

Measuring investment's social impact

The London Benchmarking Group's model helps establish the longer-term impact of a program.

By MICHELLE COMMANDEUR



In these increasingly uncertain economic times, there is a possibility that community investment professionals will be challenged to account more robustly for the programs they oversee, and to justify continued investment on the basis of rigorous evaluation of the benefits these programs bring.

In this environment, the London Benchmarking Group (LBG) model is an increasingly important tool in providing the framework necessary to put a monetary value on the input costs of a company's community investment program.

LBG goes further to assess what the programs actually achieve – the output defined in terms of how a program has benefited both the community and the company. It also helps establish the longer-term impact of a program, essentially assessing how the world is a better place because of the company's investment.

LBG Australia and New Zealand's 2008 annual benchmarking report measured the impacts of the community contributions of 34 member companies. These contributions rose from \$117 million in 2007 to more than \$158 million last year.

As members become more comfortable measuring and recording their financial and in-kind inputs, they are also developing a broader and deeper understanding of the medium and long-term impacts their efforts are achieving, both for the community and for the business. They are also developing case studies that provide practical and relevant examples to illustrate these equally important aspects of corporate community investment.

Access to consolidated figures from LBG in the UK provides an unrivalled opportunity to understand and broadly benchmark corporate Australia's performance on an international level.

In 2008, membership grew from 29 to 40 companies, with a healthy pipeline of companies in active discussions about joining, and there are now more than 90 community investment professionals working in LBG member companies.

This increased activity has seen the average contribution per employee rise to \$372 in 2008 from \$213 a year earlier. The number of employees volunteering in paid company time rose to 35,611 from 26,448 in 2007.

How members contribute - through cash, time, in-kind, and management costs - showed a significant increase in in-kind donations. The reason why members contributed remained virtually unchanged from 2007, with strategic community investment named as the primary motivation. The spread of focus areas being supported was also largely unchanged, with 'social welfare' accounting for about a quarter of contributions, and 'education/young people' and 'health' equal second.

A range of case studies demonstrate the increasing ability of companies to provide concrete numbers and details around what their projects are actually achieving, both for the community and for the business.


At **ANZ (ASX: ANZ)**, we use the LBG model to measure the total financial value of contributions, including donations, volunteering hours, and the community investment component of commercial activities.

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We also use it to assess the impact our programs are having on the community to help ensure our investments make a real difference to the community, enhance employee engagement and complement our business goals.

ANZ case studies in the past year include programs to help build long-term education opportunities in India, provide work experience for refugees, and build the capacity of community organisations (see www.anz.com/community)

In these more difficult economic times, effectively measuring medium-term outputs and longer-term impacts is a key challenge and an increasingly critical requirement for companies looking to assess, manage and justify their initiatives.

The 2009 LBG benchmarking reports may demonstrate some interesting effects of the global financial crisis on overall community investment spend by member companies, both in our region and internationally. 

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