of running relevant community programs, such as environmental education initiatives. The company also factored in a 10 percent hurdle rate. This was used to compare benefits against an alternative scenario in which the company would take $2,250,000 worth of costs and invest it in, for example, a long-term bond providing 10 percent interest. Working with partners in other business lines, ED&CA staff calculated best case, most likely case and worst case scenarios for reaching agreement on the site. In this instance, staff agreed that the best and most likely case scenarios were the same. Annual benefits were estimated at $1.3 million per year. Figure 18 summarizes PPL's major assumptions and results from the analysis.

The findings show that ED&CA was able to pay back the company's initial investment (with its hurdle rate) in just over two years. With the expected benefits from the agreement, PPL calculated that its efforts would achieve an ROI of 82 percent.

Applying ROI Techniques to Your Context
A successful use of ROI techniques requires:
- Clear strategic goals.

- Well-defined framing questions and metrics.
- Accurate and detailed records.

The Pros and Cons of ROI Assessment

The main benefit of ROI is that it shows the bottom-line, dollar impact of community involvement work by

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FIGURE 18

PPL'S ROI ANALYSIS[6]

Cost and benefit areas   .Calculations

Initial investment (costs) $2,250,000

Hurdle rate 10%

Net Present Value/SVA (total benefits) $3,097,492

Return on Investment 82.28%

Profitability Index 13.39

Discounted payback period   . . . . 2.05 years

[6]Source: PPL Presentation at Boston College Center & APQC, "Measure the Impact of Corporate Citizenship: Feedback Symposium." December 5-6, 2000. The data provided by PPL are hypothetical. However, they are based on a real case that produced value for the corporation.

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quantifying the outcomes of what is viewed as a soft and intangible function. The real trouble lies in calculating benefits. Skeptics will challenge CI's attempts to claim credit for outcomes it may have had a supporting role in producing. Answering these skeptics makes ROI a potentially complex and resource-intensive process.

It's also important to note that because ROI expresses business value-added of CI programs without acknowl-edging their benefits to the community, these process may cause people to lose sight of the social benefits of this work.

ROI presented alone may lead superiors and colleagues to lose sight of the community. Or worse, it could lead CI managers to lose sight of the social benefits that their work must produce.

4. Impact Assessment — Combining Approaches

Sometimes one technique is not enough to demonstrate CI's value. When combined, impact assessment methods can reinforce one another in defining business value.

Sears: Combining Survey and ROI methods

CR managers at Sears were presented with a unique opportunity to evaluate a CR initiative. Sears made a product donation of $50,000 for needy families on a nationally syndicated television talk show. Sears CR managers estimated a $13 million to $40 million increase in holiday shopping as a result of this donation. How did they come up with those figures?

The CR department could have tried to compare that year's post-television show holiday sales with those of the year before. But that would have provoked skepticism since a rise in sales could have been due to any number of reasons. It could have taken a rigorous approach by identifying a group of viewers and comparing how much they spent at Sears after watching the show with the amount that a similar group of non-

viewers spent at Sears during the same time period. This too should provoke skepticism, if only because following these people as they shop would be hopelessly impractical.

Sears' solution was to ask viewers what they intended to do. Although responses don't necessarily translate into behavior, marketing surveys are important tools used by many retail industries. Many corporate decision makers typically view surveys as more useful than an alternative of guesswork.

Before the show aired, Sears sampled viewers and asked them a series of questions. The survey asked people to respond to four statements on the scale of one (agree completely) to five (disagree completely). These statements were made in reference to Sears as well as two competitors. The statements included:

- [Name of Company] is a high-quality company.
- [Name of Company] does good things for the community and its environment.
- [Name of Company] is the kind of store I like to shop at.

In the mid 1990s, Eastman Kodak CR and sales teamed up to develop a rigorous and ethically sound approach to pursuing sales from the large nonprofits that CR had developed relationships with. CR would point the way, and sales would follow. The question for CR was: if a sale was generated, what kind of credit should the department receive? After all, CR had cultivated these relationships and was providing valuable intelligence and entrée for its sales colleagues. They agreed that CR would receive a theoretical five percent to 10 percent of the credit for any sale generated through a lead provided by the department. Though this percentage was just a number on paper and sales wouldn't transfer any of the proceeds to CR, it was priceless for measurement purposes. It allowed CR to track and quantify the value it was providing to support sales. The percentage may not have been determined through a rigorous and scientific process, but that was almost immaterial. The important issue was that key managers and decision makers accepted the criteria and agreed on its validity.

At Prudential, CR set goals with the local sales department to support the company's overall sales objectives. The two departments established criteria to outline what constitutes a sale that CR could claim as a result of its activities. Based on these criteria, the sales departments submits quarterly sales reports to CR so the department can quantitatively track and measure its value added to the company's total revenue. Because CR helps to develop the sales unit's relationship skills and builds its network in the community, CR can claim a 600 to 700 percent return on investment for its activities.

- I plan to shop at [Name of Company] for the holidays.

Finally, respondents were asked to estimate the amount they might spend at Sears for the holidays by choosing one of five spending categories ranging from less than $100 to more than $500.

The respondents' answers provided the baseline assessment. After the show aired, the company gave a new, random sample of viewers the same survey.

The comparison showed a positive shift in the quality perception of Sears. Before the show, 58 percent agreed with the statement concerning quality. After the show, 65 percent agreed with this statement. Sears also saw a significant increase in the belief that Sears does good things for the community and environment and that it was the kind of store that people liked to shop at. Most importantly, the product donation caused an 18 percent increase in people's intent to shop at Sears for the holidays and a 39 percent increase per shopper in the amount they estimated they would spend at Sears (a $55 increase per shopper).

By asking these questions, CR staff had collected data that could be considered a benefit on a cost-benefit ledger. Thus, survey methods gave them the data necessary to use ROI analysis. Assuming the midpoint for each spending range, the after-show sample represented an average of $195 in estimated sales per respondent compared to an average of $140 before the show. Managers extrapolated this figure from the total num-

ber of viewers that watched the show. They subtracted the percentage of the sample that said they did not plan to shop at Sears.[7] Then they projected the $55 shopping increase across the millions of viewers that they estimated from the survey would be shopping at Sears.

The single CR donation generated an estimated $40 million increase in Sears revenue during that holiday season. CR managers then conducted a sensitivity analysis. Considering that the intent to shop does not necessarily translate to actual shopping, CR discounted the original number by two-thirds and estimated the return for its $50,000 CR donation at close to $13 million, representing a 7,800 percent return on investment.

Pillsbury Employing a Mixed-Method Approach
Many organizations understand the potential spillover benefits of employee volunteering. It can promote teamwork, communication, and leadership. But most companies take a passive approach, assuming these benefits will accrue through standard volunteer programs.

Pillsbury decided not to take any chances, and designed a strategic volunteer program to support professional development. Working with key colleagues in HR and other departments, CI staff developed a template of skills and competencies that employees should develop. The list included strategic planning, operational planning, budgeting, accounting, finance, gover-

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[7]Again, if the sampling strategies are designed rigorously, then this is appropriate.

FIGURE 19
PILLSBURY'S MEASUREMENT FRAMEWORK

Goal	Support HR: • Develop employee skills and competencies through volunteerism • Support employee retention
Framing Questions	• Are employees' skills improving? • Is the program building leaders? • Are employees more committed and satisfied?
Measures	Comparisons along several dimensions between staff who volunteer and those who do not: • Tenure at company • Promotion patterns • Supervisor ratings • Employee attitudes • Performance against key corporate drivers
Records	Accurate records of: • Employees utilizing the program • Type of experience • Employee supervisors
Impact Assessment Method	Survey employees and supervisors: • Design questionnaire to reflect organizational goals

nance, leadership, communication, and teamwork. Working with community partners, CI staff identified nonprofit organizations that would relish the opportunity to work with volunteers interested in learning these skills and competencies through hands-on application.

Employees completed forms about their development interests. CI matched the employee with a volunteer opportunity. Afterward, employees completed a follow-up form on their experiences.

Pillsbury designed measurements from the outset. Figure 19 shows the steps of the measurement framework to capture the key steps in the process.

The survey process fit the design and interests of the corporation's defined goals and HR interests. Supervisors rated the performance of their direct reports along a variety of dimensions of interest to the company without knowing who was volunteering. This way, supervisors weren't encouraged to either inflate or deflate ratings based on this knowledge. Supervisors rated the development of direct reports, their potential for leadership, management capabilities, rate of their improvement, morale, and expectations for the employees' tenure.

At the same time, CI staff surveyed samples of program participants and non-participants. The survey asked each group about their attitudes toward Pillsbury as a place to work, their expected tenure and commitment to the company, and their level of morale. The findings follow:

• Volunteers were rated by supervisors as higher

along most dimensions of skills and competencies.

- Volunteers were rated by supervisors as having greater leadership potential.
- Volunteers were more satisfied with their jobs and more committed to remaining at the company.
- Seventy-six percent of supervisors reported that they detected a "modest, but noticeable, change" in employee volunteer behavior during the seven-month period of the study.
- Eighty percent of supervisors agreed that the work behaviors of volunteers had changed more than the work behaviors of other department employees.
- Eighty-nine percent of supervisors agreed that volunteers engaged in positive work behaviors more frequently than the typical department employee.[8]

Potential Next Steps: Recommendations for Pillsbury
Pillsbury has opportunities to take these findings, develop them, and use them in ROI approaches. For example, one potential benefit of the program is to provide the company with a low-cost alternative to employee training. Working with HR, CI staff could compare these results to similar surveys that focus on the experience of a random population of employees and supervisors using corporate training programs. Are results compatible? If so, what are the differences in running a volunteer professional development program compared to paying for analogous course instruction?

When should you use the mixed-method approach? First, try it on a particular initiative rather than on the department as a whole. Sears' sponsorship and Pillsbury's volunteer program lent themselves well as measurement case studies. It's often useful to start by cataloging performance outcomes. Next, think about which methods would help to further define and cost-out benefits. Sears used a survey method to determine expected shopping patterns; Pillsbury interviewed supervisors to assess changes in performance. Using these processes to define benefits, you can then utilize ROI techniques. Thus the combination of these approaches can enhance the power of findings.

Using the impact assessment techniques described in this section will help CI managers produce evidence to support the business case for their function. However, if this is all you use measurement for, you'll be missing a major opportunity. As discussed in the next section, best-practice organizations don't stop once they've generated findings. Rather they go full circle, using the results to improve performance and revise strategic goals, thereby beginning the process all over again.

[8]Source: Bartel, Caroline. "The Impact of Corporate Volunteerism on Employee Development: An Examination of Pillsbury Employee Volunteer Programs." University of Michigan. unpublished paper. 1998.

V. Revising and Updating Strategic Goals

INTRODUCTION

Measurement is not a closed-loop process. It shouldn't be used to defend community involvement or to save the department. Nor should it be viewed as a threat to the security of the function. The ultimate goal of measurement is to enhance the performance of the community involvement function. In fact, one of the surest ways to marginalize the community involvement function is to decide not to measure. By not measuring — especially in corporate cultures where most line function do measure — community involvement professionals will be proving their critics right.

USING MEASUREMENT AND RESULTS

Figure 20 shows that the study participants most often use easily available and less expensive measurement methods. Program evaluation, informal data gathering, and benchmarking are the preferred measurement systems. Among those used least are the most rigorous quantitative measures such as cost-benefit analysis and ROI measures.

The remainder of this section details how best-practice organizations use measurement to support process improvement in strategic goals and objectives; identifying operational strengths and vulnerabilities; and improving the function and its activities. Rather than provide an instructional framework, this section instead provides findings and best-in-class examples that CI managers can adopt or use for guidance.

ACHIEVING GOALS AND OBJECTIVES

ROI and other impact measures are one method to determine whether or not CI is meeting goals and objectives. However, there are other techniques as well.

Prudential

Prudential develops evaluation criteria before projects are undertaken. When the projects are completed, CR reviews the criteria to determine which goals were met. For Prudential's education initiatives, CR also measures the rate of improvement in educational outcomes such as literacy skills. The Prudential foundation also reviews the goals established for each grant

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FIGURE 20

MEASUREMENT AND PERFORMANCE IMPROVEMENT

Type of Measurement	Used by % of Participants	Used *and* Led to Improvements in CI by % of Participants
Program Evaluations	87	77
Informal Data Gathering	83	73
Media Tracking	77	43
Employee Attitude Survey	73	53
Benchmarking	70	60
Employee Volunteering – Time and Cost Tracking	70	50
Community-Attitude Survey	63	50
Customer-Attitude Survey	57	40
Stakeholder Dialogue Processes	43	33
Government-Attitude Survey	33	20
Internal Data Analysis	30	17
Cost-Benefit Analysis	20	10
Investors-Attitude Survey	17	10
ROI Measures	13	10
Other Stakeholders-Attitude Survey	13	10

given to nonprofit organizations to assess whether the stated activities were achieved. For the Prudential neighborhood partnership program, CR established two or three specific outcome measures at the beginning of the program for each neighborhood on which they are consistently being evaluated.

Recently, a group of consultants developed a dashboard system for CR to measure its overall impact on the company. Similar to the balanced scorecard, the dashboard assesses the value of CR according to the following four areas: community impact, company relationships, company reputation, and employee morale. Although the system has yet to be fully implemented, CR has been successful using the system in measuring its impact on supporting sales and building employee morale.

Sears

Sears' CR department has an evaluation grid for its sponsorship programs. The grid measures sponsorships according to the number of clients served, the amount of publicity Sears expects to generate, the amount of purchased advertising, and the number of opportunities for senior executives to take on leadership positions in the community.

As a key measurement tool, the foundation gives grantees an assessment tool at the beginning of the partnership, so they know how they will be assessed throughout the project. For example, the tool assesses the specific organization against:
- The nonprofit's established objectives.
- How those objectives meet the foundation's

objectives, which are in line with the corporation's objectives.
- How the relationship helps to build Sears' reputation.
- How the foundation helps to build strategic relationships.
- Its operational strengths and vulnerabilities.

Petro-Canada

For more than a dozen years, Petro-Canada's environment, health and safety group has used the social audit. The company uses auditors to survey and interview external stakeholders to evaluate its community involvement strategy. This social audit focuses on nine key indicators that Petro-Canada has identified as important to its operations:
- Intensity of opposition
- Previous negative incidents
- Sensitivity by regulators
- Compatibility with existing development
- Amount of new activity
- Reputation of company
- Management awareness
- Level of community involvement
- Involvement of external advocates

The next step in the audit process involves conducting a sensitivity analysis in a new area where Petro-Canada wants to expand. The new project sensitivity screening tool outlines the rate of sensitivity of the new area based on the type of community. Communities are rated on a scale of low, medium, and high sensitivity. High sensitivity areas are heavily populated areas and areas near environmentally sensitive lands. The new

project sensitivity screening tool rates the sensitivity level of the operations that Petro-Canada is hoping to implement in the particular area. Conventional seismic operations are generally ranked as low sensitivity operations. "Sweet gas" drilling is an operation of medium sensitivity whereas "sour gas" operations are high sensitivity. Once a particular community is plotted on the matrix in terms of its rate of sensitivity for the type of area it is and for the operations planned for the area, Petro-Canada has a better understanding of how to address the community in each new area.

After the sensitivity analysis is completed, consultants conduct a community profile. This outlines primary population type, density, other industries in the area, and the general sentiment towards industry within the community. For high-risk areas, such as urban communities where Petro-Canada operates sour activities, the next step is to develop implementation plans. To begin this process, Petro-Canada contacts key community leaders to determine:
• Key areas of concern to be covered in periodic newsletters.
• Appropriate frequency of the newsletter.
• The need for facility tours, open houses, panel discussions, and other community initiatives.

Once this step is completed, Petro-Canada catalogs any outstanding issues in the community and reviews whether there are opportunities for closure; establishes liaisons with other industry operators in the area, coordinates these relationships where applicable and appropriate; and ensures that local and provincial (as required) regulatory agencies are apprised of issues.

For the fourth step in the social auditing process, Petro-Canada developed a scorecard system to assess its community relations initiatives. The scorecard establishes at the beginning, the project's goals and objectives and then measures Petro-Canada's success in achieving those goals at the completion of the project. In this phase, auditors conduct interviews with several stakeholder groups, including field supervisors, municipal elected officials, community leaders, environmental organizations, regulatory bodies, other local companies, and neighbors. The goal of these interviews is to determine the level of awareness of Petro-Canada's community activities, the perceived benefit to Petro-Canada's business plan, and improvement opportunities.

Sample community audit questions include:
• Has Petro-Canada communicated their operations to you? If yes, how do you view or assess that information?
• Do you regard Petro-Canada as a good neighbor and good community member? Please give reasons why or why not.
• Have you ever had a problem with the facility? If so, how was it resolved?
• Do you have any suggestions for Petro-Canada about communication/interacting with you or your community?

Finally, successful projects are stewarded by a senior management team, headed by the vice president in the area.

Petro-Canada also measures its community performance according to the company's national total loss

management standards during its annual total loss management audit. External consultants conduct an audit at the management level to assess how managers are meeting the 10 elements of the national total loss management standards. Information gathered in the audit is benchmarked against previously collected data and is used to track progress and trends. The audit essentially compiles a stakeholder management report card for each Petro-Canada site. Managers within operations, seismic, surface land, and facilities departments grade their performance in internal and external communications and their use of stakeholder management tools. Externally, landowners, aboriginal community members, government officials, and regulators grade each facility on its performance in these two areas. Results of these scorecards are presented to the total loss management council. The council meets every six weeks to discuss important issues identified by the report cards and to track the company stewardship.

Suncor Energy

One of Suncor's key measurement activities is its extensive stakeholder research project. The project has been undertaken to assess stakeholder opinion, to gauge business impact, and to validate Suncor's involvement in the community. By surveying community stakeholders, investors, employees, and members of government and the media, Suncor hoped to measure the gaps between desired and perceived reputation and to understand current perceptions and priori-

ties of Suncor's key stakeholders. By measuring these gaps, Suncor could better:

- Identify and anticipate issues of concern to the community
- Assign priorities and leverage opportunities to meet stakeholder expectations
- Alleviate concerns
- Define and deliver key messages and communications
- Allocate resources
- Establish performance measures

Suncor's communications department directed the planning, design, and implementation of this stakeholder research process with the help of an independent research firm. After reviewing prior research on measuring stakeholder perceptions, the communications department and research firm collaborated with other Suncor business units to finalize the corporate reputation assessment tool, which was given to a random sample of respondents in each stakeholder group as a 25-minute telephone interview. The assessment tool was designed as a blind survey in which the respondents were asked the same questions in reference to three to five competitor companies, as well as Suncor, to prevent any unwanted bias in stakeholder responses. Only at the end of the interviews were stakeholders told that the survey was part of a Suncor Energy sponsored research project.

Upon completion of the interview process, the information collected on each stakeholder group was

entered into three key measurement and benchmarking tools. Information on each stakeholder group was first compiled into a comprehensive reputation index, which measures stakeholder perceptions of Suncor's overall performance on nine reputational elements:

- Market leadership
- Financial performance
- Management quality
- Product and service quality
- Environmental leadership
- Social responsibility
- Corporate citizenship
- Ethics
- Communication

The reputation index also ranks each reputational element according to its stated importance and level of priority to each stakeholder group. The second tool is a competitive scorecard, which compares Suncor's strengths and weaknesses against those of its competitors who were included on the survey. Third, the research was incorporated into a key driver assessment tool or priority matrix, which outlines priority improvement areas for each stakeholder group. Managers in Suncor are reviewing this research and incorporating its findings into their business plans for 2001. This process will be repeated every 18 to 24 months to track, measure, and benchmark changes on Suncor's corporate reputation.

MAKING PLANS TO CONTINUOUSLY IMPROVE THE FUNCTION

3M

Community affairs views 3M employees as its primary constituency for all its community involvement activities. Therefore, it seeks to measure employee opinion about 3M's community involvement. 3M solicits feedback and advice from over 200 employees organized in employee advisory committees. The company surveys its employees on three different levels. First, through the HR department, 3M takes a national poll of 25 percent of its employees to measure their perception of the company and their involvement in the community. Second, 3M gives its employees standard opinion surveys every other year that are used by division management to devise action plans. Third, the CA department also has developed custom miniature surveys that ask more specific community relations questions, which are the most useful to the CA function. The survey is used at the discretion of business management. These surveys are designed to:

- Identify strengths
- Identify opportunities for improvement
- Serve as a barometer of employee attitudes
- Integrate and leverage other corporate initiatives
- Improve organizational effectiveness
- Improve business performance

Sample questions include:

- Does 3M have a good reputation in the community?
- How well does 3M do supporting local charities?
- Do you believe that 3M is committed to having a positive impact in the community?
- Do you volunteer in the community? If yes, where?
- Do you know whom to contact to get more information on 3M's community programs?
- Do you believe that your management demonstrates a commitment to your community?

IBM

Instead of using measurement to justify its role in the company, community relations at IBM uses measurement strategically to continuously enhance the quality of its programs. The company will therefore evaluate grants not only for the purpose of determining whether outcomes were met, but for enhancing and replicating programs to other sites. IBM Director of Corporate Community Relations Ann Cramer describes how this approach has been used to help scale up the Teaming for Technology program. In collaboration with the United Way and VISTA, this program utilizes IBM employees, retirees, service people, and consultants to enhance the technological capacity of nonprofit organizations. Teaming for technology is working with social service agencies in 17 communities across the United States to help enhance their competency in technology so that they can better deliver services, manage costs, and maximize their effectiveness. Cramer says,

"For example, with Teaming for Technology, we knew that we wanted to measure success, but we chose the old way, which was to count the number of classes offered, the number of people who were consulted in nonprofit organizations, and the number of children affected who maybe got access to computers through a Boys or Girls Club. We realized, working with the United Way and VISTA, that counting the output was not nearly as effective in really achieving our goal, which was enhancing the capacity of nonprofits to do their job, not just putting more computers in nonprofits. Together — between IBM and the United Way — we developed a whole new process of working on standardizing and creating scalability and sustainability across all of our Teaming for Technology efforts. We can now identify the outcomes and determine what effect this program is making in local communities."

Sears

CR surveyed its associates to assess what they like to do and where they are currently involved in the community to help determine the overall focus of Sears' community involvement. The following are examples of questions from the survey:

- Do you currently volunteer?
- Do your volunteer projects/agencies need additional volunteers?
- When are you available for volunteering?
- How often are you interested in volunteering?
- Indicate the types of activities and organizations for which you have an interest.

- Do you prefer to volunteer close to work or home?
- Do you prefer to volunteer by yourself, with co-workers, with family, or with friends?

CR also asks associates to complete a survey after participating in a volunteer project. However, collecting this feedback is not easy because many different initiatives occur at one time. To help collect feedback from associates, CR has used the Sears Associate Magazine, an in-house publication. CR places a volunteer tracking form in the inside cover at least once a quarter for associates to fill out and return to corporate CR. The magazine is also utilized to leverage feedback by showcasing best practice volunteer efforts, which CR hopes will promote competition between regions, units, and employees to have their own involvement highlighted. Temporary help inputs information collected from the volunteer tracking forms or on the intranet into an Excel spreadsheet. The spreadsheet categorizes each volunteer initiative by region, district, unit, project name, project description, project type, date, number of associates, families, customers, vendors, and retirees involved, total volunteers, and total hours.

Store managers are also asked to complete a planning form for Sears' volunteer week. Although it is up to each store manager to determine what kind of volunteer activities are most appropriate for his or her area, the Sears volunteer week plan form asks several questions important to corporate CR. The form asks for the store unit number, the name of the project(s) planned, a description of the project, the dates the project will be implemented, the number of volunteers needed for the project, and the number of total volunteer hours for the project. Sears has found that it is easier to capture team volunteer efforts with a form such as the Sears volunteer week plan form than it is to capture individual hours.

The same format is used to track volunteerism for the Sears Good Life Alliance. The SGLA tool kit sets out a planning process for identifying volunteer projects that are appropriate for the store's or district's community. Before the project, CR asks store or district managers to project the number of associates and community members they think will be involved and to define the goals and objectives of the program. After the project, CR asks the manager to complete a recap form that asks if the project was successful. Is this something you would do again? What do you think the impact was on the organization or the children that you served? How many volunteers were there? How many hours did you work? Are our associates willing to proceed and develop an ongoing relationship with this particular organization?

CLOSING THE LOOP

The examples demonstrate that measurement is powerful when used both to show results and provide critical intelligence to drive improvement. As a result, the critical step for the CI measurement framework outlined in this report is to close the loop. With the information provided by measurement, CI managers need to go

back and define or review new strategic goals that raise
the bar and give the function greater value and impact.
Once goals have been revised, managers then need to
revise the framing questions and metrics, update
records, and measure impact.

CONCLUSION

Following the examples of best-practice organizations
takes the mystery out of measuring the value of com-
munity involvement initiatives. The most important
step toward creating and then measuring value is to
clearly identify the strategic goals of your community
programs. By doing that, you will know ahead of time
what you want to accomplish, thus creating a focus
that helps you determine whether or not you achieved
your goals.

Taken together, managers can use the information pro-
vided in this report as evidence of the business case for
CI as well as guidance for their own measurement
practices. However, it's important to note that these
approaches to measurement are still uncommon.
Therefore, we close this report with a challenge. It is
time to end the debate of whether corporate communi-
ty involvement can add value to business. Instead, it is
time for CI managers to start demonstrating how they
create and add value.