STRATEGY AND MEASUREMENT

TOWARDS LEAD-PRACTICE IN COMMUNITY INVESTMENT

YOU'LL FIND THIS PAPER VALUABLE IF:

- You are a community programs, community investment (CI), corporate responsibility (CR), or sustainability manager responsible for programs or portfolios designed to create social impact and business value.
- You are a senior or executive leader in your business who would like your CI or CR agenda to play a more central role in achieving your business objectives.

Our sources for this paper include:

- A high-level research survey conducted by our team in 2015, engaging 39 key stakeholders in market-leading companies in Australia and New Zealand around community investment. This covered sectors including finance, technology and telco, FMCG and resources.
- A review of others' literature and research from leading thinkers in the CR and CI spaces, including case study review of successful approaches to shared value CR and strategic CI.
- Karrikins Group's first-hand experiences working on the design, development, execution and measurement of large-scale, innovative community investment programs around the world.
- Conversations with select senior leaders from both the commercial and community spaces.

FOREWORD AND EXECUTIVE SUMMARY

Karrikins Group exists to maximise the business value and social impact of business' community investment. We wrote this paper because we have deep passion for the sector, believe in its power, and want to do all we can to help business and the community grow together.

Many companies are not getting value-for-money from their community spend. They are let down by misaligned strategy, less-than-brilliant partners, too tight a grasp on legacy at the expense of innovation, and a lack of rigorous, informative measurement. This breaks our heart.

Business could be the most powerful force for positive change in the world. The scale, expertise, resources and intellect within enterprise could be channelled to create historically unprecedented impact, especially when combined with the globalising, multiplying effect of today's technology.

But the reverse is also true: that same scale, expertise, resource and intellect could be the end of us. We could extract every resource, burn every fossil, soil every river and fell every tree, if we wanted to. This is the power we have. This is the choice we have.

For that reason, we have spent the better part of ten years aligning the interests of business and society; we want businesses to generate soaring and sustainable profits through engaged and excited workers, and we want societies and people to flourish to their fullest.

To that end, in this paper we offer a practical guide for the design of high-impact, high-value strategic community investment portfolios. We also draw together up-to-the-minute research, inspiring case studies, real-world experiences and insights of experts in a punchy, digestible format. We hope it helps practitioners maximise the social impact and business value of what they do.

We are not traditional 'community consultants'; we are growth-focused business professionals who work globally to help businesses grow and prosper in changing times. We just happen to know that strategic community investment is a powerful tool for business to 'do well by doing good'.

We have seen first-hand the way in which strategically aligned, well-run community investments can facilitate both these outcomes. We have measured it. We know it works.

But of course this document is only the beginning. We hope you find some gems in the following pages, and we welcome the chance to start (or continue!) a conversation with you and your organisation about how your community investment can grow your business and change the world.

Warmest regards,

Dom Thurbon
Chief Creative Officer, Karrikins Group

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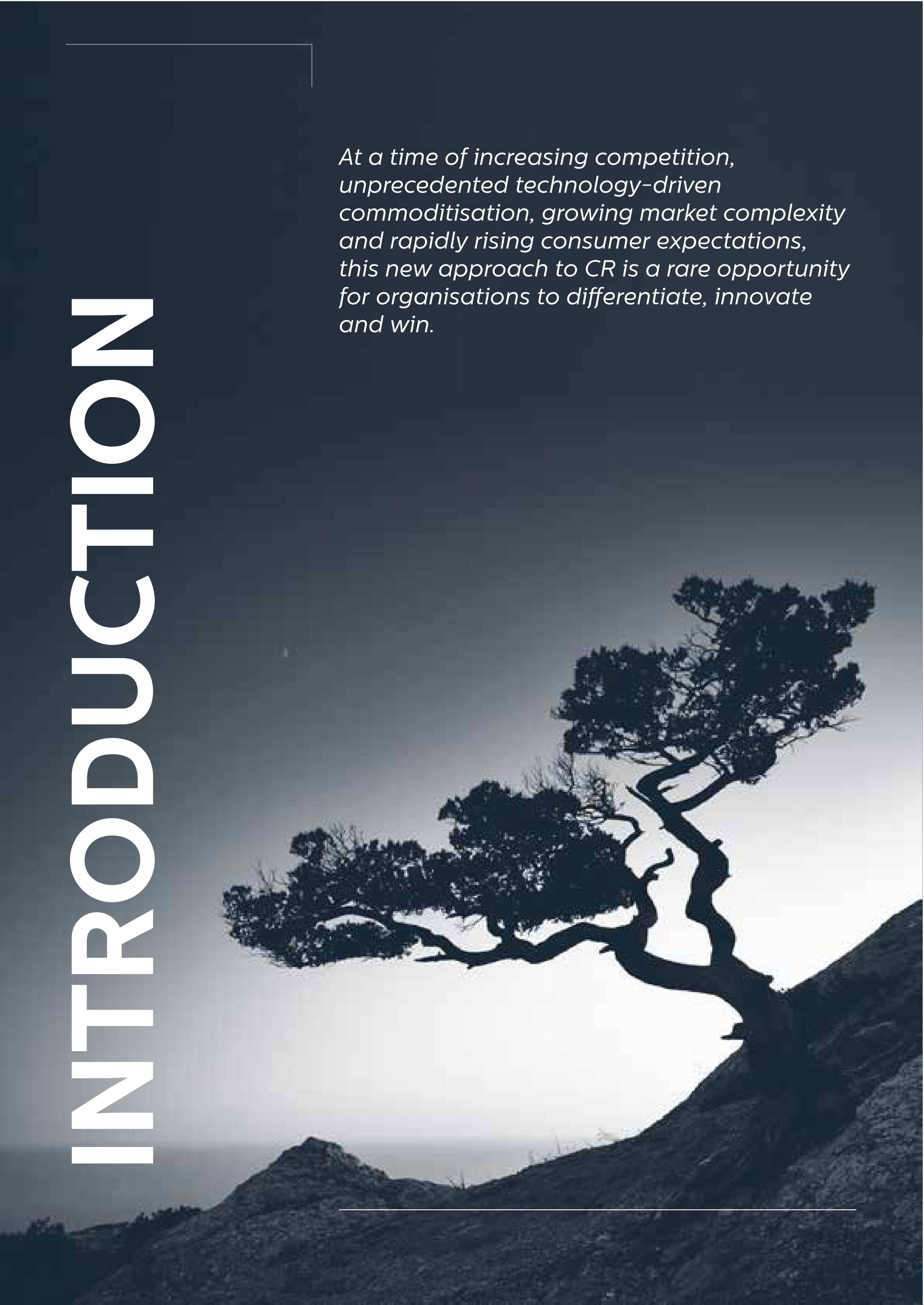


INTRODUCTION

The last few years have seen a seismic shift in the way companies think about corporate social responsibility (CR) and sustainability. In particular, the 'shared value' movement is reshaping the way many businesses operate; as more success stories emerge, organisations are seeing the power of the shared value lens in product, strategy, supply chain, customer experience and innovation.

As of November 2015, over 85% of surveyed organisations[1] were working to develop shared value with the community in some way, signalling a significant shift – at least conceptually – away from CR being a function 'on the side', and instead being seen as a way of doing business, central to strategy.

At a time of increasing competition, unprecedented technology-driven commoditisation, growing market complexity and rapidly rising consumer expectations, this new approach to CR is a rare opportunity for organisations to differentiate, innovate and win.

As an adjunct to the shared value conversation in CR, there is a growing sense that companies can benefit from thinking 'shared value' in community investment and corporate giving, too. People increasingly agree community investment (CI) should be less philanthropic and more strategic.

Yet despite all this talk of strategy and shared value, many companies still plough billions of dollars a year into charity partners, matched giving, volunteering, signature programs and philanthropy in a way that is not, by any fair or objective measure, 'strategic'. It could be ... but it often isn't.

Perhaps this is why CR practitioners in the 2014 ACCSR State of the Market survey said a major priority was to engage key stakeholders in a conversation about the strategic value of CR[2].

[1] *Karrikins Group, "State of the Market – Strategy and Measurement", November 2015*
[2] *Australian Community for Corporate Social Investment, "State of the Market Survey", April 2015. Accessible at: http://accsr.com.au/app/uploads/2015/04/ACCSR_State_of_CSR_2014_FINAL020614.pdf*

Many companies still plough billions of dollars a year into charity partners, matched giving, volunteering, signature programs and philanthropy in a way that is not, by any fair or objective measure, 'strategic'.

This paper brings lead-practice thinking in shared value and beyond to bear on the specific question: *how can companies maximise the business value and social impact of their community investment?*

To be clear: this is not a paper about corporate responsibility and shared value in general; rather, it directly addresses how companies can best approach community investment to make maximum impact and extract maximum value.

We specifically focus on the dual challenges of *strategy and measurement.*

The first is a challenge around how we *think about and approach* community investment; the second is a challenge around how we *quantify the ROI* - both social and commercial.

This conversation is all the more pressing because spend on CR (community investment included) is increasing. London Benchmarking Group data show per-employee contributions to the community in Australia increased from $143/employee in 2006 to $573/employee in 2014[3]. Of the leading companies we surveyed, only 1 in 10 indicated an intention to reduce spend; 43% said spend was increasing. If we're going to commit ever-increasing funds, we must get serious about seeing value.

In this short paper:

1. We provide a usable model and guide for the development and refinement of a high impact community investment strategy; how to think strategically about community investment.

2. We put that model in the context of major trends we see reshaping community investment.

3. We identify a number of quick wins to grow the business value and social impact of your community investment, regardless of where you find yourself in the journey.

[3] *London Benchmarking Group, 2014. Accessible at http://review.lbg-australia.com/#overview*

MAKING STRATEGY STRATEGIC

The focus of this paper is strategy, and it is vital to frame the central thesis early, because it turns out that in community investment we're not as strategic as we think we are!

Let us explain[4].

In our research, 92% of respondents said the 'core strategy and objectives of the business' were key when building their community strategy. 80% said their company sees CR itself as core to strategy

... which sounds like a real win for strategic thinking ... until you dig a little deeper.

For example, I think we'd agree that most company strategies right now are grappling with the challenges of attracting, engaging and retaining customers in complex, commoditised and disrupted markets. Yet while 86% of respondents said their customers expect them to invest in the community, only 33% measured the effect their community strategy had on customers.

Further, we'd likely agree that building unique, differentiated brands at a time when loyalty is on the wane, competition is rising and margins are falling is key to most strategies. Yet 70% of companies did not consider brand-factors like 'PR leveragability' when choosing community investments.

There would be more unanimous agreement that when senior leaders codify key elements of their business strategy, they try to measure success in those areas. Yet over 33% of CI practitioners don't assess 'measurability' when deciding on community investments, and over 80% say they would like better, more informative approaches to measurement.

So, either:

1. Customer, brand and measurement issues are not relevant to business strategies right now, OR

2. Our community investment strategies are nowhere near as 'strategic' as we think they are.

At the risk of stating the blindingly obvious, we feel the second option is more likely to be true.

[4] *The following data are drawn from Karrikins Group, "State of the Market – Strategy and Measurement", November 2015*

86%

While 86% of respondents said their customers expect them to invest in the community…

33%

…only 33% measured the effect their community strategy had on customers.

ASKING STRATEGIC QUESTIONS – NIKE AND DESIGNED TO MOVE

When most companies sit down to decide their community investments, they ask very tactical questions: who should we partner with? What should we fund? How can we get some PR out of this? How can we involve staff?

These tactical questions lead to tactical plans.

Nike approached their social investment differently. They asked: what are the most pressing social issues that could ultimately destroy our business?

This is a big, hairy, strategic question — more akin to something a CEO, not a community investment manager would ask.

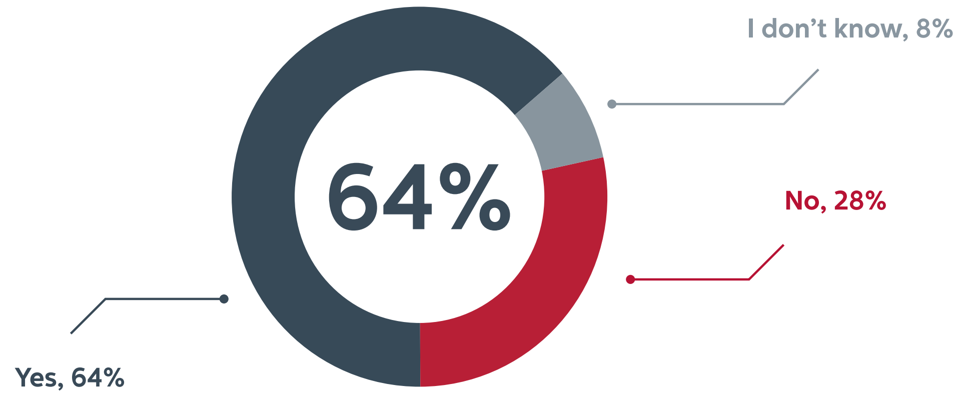
For Nike, where they got to was 'obesity'. As a company that makes most of their money from regular consumers buying Nike gear, the most likely profile of a customer is someone who wants to get fit. Consequently, an obesity epidemic for their business is a mission critical inhibitor of growth. Less people caring about their health and exercising equals less customers.

Nike's response was to channel their community investment activities into a platform called 'Designed to Move'[5]. This was no small thing — this community investment aimed to address root causes of obesity and covered everything from inclusion of physical activity in the school curriculum through to urban planning lobbying to promote built environments that encouraged physical activity through use of public transport. It touched kids, families, community groups and even governments.

This is a compelling example of community investment being driven from a genuinely strategic vantage point. And it is our belief that all companies can think like this.

[5] http://www.designedtomove.org/

Our company shifting money away from cash sponsorship and into different types of community investment based on a plan or strategy.



Our intention is not to sit in judgement of those undertaking the complex, difficult task of building community strategies. It is rather to draw attention to the gap between strategy in theory and strategy in practice; when you look beyond what people say they think is important, and look to how companies behave, stark differences emerge.

For example, when looking at 'key considerations' (the things people cited as 'central to their thinking' or 'major considerations' when designing their strategy or selecting their investments), roughly the same number of people thought about legacy investments (50%) as thought about major business challenges (53%).

That is, people were just as likely to focus on the past as the future when designing community investment.

And despite the fact that 64% of respondents said their company was moving money out of cash donations and into 'more strategic activities' (the catch-cry of the modern CI professional), cash donations to not-for-profit (NFP) organisations still featured in 100% of surveyed community portfolios, as did matched-giving and volunteering. So the evidence would suggest that if we're moving, we're moving slowly.

This is not to say that cash donations and NFP partnerships cannot be strategic. If done in the right way, under the right terms, with the right process and parameters, partnerships with community organisations can be very successful in both business and social impact terms. The point is simply that the gap between theory and practice in this regard remains stark.

Our contention is that too many community strategies, despite real and genuine effort, still do not align with and address the major business challenges that their organisations face. When they do purport to align, they are not adequately measured. This limits their strategic value.

WHAT WE DO IN THE COMMUNITY (COMMUNITY INVESTMENT)

PHILANTHROPY

COMMUNITY PARTNERSHIP

SUPPORT FOR NFP, NGOS AND COMMUNITY GROUPS

VOLUNTEERING

GIFT OF IP

PRO BONO WORK

HOW WE DO BUSINESS (BUSINESS OPERATIONS)

BUSINESS PROCESSES

PROCUREMENT AND SUPPLY CHAIN

PRODUCTS AND SERVICES

HR POLICIES

MARKETING AND ADVERTISING

The central argument of this paper is that this disjuncture exists because we don't ask the right questions when building strategies, and we therefore need to ask better, more strategic questions.

Many terms are used interchangeably in CR by both practitioners themselves, and by leaders within the business. Consider common monikers used across the sector:

- Corporate social responsibility (CSR)
- Corporate responsibility (CR)
- Sustainability
- Community investment (CI)
- Corporate citizenship

We suggest these terms are not interchangeable. Further, we argue that lack of consistent definition – and outright poor choice of language – is limiting the sector, both in terms of how others view it, and how practitioners view themselves, their role and their value.

For this paper, CR (our preferred term) refers to the broad agenda of ensuring business operates in a way that is socially, environmentally and economically sustainable and ethical. It can include ethical supply chain sourcing, environmentally aware procurement, diversity and equal opportunity policies.

This is distinct from community investment: the process of injecting cash or other assets into the community in order to address specific social issues. It can include philanthropy, charity partnerships, support of NFPs or community organisations, gifting of IP, and volunteering – just to name a few.

The temptation to conflate CR and CI is often increased because the CI team, person or committee is housed in CR and part of the sustainability platform of a company. But it's important to note that CR can be much, much broader than just community investment, and vice versa we've seen CI located in many other parts of the business, such as marketing, communications and corporate affairs.

So the two are related, but different.

Innovating in supply chain to improve the quality of lives of third world farmers whilst also improving costs of inputs is a CR activity. Giving money to a charity to build houses for the farmers is CI.

A FMCG company creating a micro-finance enterprise where rural woman in India become their sales force, increasing company sales, raising their personal income, and improving health outcomes is a CR activity. Donating to a NFP that distributes vaccines in the same village is a CI activity.

A TOUCHSTONE EXAMPLE OF CORPORATE RESPONSIBILITY — PROJECT SHAKTI, UNILEVER:

Among Unilever's many product lines are health products: soaps, shampoos, drugs. In much of rural India, for many reasons, personal hygiene products like these are not purchased or used.

This is bad for Unilever (no sales), and bad for the community (health products are important). To frame the community need: WHO data suggests 800,000 children are killed each year by diarrhoea, and a 20-second hand-wash with soap is one of the best ways to prevent this.

Herein lies an obvious crossover between the core business operations of Unilever (selling health products) and a pressing social need (using health products).

Unilever's bold CR strategy was to start a micro-finance initiative ('Project Shakti') which abandoned the traditional wholesaler-to-retailer distribution model and recruited women in targeted remote villages as door-to-door health product sales people. This required significant innovation and disruption in distribution model — it wasn't about funding a charity, it was about fundamentally changing the way Unilever did business.

And it has been a stunning success.

Not only did Unilever drive over $100 million in hygiene product sales, but household income for the 65,000+ women involved more than doubled, and it had massive flow-on health benefits.

This is also a fine example of 'shared value', where an organisation has found a way to change the way they do business to drive better business results while addressing a social issue.

A TOUCHSTONE EXAMPLE OF COMMUNITY INVESTMENT — ASB GETWISE, NEW ZEALAND

Building financial literacy skills in young people has been shown to create huge social benefit. People with higher levels of financial literacy are less likely to be unemployed, more likely to manage debt more responsibly, and typically achieve better personal outcomes. As such, financial education is increasingly becoming a priority for many countries.

At the same time, retails banks operate in an ever-more challenging market. For New Zealand's 2014 Bank of the Year, ASB, they face a complex market with increasing competition, massive levels of technological disruption, and a rapidly changing regulatory landscape.

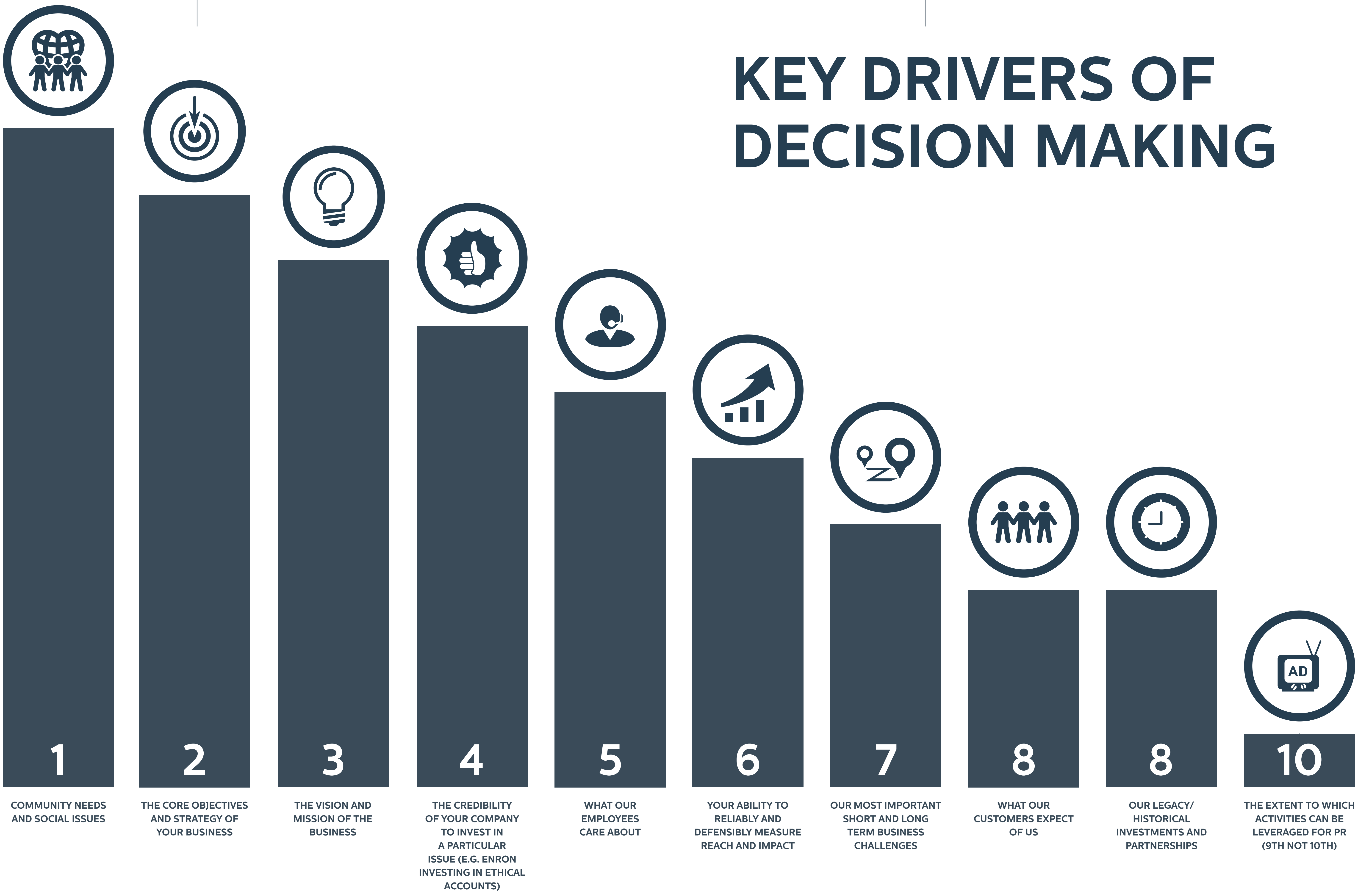
Putting that social need and business challenge side-by-side, ASB found an opportunity to smartly align their community investment with their commercial goals in a way that makes meaningful social impact, whilst being good for business.

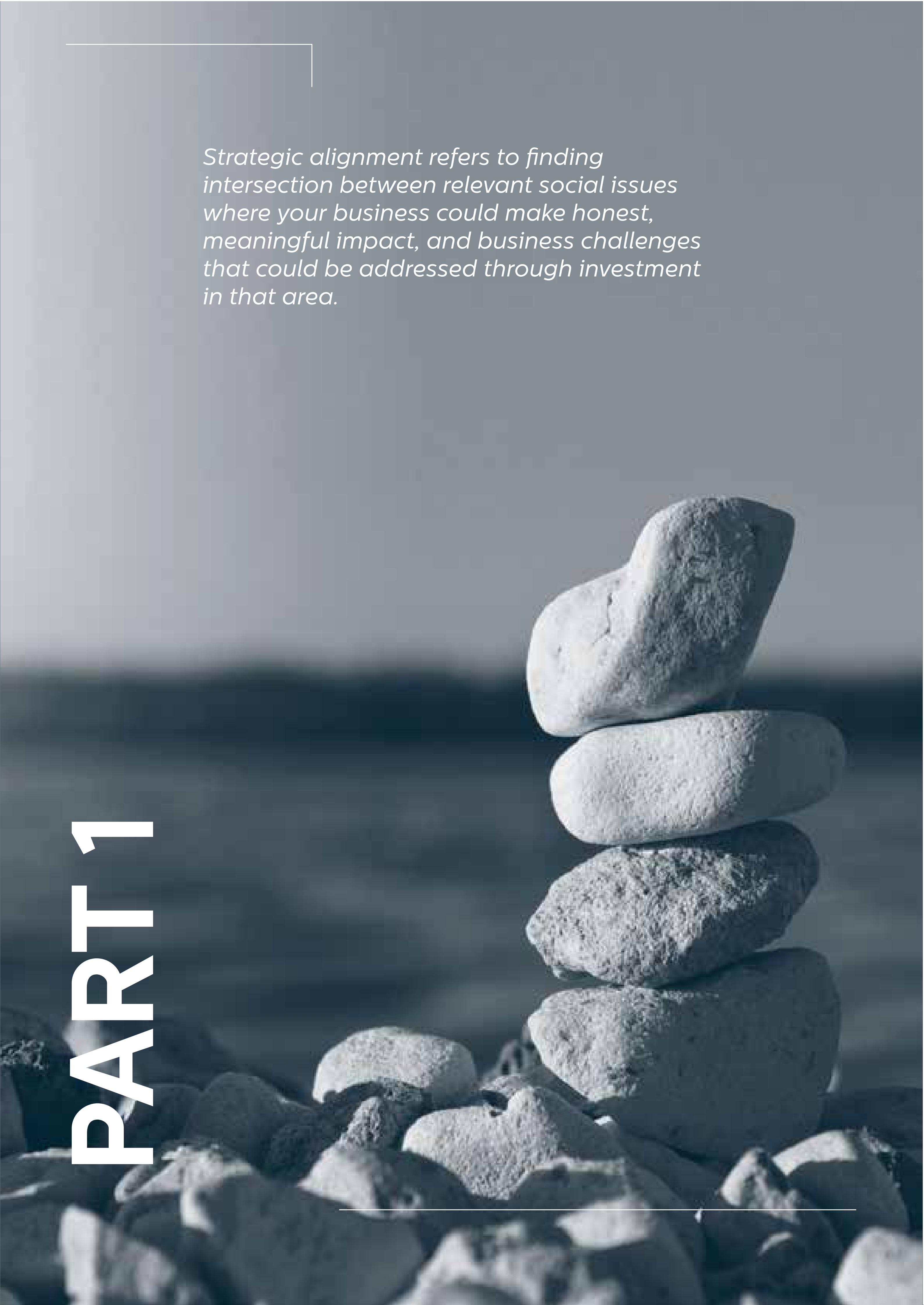
ASB created GetWise, a financial education program aimed at New Zealand schools. This proprietary community investment — owned and built by ASB themselves — is a face-to-face education program that works with New Zealand kids to teach them basic money management.

To date, ASB has worked with over 62% of all primary and intermediate schools in New Zealand, and independent evaluation by the New Zealand Council for Educational Research has shown it to be a highly effective education program that creates deep, meaningful impact. Beyond their real social contribution, they also build relationships with schools and students that will be valuable for the company into the future.

This is a classic example of strategic alignment.

KEY DRIVERS OF DECISION MAKING





PART 1

Strategic alignment refers to finding intersection between relevant social issues where your business could make honest, meaningful impact, and business challenges that could be addressed through investment in that area.

MEGA-TRENDS: THREE FORCES REDEFINING COMMUNITY INVESTMENT

There are three trends that are reshaping the way companies think about community investment. Each of these trends presents opportunities (if judiciously interpreted and carefully understood) and risks (if blindly followed and credulously accepted as gospel).

We offer quick summaries of these trends and rough ideas about some risks and opportunities. These would be great things to sit down and talk about with your team, and we welcome your feedback and thoughts.

1 - STRATEGIC ALIGNMENT

Most people in CR talk about ‘shared value’, but with specific reference to community investment, we suggest the label ‘strategic alignment’ is more appropriate. Strategic alignment refers to finding intersection between relevant social issues where your business could make honest, meaningful impact, and business challenges that could be addressed through investment in that area.

To put that in visual perspective based on the model used earlier on page 9:

WHAT WE DO IN THE COMMUNITY (COMMUNITY INVESTMENT)	HOW WE DO BUSINESS (BUSINESS OPERATIONS)
↓	↓
THINK ‘STRATEGIC ALIGNMENT’	THINK ‘SHARED VALUE’

SINGTEL GROUP – ASIA'S LARGEST MULTINATIONAL TELCO

An example of brand alignment comes from the Singtel group, Asia's largest multinational telco, whose brands include Optus, Telkomsel, AIS, Bharti, Globe and Singtel.

They are pioneering a regional theme to underpin community investment, with a focus on digital citizenship. While each country will have a unique execution and different community partners, programs and sponsorships that suit their local context, increasingly there is continuity at a brand level whereby all subsidiaries are ensuring their community investments are targeted at similar types of issues, and link to the brand in the same way.

Further, Optus (Australia), Globe (Philippines) and Singtel (Singapore) are going one step further at a brand level – beginning to share program names, content, IP and experience. This will eventually include regionally consistent approaches to partner selection and measurement, and shared resources.

This has practical benefits far beyond simply 'sounding good'. This type of consistent brand alignment increases opportunities for IP sharing, allows leverage of spend, facilitates coordinated communication and fosters international collaboration in a diverse region. This is emerging lead practice.

The best companies are focusing on key business challenges, then choosing community investments that can help solve these problems.

This alignment manifests in a number of ways.

Brand alignment: this involves companies finding a theme that unifies their community investments and which links logically to the brand. Touchstone examples are banks investing in financial education, pharma investing in science literacy, tech companies investing in cyber safety and construction companies investing in homelessness. While it seems obvious, we are constantly surprised at how many organisations invest in things with absolutely no relation whatsoever to who they are, what they stand for, what they do, or how they want to be seen.

Business alignment: organisations are gradually becoming less likely to choose community investments based purely on what 'feels good'. Instead, the best companies are focusing on key business challenges, then choosing community investments that can help solve these problems.

For example:

- Companies with pressing staff engagement or employer brand issues are focusing on community investments that can engage and involve their team.
- Companies with systemic customer acquisition problems are building community programs that focus on creating a positive impact with current or potential customers.
- Companies with a small number of key external influencers are using community investment to make impact in areas relevant to those stakeholders and build positive relationships
- Companies with a business imperative to focus on brand differentiation and tell a very particular story are picking community investments that most vocally tell that story.

BUSINESS ALIGNMENT

A stunning example of business alignment is the way in which a major technology vendor in Australia used community strategy to reposition itself in the minds of buyers, and drive new customer relationships — all while making positive social impact.

Post-Kevin Rudd's 'education revolution' in Australia, there was significant public funding made available through schools to procure classroom technology: laptops, desktops, tablets etc. As well as being welcome policy innovation, it created a once-in-a-generation market opportunity.

The challenge faced by the company in question was one of buyer perception: they were seen as expensive, unpredictable (they typically didn't make product roadmaps available for customers) and — worst of all — in many states were not even on the procurement list.

Their response: a community investment — an educational outreach program. They offered free training seminars and workshops to schools, regardless of whether they were customers, and regardless of the technology platform inside the school. It was a real community initiative that made a real contribution to the sector. They even measured educational outcomes for teachers.

At the same time as making a meaningful social impact, the access they gained through this free community program was so significant, that it began to give them exposure to key senior buyers and influencers, ultimately resulting in a significant upswing in sales.

In this way, the community investment aligned to most pressing business challenges, opportunities and market stakeholders with a real social issue worth solving.

Shared value can drive innovation inside the business because it forces people to look at old problems in new ways.

An increasingly common form of business alignment is matching community investments with the concerns of the target market. Recent US research found that 66% of respondents were willing to pay more for products and services that come from companies that are committed to positive social and environmental impact[6]. As such, aligning community investment with the desires, needs and passions of your target market can directly link CI with customer strategy.

THE OPPORTUNITIES — HOW CAN WE BENEFIT?

1. As links between business and community strategy grow, so does the strength of the business case. This can lead to increased funding and access to broader, more diverse resources, allowing CI to move from 'cost centre' to 'value driver'.

2. Shared value can drive innovation inside the business because it forces people to look at old problems in new ways. Sales, marketing, communications, finance, HR and operations teams can all look at the CI strategy and find ways to leverage it in their part of the business.

3. As more is expected of CI, this encourages professionalisation internally and externally, which leads to increased discipline, more thought and more rigour. This grows impact.

THE RISKS — WHAT MUST WE GUARD AGAINST?

1. With every second person in CR/CI either adopting or being told to adopt 'shared value' as their design-principle, there is growing pressure to be seen as strategic. The risk is that we spend so much time trying to be seen as strategic, that we fail to actually be strategic.

2. Leaders must be careful not to retrofit a strategy on a non-strategic portfolio of investments, thinking that is enough. This normally manifests as a nice-sounding label being stuck on the status-quo in a manner which sounds good, but with all legacy investments (including off-brand and low-impact investments) being maintained and no actual change happening.

[6] *Nielsen, "How Socially Responsible Companies are Turning a Profit", 2015. Accessible at: http://www.nielsen.com/us/en/insights/news/2015/sustainable-selections-how-socially-responsible-companies-are-turning-a-profit.html*

"When I took this job I thought I understood all the things we did in the community, but every time I open a desk drawer, I find new community partnerships I didn't even know we had."

2 – MEASUREMENT CENTRICITY

In most business disciplines — sales, marketing, finance, HR — there has long been an expectation that we will measure the results of what we do. It has not, until recently, been a common expectation in community investment. That is changing rapidly — 94% of respondents in our research said it was important for them to measure the value and impact of their activities.[7]

Despite measurement having developed a reputation of being a 'dark art' that is hard to penetrate and which few understand, business need only focus on three things: inputs, outputs, and impacts.

Measuring inputs — inputs are 'what you invest'. Typically in the case of CI we mean either money, time (because it's money!), IP or product.

Interestingly, there is a general perception that although there are systematic issues in impact measurement, 'at least most companies measure inputs'. However, this is often not the case.

Although many companies do a good job of tracking their cash inputs, we are regularly surprised at how much community activity is poorly tracked. A senior community investment manager once commented to us, upon moving into the senior role: "When I took this job I thought I understood all the things we did in the community, but every time I open a desk drawer, I find new community partnerships I didn't even know we had."

Measuring outputs — outputs are the things created by your inputs. It could be how many people download an app, how many students attend a workshop, how many houses you built through a NFP partnership, or how many people are reached with vaccines.

[7] *Karrikins Group, "State of the Market – Strategy and Measurement", November 2015*

MEASUREMENT

Measurement must start with a uniform and consistent approach to tracking what is invested. To that end, there are many standards and frameworks emerging that can guide our approach.

The Global Reporting Initiative (GRI) is an international effort to harmonise how companies report on sustainability issues. Another popular example is London Benchmarking Group[8]; while their remit is to help organisations increase the sophistication of their approach to measuring the impact and value of their community investment, we suggest their greatest achievement is simply getting a large number of companies to agree on what to measure, and how!

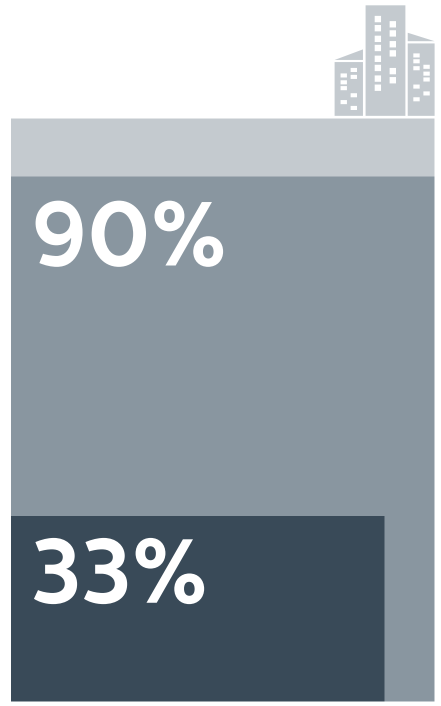
The quickest and easiest way to develop a measurement approach for a community investment is to construct a logic model. A logic model is a representation of how a program or investment is designed to create change. It captures in simple, visual form the inputs that will be invested, the outputs that will be delivered, and the impact that will be created through an initiative.

In our research, we found that although over 90% of organisations said measurement was important, only 33% said whether their ability to measure the impact of an investment was 'central to their thinking' when selecting community investments.

We strongly encourage corporations to proactively ask their potential community partners to show them the logic model for the program, initiative or investment that they are considering funding. If their answer is "We don't know what you mean," that should be a substantial red flag.

[8] website

90% of organisations said measurement was important, however only 33% said whether their ability to measure the impact of an investment was 'central to their thinking' when selecting community investments.



Measuring impact — impact measurement is definitely where the conversation is 'at' right now, and there are countless ways of conceptualising impact measurement.

Some like to draw distinction between 'outcome' and 'impact' —the earlier being immediate, short term occurrences related to a specific investment; the latter being longer-term, grander changes that flow-on and are sustained over time.

Other methodologies discuss 'short', 'intermediate' and 'long-term' impact and draw distinction between impact on immediate participants or recipients of an intervention, versus broader society.

There is a growing number of built-out methodologies people are using off-the-shelf to quantify their impact — SROI (Social Return on Investment) being perhaps the most well-known, which uses a model built on variable assumptions to ascribe an economic value to the outcomes created by an investment.

The most important note to make around impact measurement is that it is vital organisations do not focus only on social impact measurement or business value measurement at the expense of the other. Both social and business impact are important and must be measured if we are to sustain effective investment.

With specific reference to measuring business value of community investments, companies are quick to think about how CI can enhance their brand, but slow to consider the broad range of other positive effects CI can have on their business.

As inspiration, it is worth considering four broad categories of 'value' that businesses have been able to consistently extract from community investment. They are:

- **Brand-related value** — well-executed community investment can drive awareness and improve perception of the brand, or even shift the perception of a brand in the market
- **Customer-related value** — well-executed community investment can drive customer attraction, retention and engagement, and help make you the obvious choice in people's hearts and minds
- **Employee-related value** — well-executed community investment can drive engagement, create meaning for staff, and form a compelling part of the employer value proposition
- **Stakeholder-related value** — well-executed community strategy can shift the way key external stakeholders (regulators, policy-makers, commentators) think of and interact with the business

The common thread amongst all of these things is '**well-executed**'. We have seen organisations artfully create all of the above types of value through their community investments, but only when execution is thorough, rigorous, creative and disciplined. And all stem from putting the community first; it is only when companies truly commit, genuinely make an impact, and really measure what they do that the above value can be sustainably created.

Organisations with good measurement can tell more profound, more evidence based, more defensible stories about the impact they have.

THE OPPORTUNITIES — HOW CAN WE BENEFIT?

1. Business and community both benefit from better measurement, because only when we know what works and what doesn't can we improve our impact and do more of the right things.
2. The most powerful use of evaluation is to tell stories. Organisations with good measurement can tell more profound, more evidence based, more defensible stories about the impact they have.
3. Insight from evaluation can identify areas for innovation, improved efficiency or increased value. The best measurement is both summative (saying what happened), and formative (giving insight into how we can improve what we do). When done like this, measurement drives improvement.

THE RISKS — WHAT MUST WE GUARD AGAINST?

1. A scientist will tell you (normally through gritted teeth) 'there is no such thing as a bad result', because finding out something doesn't work is just as important as finding out that something does work. That's fine for a research academic — not as useful for the CR manager that has just put their career on the line to get a sponsorship funded! Without a doubt, the biggest worry we hear from CI managers is that they will begin to measure things, and they will be found not to work. We leave it to you to determine whether that is really a risk worth not measuring.
2. In the maelstrom of conversation around measurement, people are searching for best-practice. The risk is that a tool such as SROI becomes a dominant and immovable market-standard even though it is not the 'be all and end all' of measurement. SROI is just one tool, with very specific applications (and specific limitations), and it would be shame if it became the 'only game in town', at the expense of other methodologies.

IT'S NOT ABOUT 'COMING ON THE JOURNEY', IT'S ABOUT 'GOING ON THE JOURNEY TOGETHER':

Our suggestion is most certainly not that companies should cease partnering with community organisations and 'do it all themselves'. Any attempt to represent this trend in that way is deliberately inflammatory and misses the point. Proprietary platforms can and do involve strategic partnerships with not-for-profits; they simply require clear terms and expectations.

We recently engaged with senior CI leaders in a multinational company who discussed their experiences building a proprietary community activity with NFP partners across the Asian region. They recounted their experiences with one partner in particular.

The aim: partner with a NFP to support and fund a great initiative, brand the program under the company's name, and whilst make social impact leverage the partnership to attract, engage and retain young customers. This involved being sole funder of a piece of education technology.

The problem: when creating the partnership, they didn't articulate clearly their expectations of the NFP partner when it came to branding, IP ownership, and access to audience.

The result: they wound up spending money that ultimately built the NFP brand (not theirs), attracted lots of people to the NFP's platforms and content (not theirs), and didn't advance their business agenda at all.

We suggest this is not a problem with either the NFP or the company. The NFP ran a great program and the company supported a good cause. Rather, this is a problem with the partnership. If strategic alignment is going to happen, both the company and the community partners need to go on the journey together. It's both parties' job.

For years, many not-for-profits were not expected to behave as strategic partners (and so did not), and community teams were not expected to generate measurable business value (and so did not).

3 – PROPRIETARY PLATFORMS

As organisations look to increase business value and social impact of community investments, some weaknesses in legacy approaches are emerging. We suggest the philanthropy-driven approach (especially no-strings/few-strings attached donations) that dominated community investment for years has bred complacency and atrophied value-orientation on both supply and demand-side.

For years, many not-for-profits were not expected to behave as strategic partners (and so did not), and community teams were not expected to generate measurable business value (and so did not).

This reality, coupled with the two trends identified above, led to the emergence of the 'proprietary platform' as part of lead-practice community investment. A proprietary platform is where a company brands a community activity primarily (or exclusively) under its own brand, and any involved community partners are positioned as partners in a company activity, rather than the other way around.

78%

The signature program is one of the most valuable, flexible and impactful approaches to community investment with 78% of companies now citing the presence of a 'signature' program.

On a basic level, this could be seen as an evolution of buying 'naming rights' to a community program. But beyond primacy of company brand in naming, in the most sophisticated, strategic proprietary community platforms, the corporation owns more than just the name. They might also own one or more of the following in a proprietary platform:

- The **intellectual property** that underpins the program, meaning that should the company wish to change community or delivery partners, bring delivery in-house, or leverage the program in other channels, they are free to do so.
- The **delivery channel** for delivering the community service to recipients, meaning that if they wish to alter the manner in which the program is delivered, scale it up or down, involve their own team in some way, or adapt it for other contexts, they are free to do so.
- The **end-user experience** of the service, meaning that if they wish to have conversations with recipients of the service, either to help funnel them into other useful services at their discretion or even to engage in business-relevant conversations if appropriate, they are free to do so.
- The **impact of the program**, meaning that if they wish to talk about their efforts, report on their social impact, or tell stories in the community for brand-reasons, they are free to do so.

If a company owns all of these things — the brand, the IP, the delivery, the end-user experience and the impact — then the company has a signature program. The signature program is one of the most valuable, flexible, and impactful approaches to community investment.

And it is growing in popularity, with 78% of companies now citing the presence of a 'signature' program as part of their portfolio, and 62% saying investment is being shifted away from cash-donations (more on this later).[9]

[9] *Karrikins Group, "State of the Market – Strategy and Measurement", November 2015*

It is the risk a company is exposed to when its investments build the brand of a community partner instead of the brand of the company.

PERILS OF PARTNERSHIPS

An ancillary benefit of a proprietary platform is it offers the company control over the nature of an investment, and on a business-critical program can de-risk them from being at the behest of a specific community organisation.

We encountered one issue with a company in Canada where, after giving a not-for-profit millions of dollars in support over a number of years to bring a program from idea to reality, the community partner decided to 'shop' the program around to potential new sponsors. After having relied on this company's sponsorship for years, the NFP effectively said, "We have your competitors willing to give us more money; so if you want to continue to own this platform, we're putting the price of your sponsorship up."

This is obviously an extreme example. But it is the risk a company is exposed to when its investments build the brand of a community partner instead of the brand of the company.

THE OPPORTUNITIES — HOW ORGANISATIONS CAN BENEFIT FROM THIS TREND?

1. Organisations can reduce their exposure to and reliance on third-party partners by bringing more activities in-house and increasing the level of control of program design and delivery.

2. Proprietary platforms allow organisations to more readily leverage their investment — either externally for PR and brand purposes, or internally for engagement purposes — because the platform is theirs and they are not beholden to third-party preferences.

3. A proprietary platform can be more closely integrated with day-to-day business operations because it is internally owned.

THE RISKS — WHAT MUST WE GUARD AGAINST?

1. Often the brand of a not-for-profit provides credibility and value in and of itself, and the risk is that what the company gains in leveragability by owning the program itself, it loses in halo-value of association with a well-known community organisation.

2. Consumers can be rightly sceptical of companies who 'go it alone' and appear to be investing in social issues purely for self-interest. NFP partners can play an important role in showing people that the company is serious about its commitments and 'partnering with the experts'.

3. Community organisations are normally the actual experts in the problems that we're addressing, and have the skills and expertise to make an impact. The risk is that in trying to take more independent actions, companies reinvent the wheel or lessen their impact.

There are seven questions a CI leader must ask to create a community strategy that is truly aligned.

PUTTING 'STRATEGY' BACK IN 'COMMUNITY STRATEGY'

We firmly believe that if CR, CI and executive leaders asked the right questions, in the right order, developing high impact community strategies would be both straightforward and commonplace. In many organisations this is already happening, to one degree or another. In many others, it is not.

There are seven questions a CI leader must ask to create a community strategy that is truly aligned. In this section, we will walk through those seven questions, and offer guidance as to the traps often encountered in answering them.

AUDIT THE STATUS QUO – THE ALIGNMENT GRID

The alignment grid is a simple, visual framework to plot the business and social value of a company's community investments. It's meant to give a quick snapshot, not scientific or quantitative insight.

The grid lets a company visualise alignment across their community activities, and talk about which investments create which sorts of value, and how much.

We encourage you to use the alignment grid to conduct a quick audit of your status quo. It is most valuable to do this with your team; in our experience, the most value emerges when team members *disagree* about what programs are creating what value, and conversation is stimulated.

As you can see below, the grid charts 'social impact' on the x-axis, and 'business value' on the y-axis.

Assess not whether an investment is in an important area, rather whether it makes a real, measurable impact.

Think about all the different community investments your company currently undertakes – charity or NFP partnerships, corporate donations, signature programs, matched giving, volunteering, pro bono work – and consider how much business value or social impact is created.

Place a 'dot' in the appropriate location on the grid to represent each investment. Then have a searching conversation about why each dot was placed where it was.

For stimulation, consider these tips when completing the grid:

- **Be honest:** if you put everything in the top right corner, either apply for an award immediately, or ask someone who will tell you the truth whether they think you're on the money.
- **If in doubt, guess:** in an ideal world, you'd have data and analytics for every investment. But even if you don't, take an educated guess. It's not science, it's just a conversation starter.
- **Think broadly about business value:** Most CI professionals naturally think of 'brand value' when considering business value. But also think about whether it positively affects staff engagement, customer acquisition or retention, and relationships with key external stakeholders.
- **'Importance' is not the same as 'impact':** a charity funding cancer research is working in an important area, but they may or may not be having an impact. Assess not whether an investment is in an important area, rather whether it makes a real, measurable impact.

Of course, this is an imprecise, impressionistic activity. However, real value is created by beginning the conversation about which activities create value and which do not.

One final note of caution: just because a community investment does not generate real value right now, does not mean it could not do so in the future. The ultimate intent of the grid is to facilitate the question "How do we make our investments move towards the top right?" This is a matter of good design, and asking the right questions.

The 7 Strategic Questions

1 WHAT ARE OUR BELIEFS AND ASSUMPTIONS ABOUT COMMUNITY INVESTMENT?

2 WHAT ARE OUR CORE BUSINESS OBJECTIVES?

3 WHAT ARE THE BIGGEST CHALLENGES WE FACE AS A BUSINESS?

4 WHAT SOCIAL ISSUES ARE IMPORTANT, ALIGNED AND CREDIBLE FOR US?

5 IN THESE AREAS, WHAT CONTRIBUTIONS COULD WE MAKE OR OWN?

6 WHAT SHOULD WE DO, WITH WHOM?

7 HOW WILL WE MEASURE SUCCESS?

THE 7 STRATEGIC QUESTIONS

The following seven questions can radically revolutionise the quality of a community strategy. Before unpacking them one by one, we thought it interesting to share the thing that CI professionals have consistently found most surprising about this list: in a conversation about community investment, we don't talk about social needs or issues until Question Four (halfway through).

In our experience, the identification of the appropriate social issues for a business to address comes not by brainstorming all the problems in the world; rather, selecting investment areas best comes through analysing business strategy, operational challenges and market opportunities, and then overlaying that against areas for social investment.

This section might feel a little like a 'handbook', because our intention is to create as much value as possible and give CI practitioners something they can use. The challenge is that there is only so much depth that can be conveyed in a static report. There are many layers to the following process that were not easily translatable into report-form; therefore we urge you to use the following outline as a guide and inspiration, rather than viewing it as a definitive, complete process.

IN CONVERSATION

We recently sat with the Australian Managing Director of a massive multinational technology company to talk about their strategic community investment in Australia. This is a highly engaged MD in a company that has a strong, proud history of community investment.

We were describing our belief that companies need to find strategic alignment between creating business value and making a positive impact, and how this required bringing their community team together with their line of business people to collaborate.

The MD stopped us mid-sentence and said, "Look, honestly — we're already there, mate. We're already there." And it was great to hear senior management bought-in with such conviction.

The problem was, we had just come from a meeting with this MD's head of marketing and head of CSR. When it was suggested to them that they should collaborate on a strategic community program, they said, "We can't - we're not set up like that, to collaborate. All our KPIs are different and we don't really work together."

Apparently, although there was lots of talk about strategic alignment in the company, they couldn't get line of business people (marketing) to work closely with community (CSR).

And so, we came face to face with the reality of practicing community investment today: many say they get strategy, and align community need with business value. But even when the MD is so confident in their strategy that they don't need to hear the end of your sentence, the practitioners are sometimes not able to translate that into practice.

1 - WHAT ARE OUR BELIEFS AND ASSUMPTIONS ABOUT COMMUNITY INVESTMENT?

"...customers would often say to me, 'What's your strategy?' And I would say, 'Ask me what I believe first, that's a way more enduring answer." - Ginny Rometti, IBM

Whilst amongst CR and CI practitioners there is growing consensus that strategic alignment offers opportunity to create business value and social impact, the broader business is often less certain. For instance, many executives still hold tight to Milton Friedman-esque notions that the sole purpose of business is to generate profit and that the allocation of shareholder funds to anything other than generation of greater returns for those shareholders is a breach of corporate duty.

Whatever the philosophical position you hold, there is no getting around the fact that our beliefs and assumptions are the filters through which we see and interact with the world. Therefore, the creation of any strategy must first begin with a clear articulation of our beliefs and assumptions.

As a business and as a community investment team, what do we believe? Do we believe:

- That businesses are afforded the same legal rights as people, so should have the same responsibility to act as a citizen?
- That there are certain social issues that are business relevant/critical, so we have a corporate duty to care?
- That we should solve problems because we can, as with ability comes responsibility?
- That company money belongs to shareholders, and we should only invest in things that create value for them?
- Some combination of the above, or none of the above?

It is clear that each of these beliefs would drive entirely different decisions in the community team. And yet it is virtually unheard of for a company to explicitly articulate the beliefs and assumptions on which their plans are based.

50%

of respondents said 'legacy investments' were key considerations when designing community investments. It is not possible to call an activity as strategic if it focuses on the past, instead of the future and your objectives.

2 - WHAT ARE OUR CORE BUSINESS OBJECTIVES?

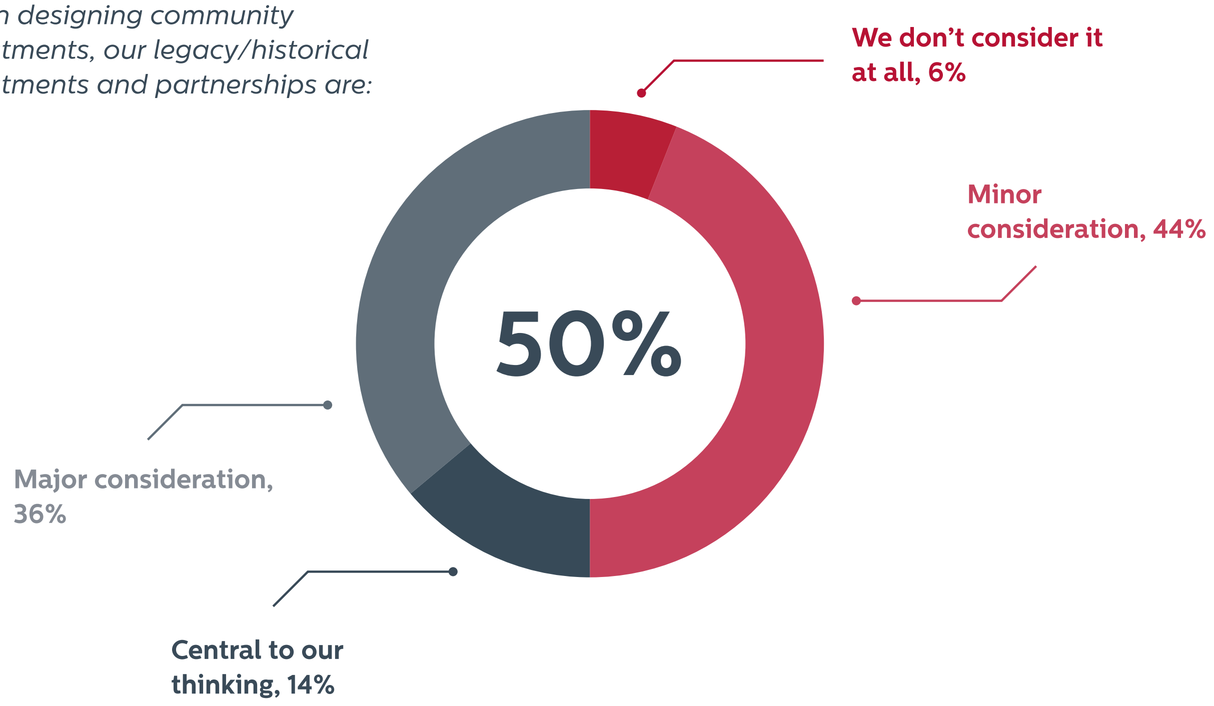
"Strategy is the process of saying 'no'" - Michael Porter

A good strategy is by definition exclusionary; it defines what you are not going to do, as much as what you are going to do. The best leaders ensure that all activities undertaken support the business strategy, and unaligned, non-supporting activities are minimised or eliminated.

If we want community investment to be seen as core to the business, then we have to begin the creation process by asking 'what are our core business objectives'? This provides the parameters within which to have a conversation about what community investments will be undertaken.

It is worth noting that legacy and historical partnerships are not a pressing consideration at this stage. A stunning finding in our research was that 50% of respondents said 'legacy investments' were key considerations when designing community investments. It is not possible to call an activity strategic if it focuses on the past, instead of the future and your objectives.

When designing community investments, our legacy/historical investments and partnerships are:



There are many reasons legacy partnerships are prominent in our thinking. There are 'honourable' reasons, such as a desire to not offend or let down community partners who are doing great work, and a reluctance to exit relationships that 'feel good' because of the social issues they address. There are 'capability' reasons, specifically an inability to have hard conversations that end in 'no'. There are also 'management' reasons, like senior leaders having their favourite charities and causes and sending a message down the line that those groups will receive our charity dollars.

Many of these reasons are understandable. Some are even commendable. None are good. All are destructive.

When answering this question well, the terms of inquiry should include:

- What is our documented vision and mission, and what are our stated strategic objectives?
- What do we want to be known for, and how do we want to be seen?
- What shifts are we trying to make in how we go to market, operate and relate to customers?

This question is vital, as the articulation of business objectives and placement of them at the centre of the community strategy creates an obligation — and gives permission — to say 'no' to activities and investments that fail to support the strategy.

If we want to be truly strategic, our thinking must transcend questions about whether we could do this or that, and focus on ascertaining what our biggest problems really are.

3 - WHAT ARE THE BIGGEST CHALLENGES OUR BUSINESS FACES?

"Corporate Social Responsibility should be more than colouring your annual report green and giving a bag of money to your favorite charity in return for some nice pictures." - Jeroen De Flander

Having a community investment that makes a real social impact is one thing, but for it to be of true strategic value it must also contribute to addressing the major business problems that we face. It is impossible to design a community strategy that does this without first explicitly articulating the types of business challenges we face.

An easy way to brainstorm key business challenges is to class them into one of five broad categories:

- **Model challenges:** Many businesses are being commoditised, especially due to digital disruption. This is lowering margin, making differentiation a struggle, reducing profitability and demanding massive innovation and transformation to stay competitive into the future.

- **Brand challenges:** Rising competition and increasing substitutability is leading to a challenge of differentiation, lower customer loyalty, and a need for brands to tell compelling, unique stories. Further, increasingly informed, discerning and sceptical consumers mean brands must take more seriously the way they are perceived and spend more time carving out unique positions.

- **Customer challenges:** Multiple factors combine to make attracting, engaging and retaining increasingly fickle and high-demand customers harder than ever, especially when digital disruption is making cost-of-exit lower than ever, even in complex B2B markets.

- **Employee challenges:** Steven Hankin of McKinsey famously said "the war for talent is over; talent won". Getting (and keeping) high-quality talent is increasingly difficult in a highly-mobile, self-actualised labour market. This is critical because getting (and keeping) the right talent is key to delivering on the ambitious transformation agendas present in most companies.

- **Stakeholder challenges:** In many industries, the regulatory environment is increasingly complex, despite governments generally all saying they want to 'streamline things'. This means the management of influential external stakeholders who have influence over the operational environment of the business can be key to ongoing success.

These are very broad categories, under which fit a whole range of business problems that different companies face. The importance of this list is that if we want our community investment strategy to create value for the business, then chances are it needs to be contributing to solutions in some of these categories. You'll note these categories align closely with the categories of business value in the first section of this paper.

If we want to be truly strategic, our thinking must transcend questions about whether we could do this or that, and focus on ascertaining what our biggest problems really are.

There are always more worthy issues present in the world than there is time, energy and effort available in your company.

4 – WHAT SOCIAL ISSUES ARE IMPORTANT, ALIGNED AND CREDIBLE FOR US?

At some point, companies are going to need to identify which social issues should lie at the heart of the community strategy. It is interesting to note that a relatively small number of societal concerns attract the majority of money and attention from corporate social investment. Both London Benchmarking Group and the Shared Value Project have released reports recently detailing the major beneficiaries of CI, and we commend their work to you.

In selecting issues, a few guiding principles are useful. Companies cannot afford to let the conversation descend into a simple comparison of which issues are 'most serious' or 'most worthy'. There are always more worthy issues present in the world than there is time, energy and effort available in your company.

Community investment should not be a reputation management strategy to make up for poor corporate behaviour.

The question must be framed as finding the most appropriate issues. There are three axes on which a company can assess whether a social issue is a good fit for its strategy.

- **Important:** is the social issue, on its own merits, worthy of attention. Here, a company should evaluate whether the issue is important to their stakeholders. Do customers, staff and external stakeholders care about this problem?
- **Aligned:** does focus on this issue make sense from a brand, operational and marketplace perspective? Will consumers understand why a particular investment is chosen, and will it be memorable and compelling?
- **Credible:** do we have a right to be involved in this area – or are we like Enron trying to invest in 'ethics' as a community investment? We have seen first-hand a number of companies attempt to make community investments (often for all the wrong reasons) in areas where they are really the ones causing the problem. Our belief is that 'doing no harm' and avoiding creating problems should be an expectation of companies; community investment should not be a reputation management strategy to make up for poor corporate behaviour.

Asking this will eventually lead to the identification of a number of social issues; likely more than can be realistically included in a community investment portfolio. So the role of the community investment team is to search for deepest alignment, greatest relevance, and highest opportunity.

SHARP FOCUS – GOOGLE

As one of the world's most respected technology companies, with an enviable, unsurpassed reputation for smart innovation, you would expect Google to have a compelling approach to CI.

You would not be disappointed. But what stands out from their approach is their ability to draw a clear and direct line from business strategy, to key business challenges, to relevant and credible social issues, to gaps that only they can fill.

Google's global approach to giving is unified under a sharp, clearly articulated thematic focus: "We accelerate and scale the work of innovators around the world who are using technology to combat humanity's biggest challenges."

This directly addresses their business strategy and their vision — developing innovative technology solutions and organising the world's information. It also helps directly address one of their key business challenges — attracting and engaging engineering talent that is very hard to find in increasingly competitive emerging markets.

Their approach has been to build a Foundation (google.org) that invests $100 million in grants, 80,000 volunteer and pro bono hours, and $1 billion in product donations (possible with a $15 billion+ EBIT!) to incubating technology start-ups in developing nations that combat pressing social problems. This makes a significant social contribution, connects them with talent, and advances the strategy all at the same time. And it is done under a proprietary corporate brand (note their name on the Foundation) that not only builds their reputation, but means they own and can leverage the program.

This wonderful translation of company vision and mission into community vision and mission allows Google to invest coherently in areas of the community where they will create significant social impact in a way that aligns thematically and operationally with their core business.

5 – IN THESE AREAS, WHAT CONTRIBUTIONS COULD WE MAKE OR OWN?

"If it's worth doing, it's worth overdoing." – Ayn Rand

Identifying 'homelessness', say, as a relevant, aligned social issue that could form a part of a community strategy is one thing; understanding what investment to make in that massive area is another thing entirely.

This is normally the point in the process where community investment teams start selecting potential partners to work with them in the area. If the aim is simply to sponsor an aligned charity or make a philanthropic donation, this approach is perfectly sufficient.

If, however, the aim is to create a strategy that delivers significant business benefit and social impact, this is a sub-optimal approach for a number of reasons. As suggested by the Ayn Rand quote – if you're going to invest in an area, it's worth really investing in an area.

Companies that are serious about making a strategic investment, instead of picking a partner and making a donation, first map the identified sector as if doing a competitor analysis. They understand the major players — public, private, NFP — their roles and contributions, as well as their relative strengths and weaknesses. Look for activities of your competitors (who may well have arrived at similar conclusions to you in terms of their community strategy) and with whom they partner.

What often surfaces through this approach are 'white spaces'; gaps in the market where investment can both have an impact, and be differentiated from the activities of others. These spaces are ripe for large-scale, proprietary platforms or keystone signature partnerships.

If a company has a desire to make a meaningful impact in a space, it has a positive obligation to engage in at least the following activities before proceeding:

- Conducting an environment scan of the organisations currently operating in the space
- Having direct conversations with leaders in the sector to understand the current state-of-play
- Analysing major policy initiatives and platforms that are also attempting to address the issue
- Engaging with research to inform an understanding of 'what works' and 'what doesn't work'

Too many organisations begin spending money, building programs, sponsoring initiatives and getting involved without doing the above work, and the result is generally lower-than-desired impact.

PARTNER LIKE YOU MEAN IT – REACHOUT.COM

We had the pleasure of speaking with Jonathan Nicholas, CEO of ReachOut.com, a charity he founded over 15 years ago that works with young people around mental wellness. One of Australia's most innovative community sector CEOs, he has strong views on the way in which corporations that invest in the social space should view the community organisations with whom they collaborate.

"Don't view us as people just doing good social work," said Nicholas. "View us as experts in our area who can add value." He urges his corporate partners who contribute to get clear in their heads the different things ReachOut.com can offer to their business.

"We are moving towards multi-part agreements with our corporate partners that goes beyond just cash donation. Yes – there are elements of philanthropy; this is 'price of entry' and goes towards us being able to deliver our mission. But the other elements of the partnership are more strategic. They might engage our team to help address problems inside their business. We might work together to create something new neither of us had previously thought of. We want our partners to think about creative ways we can add value to their business, and accomplish things together. We can be so much more than just a community partner who they fund."

For this to happen, different thinking needs to be present when community investment managers and community organisations sit around the table to talk about a partnership. A more open, collaborative conversation has to occur. Both groups need to partner like they mean it.

6 – WHAT SHOULD WE DO, WITH WHOM?

At this stage in the process, it's worth pausing to consider the depth of insight generated by the preceding five questions, should an organisation follow this structure. By this time, a community team would have a documented understanding of:

- Their beliefs about CI and CR
- Key business goals, vision and mission
- Major business challenges
- Relevant social issues which align from an operational, brand and stakeholder perspective
- The gaps in investment in those social areas, and ideas for contributions the company can make

This sixth question is the creative part: based on all those insights, what kind of community investments – whether they be partnerships with NFPs, signature programs, donations in cash or kind to charities, allocation of skilled volunteers etc. – would create the highest social impact, and how should those investments be set up to maximise business value?

That is – what should we do?

This is called **portfolio design**, and is worthy of an entire paper on its own. It is impossible in this paper to do proper justice to the full process of designing the portfolio itself, so consider some traps of which to be wary. When CI or CR professionals are selecting, designing or creating investments:

- Don't feel compelled to walk the paths made comfortable and easy by legacy. Don't automatically go to 'who do we sponsor?'; consider creative and business-integrated approaches.
- Be wary of overselling your capacity to make impact using existing resources and experience. Sometimes partnering with a community organisation is the optimal way to create impact.
- Be wary of underselling your capacity to make impact using existing resources and experience. Sometimes partnering with a community organisation is not the optimal way to create impact.
- At all costs, avoid re-inventing the wheel – study carefully what is being done and what has previously been done in the space, and build on previous learning.

Too many organisations have been comfortable writing massive cheques and not asking searching questions of their community partners.

7 - HOW WILL WE MEASURE SUCCESS?

The final question focuses attention of the critical issue of measurement and evaluation. As with question six, the process and practice of measurement requires deeper analysis than can be reasonably provided in a short summary paper such as this, but what is useful to describe here are the key considerations for designing a measurement approach:

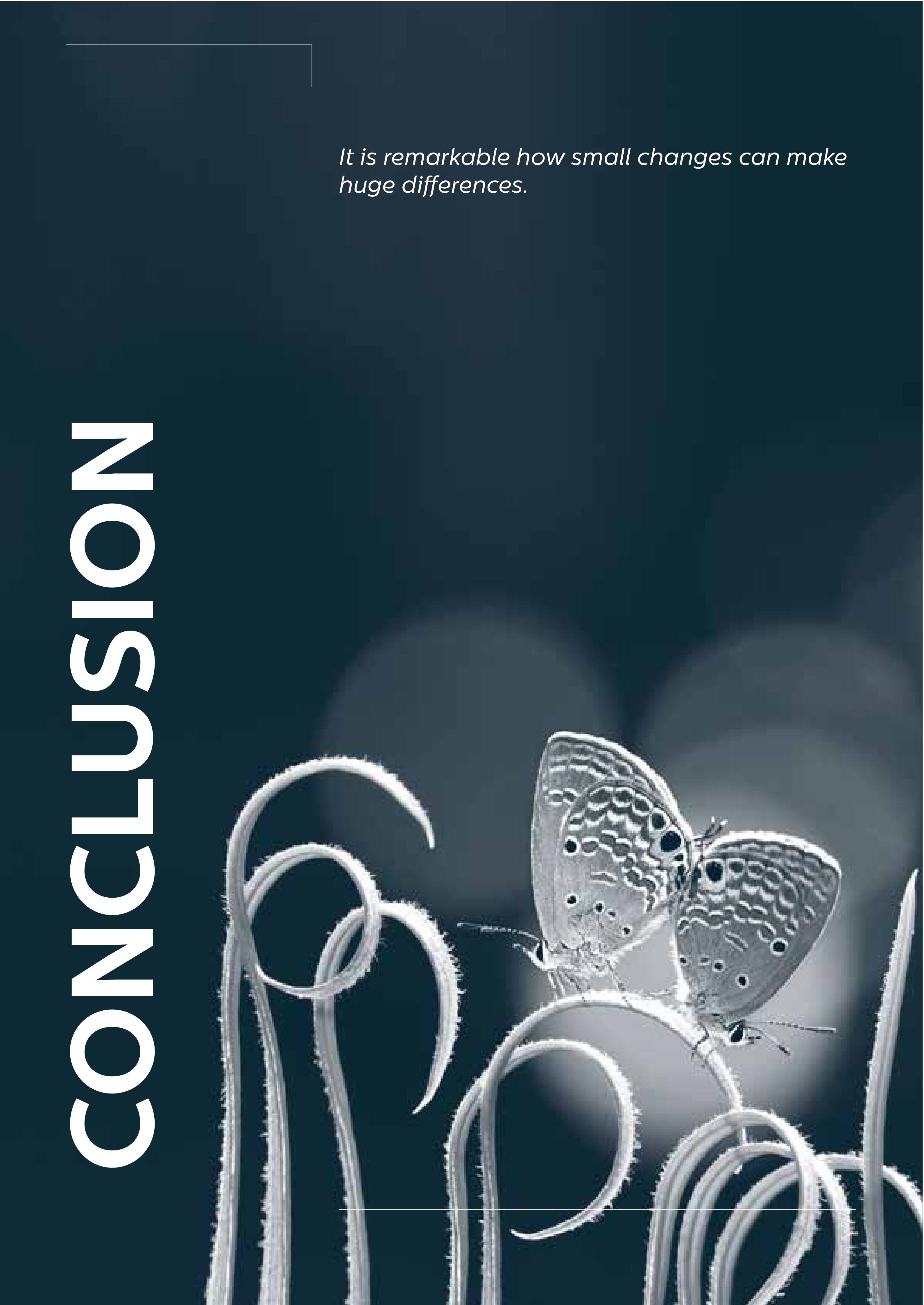
- **Standards:** We believe in the Joint Committee on Standards for Educational Evaluation's articulation of four guiding principles to underpin all measurement[10] — utility, feasibility, propriety and accuracy. We strongly urge organisations to adopt a firm stance on their approach, too.

- **Clarity:** Measurement is only possible with a clear articulation of what is going to be measured. In this case, the entire premise of the community strategy is to create both business value and social impact — as such, clear measures for both business and social outcomes need to be designed.

- **Pragmatism:** Randomised control studies (RCT) are not the only way to generate usable insight into the impact of a program. If the aim of the company is to create peer-reviewed, journal-worthy scientific insight into the nature of the social impact they created, RCTs are likely essential. If the aim instead is to simply get a good feel for what worked, what didn't, whether solid impact was created and how to improve, there are countless approaches.

- **Ambition:** For too long, too many organisations have been comfortable writing massive cheques and not asking searching questions of their community partners. We believe a higher level of ambition is required if we are to truly maximise the business and social value of our activities.

[10] *JCSEE http://www.jcsee.org/program-evaluation-standards-statements*



CONCLUSION

It is remarkable how small changes can make huge differences.

QUICK WINS

Everywhere you go, people are snowed under with work. Most people's experience of 21st century enterprise could be justly summarised as an expectation to "do more, with less, faster". As such, it is often useful to have a summary 'cheat-sheet' of quick wins; things that you could do right away (even without having read any of the rest of this paper) that might make a 1% or 5% improvement to the business value and social impact of your community investment.

So in conclusion, here are five 'quick wins' that we've seen make significant improvement to CI. It is remarkable how small changes can make huge differences.

It is not fair for a company that has historically written a philanthropic donation with no expectation of commercial return to suddenly turn around and expect collaborative, mutually beneficial partnership without taking their partners on that journey.

1 – DO AN HONEST AUDIT

Use the alignment grid from earlier in this paper to easily plot your investments according to their business value and social impact. Regardless of the quality of your approach or the legacy behind your programs, it is always valuable to sit with your team, senior leaders and stakeholders and ask them to record their perspectives.

We have never once come away from this activity without CI practitioners finding immense value.

2 – PARTNER LIKE YOU MEAN IT

If companies are going to extract genuine strategic value from community investment, then partners must behave like partners. This means companies and their community partners need to develop a shared vision, and a mutual understanding of the aims and objectives of their partnership.

It is not fair for a company that has historically written a philanthropic donation with no expectation of commercial return to suddenly turn around and expect collaborative, mutually beneficial partnership without taking their partners on that journey.

Companies must set clear expectations, have transparent, robust conversations about commercial expectations, and view community partners as real strategic allies, not just recipients of donations.

3 – FEARLESSLY MEASURE, JUDICIOUSLY INTERPRET

Measurement needs to move from being something we all agree is important to something that we all do. We must have the courage to do this even when we are worried that results might be disappointing. It is only when we measure things that we can have evidence-based conversations about how we improve the quality of our impact.

4 – START WITH BUSINESS STRATEGY

Next time you sit down to evaluate a community investment, whether considering a single donation in isolation or looking at programs and partnerships as part of a strategy review, start by asking ‘what are our business objectives’? Use this as the lens through which to filter ideas about community investments – are they creating value in areas where the business needs it, or are they just ‘nice things to do’?

5 – LEARN TO SAY ‘NO’ (TO GET TO AN ‘INSPIRED YES’)

Globally respected thought leader Dr Brene Brown talks of the importance of saying ‘no’ – because, in her words, “‘No’ leads to an ‘inspired yes’”. When you say no, the best partners (the only ones you want) understand why you say ‘no’, and come back with ideas, proposals and suggestions that align more closely with your shared objectives. Saying ‘yes’ to bad strategy shuts off good strategy.

Legacy cannot define our future strategy if we want our future strategy to have a positive impact.

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