

Chapter 8: Measure and Communicate for Strategic Advantage

Monitoring and evaluation has most value when a company acts on the information it collects and engages stakeholders on the results of its community investment program. Sound metrics can strengthen the business case for CI, help secure ongoing support from management and shareholders, and convey signals to the market about good environmental and social risk management. Good communications amplifies reputational and other business benefits from CI by increasing visibility and awareness among stakeholders of the positive impacts generated for local communities.

As a company becomes more strategic about CI, measuring success becomes less about how much it spends in the community and more about whether it achieves the objectives it sets for itself—in terms of both development and business results. From a business perspective, the ability of CI to contribute to positive local perceptions about the company over time is paramount. Effective measurement should therefore inform companies of the impact their investments are having; whether this impact is viewed positively or negatively by local people; and whether (and how) this translates into tangible business value.

In practice, this suggests a lighter touch but more frequent pulse-taking; an increased emphasis on participatory and qualitative methods and indicators; developing measures of success jointly with local stakeholders; and a focus on measuring outcomes for both the business and communities. Finally, a communications plan for CI—developed at the outset—is an integral part of the overall strategy.

10 WAYS TO MAKE THE MEASUREMENT OF CI MORE STRATEGIC

1. Set SMART objectives that can be attributed to CI
2. Jointly define indicators and measures of success with stakeholders
3. Establish a baseline
4. Focus on outcomes and impacts, not just outputs
5. Focus on qualitative, not just quantitative
6. Track changes in community perceptions
7. Make measurement participatory
8. Track results by gender
9. Integrate CI into the company's broader monitoring and evaluation systems
10. Use monitoring and evaluation results to drive resource allocation for CI

Set SMART Objectives that can be Attributed to CI

Vaguely defined goals and objectives for CI can make measurement challenging. A lack of specificity as to what a company wishes to achieve makes it difficult to measure progress and develop practical indicators. Good practice encourages the use of the “SMART” method. Ideally, program-level objectives will link back to strategy-level objectives, which in turn are linked to the business case.

Attribution is another common challenge when setting objectives and indicators for CI because there are so many other factors that can affect local development outcomes and the company-community relationship (see Chapter 1). One way to address this challenge is to try to set goals and objectives whose achievement can be attributed to the CI program. This means focusing on outcomes over which the CI program has control. Equally important is to clarify where this is not the case.

MAKING OBJECTIVES “SMART”

- **SPECIFIC:** Objective relates to intended results and identifies the target group(s)
- **MEASURABLE:** Objective is clearly defined, with agreement on how to measure/collect evidence (from both the company and community perspectives)
- **ATTRIBUTABLE:** Objective is fully or partially responsible for observed changes
- **REALISTIC:** Objective can be achieved
- **TIMEBOUND:** Objective establishes a time period by which the observed changes will take place

Examples of SMART Objectives Set by Companies⁶²

Standard Chartered Bank, Living with HIV Program

Through collaboration with other organizations, the Bank aims to educate one million people about HIV/AIDS by 2010, using resources, models, and tools—including an online e-learning module—that the company has developed.

Engro Food Pakistan and UNDP Partnership

This three-year, USD \$6 million project, launched in August 2006, aims to provide enhanced income and employment for 3,600 rural women through livestock skills development, improved livelihoods, and food security at the household and community levels.

Starbucks Community Involvement Program

Starbucks committed over USD \$500,000 to a three-year program to improve economic and education prospects for more than 6,000 people in Western Hararghe, a part of rural Ethiopia known for its high-quality coffee. This grant will help 1,500 households improve adult literacy, reduce crop losses, and establish microcredit and microfinance services.

Jointly Define Indicators and Measures of Success with Stakeholders

Because success can mean different things to different people, companies have found it useful to define up front—through a participatory process—what success will look like in the eyes of the community, the company, local government representatives, and other relevant stakeholders. Once defined, the next step is to combine these various perspectives into a set of quantitative and qualitative indicators that are meaningful to all parties. Some of the questions to consider include:

- What outcomes do we expect? By when?
- How will we know when we have reached our objectives?
- How will we define success?
- What indicators will we use? Quantitative? Qualitative?
- Whose data will be used and who will make the value judgment based on the indicators?

Simply measuring outputs does not tell the company whether local people feel that they have benefited from a given intervention.

Developing CI metrics jointly serves to clarify expectations and bridge differences in perceptions of “success” among stakeholders. This reduces the risk that results will be interpreted differently later on (e.g., what the company sees as a success is regarded with disappointment by the community or vice-versa). This type of triangulation of perspectives is an important step toward building shared ownership of results and capturing a company’s return on investment later down the line.

Establish a Baseline

To understand how far you’ve come or what has been achieved, you must have a clear sense of where you started. This is why establishing a baseline *before* a company commences its CI program is so important. To be efficient, baseline data collection for CI should be a targeted exercise rather than a general gathering of socioeconomic information. It should focus specifically on the selected areas of intervention for CI and build upon any existing data collection or assessments a company might have already undertaken. Baseline data gathering can also be leveraged to include parameters that will give local or district authorities better data for planning.

It is important to establish a baseline level for each specific indicator that will be tracked. This will allow changes to be assessed over time. Good practice encourages the collection of gender-disaggregated data to enable assessment of CI program impacts on both men and women in the community (as these often differ).

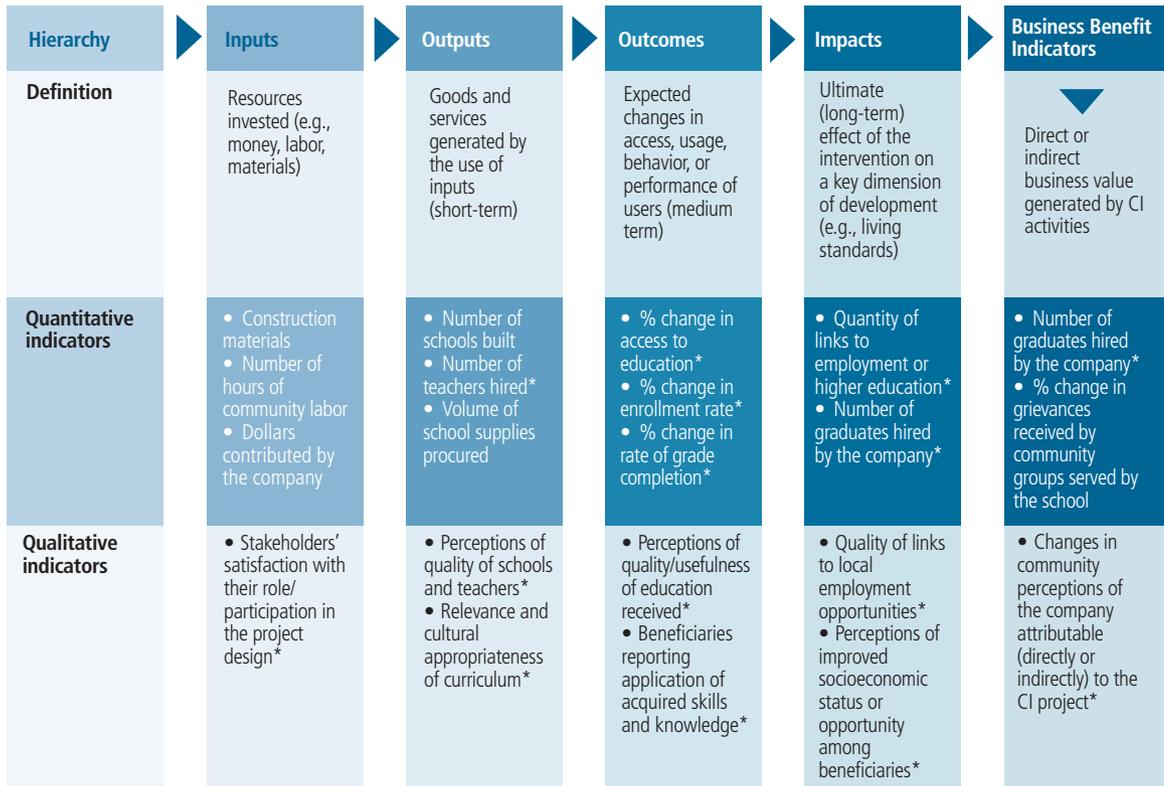
Focus on Outcomes and Impacts, not just Outputs

Many companies focus on tracking inputs and outputs since these are easiest to measure and to attribute directly to the company. However, stopping at outputs does not tell the company what broader results or changes are being achieved, if any, and whether local people feel that they have benefited from a given intervention. For example, if a school gets built, this is a successful output. However, if families don’t send their children to the school because the teacher is from a different clan or ethnic group, the resulting outcome may be a decrease in school attendance and negative community perceptions about the value of the new school.

From a strategic point of view, therefore, it makes sense to try to track outcome (and ideally, impact) indicators because these get to the heart of if, and how, the intervention has made a difference in people’s lives. They also help provide greater insight into how CI might translate into business value for the company.

From a practical point of view, measuring impact can be challenging. While some leading companies do make the investment in measuring and evaluating the long-term impacts of their CI activities (especially in the case of large-scale programs), the majority of companies find this difficult. This is due to the increasing complexity of attribution, long time horizons, and the costs and practicality of data collection and analysis.

Figure 8.1: Hierarchy of Indicators - An Education Project Example⁶³



* Data disaggregated by gender

PERFORMANCE INDICATORS AND TARGETS FOR COMMUNITY INVESTMENT⁶⁴

RIO TINTO (Global Operations)

Rio Tinto recently established a Global Communities Target which it plans to have implemented across all operations by 2013. The target aims for all operations to have "locally appropriate, publicly reported social performance indicators that demonstrate a positive contribution to the economic development of the communities and regions" where the company works, "consistent with the Millenium Development Goals." Indicators that reflect the target already exist at some sites. Examples include:

Sustainability (Rio Tinto Coal Australia): % of RTCA community projects that become self-funding after 3-5 years; target=100%

Education (Rio Tinto Iron Ore): % increase in the number of aboriginal students completing Year 10 (Rossing): % increase in supported students entering tertiary studies; target=25%

Workforce (Argyle Diamond Mine): % of all employees that will be local aboriginal by 2012; target=40%

Gender equality (RTA Guinea): % increase in the number of local girls enrolled at school

PETROBRAS (Brazil)

Petrobras has defined a set of goals and respective targets that the company aims to achieve by 2012 in order to improve the management of its social investments. Selected indicators and their targets include:

Prioritizing young people: % of participants involved in company-supported projects will be young people aged 15-29 years; target=50%

Generation of income and work opportunities: % increase in the average per capita income among project participants; target=60%

Education for professional qualification:

% of participants in professional qualification projects gaining employment; target=20%

% of those participating in professional courses and in literacy projects earning certificates of completion; target=80%

Direct generation of formal jobs: Number of jobs generated by direct investments in social projects; target=10,000

ASSOCIATION LOS ANDES DE CAJAMARCA (Peru)

ALAC is a corporate association established to implement the principles of social responsibility on behalf of Minera Yanacocha, with a focus on sustainable development. Over the years, ALAC has developed the following list of five standard community impact indicators for its economic development projects in Peru:

Increased income of the families/households involved in projects (measured in US \$)

Increased sales of businesses

(measured in US \$)

Cost of employment generated (measured as US \$ invested/jobs generated and differentiated between rural areas and urban areas)

Number of jobs created by the projects

Number of businesses that incorporate basic practices of social responsibility

Data on these five dimensions is collected quarterly. ALAC organizes quarterly workshops to discuss the results with the implementing organizations and to share learning. An impact assessment for each project is carried out 3-6 months after project completion (ALAC's projects have an estimated duration of three years).

Focus on Qualitative, not just Quantitative

Measures of both quantity (numbers, percentages, ratios) and quality (based on people's perceptions and behaviors) are needed to capture the full CI story. For example, an indicator of the number of people trained becomes more meaningful if the company also knows whether the participants found the content of the training program useful and if they report confidence in applying newly acquired skills.

Quantitative measures tell a company “how much,” “how many,” and/or “how often”; qualitative measures help assess what people think and provide insights as to “how,” “how well,” and/or “why.” Qualitative data collection approaches and indicators are especially relevant in the context of CI, where hard-to-quantify intangibles such as social process, trust, capacity, sense of ownership, and perceptions are so important. While qualitative data is not always collected as often as quantitative data, it is a strategic imperative in the context of CI.

Community surveying has proven valuable as a management tool and “early warning system” on key issues affecting the company-community relationship.

Track Changes in Community Perceptions

Tracking community perceptions on a regular basis is a common and effective way of incorporating the qualitative dimension into the monitoring and evaluation process. Many companies use perception surveys, for example, as a relatively quick and inexpensive means to obtain real-time feedback from local communities and opinion leaders on company performance in a variety of areas. Community surveying has proven valuable as a management tool and “early warning system” on key issues affecting the company-community relationship. Companies use this information to make mid-course adjustments, to monitor their social license to operate, to shape their communications strategies, and to assess their performance.

This type of monitoring is strategically important in the context of CI because success here is so closely tied to the satisfaction, perceptions, expectations and actions of local stakeholders—all of which are dynamic and can change at various points in time. Stakeholder sentiment can be shaped by many factors that, although unrelated to CI, can nevertheless influence both CI outcomes and the quality of company-community relationships on the ground. For this reason, perception surveys are most useful when they separate out different issues and programs (e.g., compensation, employment, project impacts, and CI) as well as the performance of different actors (e.g., the company, contractors, NGOs, local government, and other partners).



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APRIL (INDONESIA) - USING PERCEPTION SURVEYS TO MONITOR STAKEHOLDER "GOODWILL"⁶⁵

Asia Pacific Resources International Limited (APRIL) is a major producer of fiber, pulp, and paper, and operates almost 0.9 million hectares, including 0.85 million hectares of forest land in Indonesia and 45,000 hectares in China.

APRIL focuses its stakeholder engagement efforts on the principles of mutual learning, feedback, and improving awareness and understanding of the business model and the challenges the company faces. In 2006 and 2007, APRIL commissioned TNS Indonesia to carry out Stakeholder Perception Surveys relating to company operations in Riau Province, Indonesia. The surveys assessed five major groups: (1) local community, (2) media, (3) NGOs, (4) opinion leaders, and (5) employees.

The broad objectives of the surveys were:

- To benchmark and assess company performance in terms of social and environmental responsibility and reputation (i.e., the "Goodwill Index")
- To determine the impact that the company has on different stakeholder groups and identify specific priority issues to be addressed
- To assess stakeholders' expectations in relation to a number of previously identified issues and determine where the company needed to focus to improve its overall "Goodwill Index"

The 2007 findings were compared against those of the previous year in order to identify general trends in stakeholder "goodwill" toward the company. The key findings included:

- Overall, APRIL was able to improve its goodwill with several important stakeholder groups. NGOs moved from a very negative position to a positive index score. According to the company's report, this is most likely due to improved performance in relation to environmental issues.
- Goodwill from the media improved, but to a lesser extent. While environmental performance has improved, the media became increasingly concerned about social conflict management. The issue of land disputes also gained traction within local communities, and will be an important issue for the company to manage going forward.
- There was improvement in the area of social development, notably in terms of helping to reduce poverty in local communities. This improvement was manifested in various activities, and stakeholders now generally recognize the contributions of the company to poverty reduction.
- The perception surveys revealed a general view across stakeholder groups that communication from the company could be improved. While not seen as a critical issue, it has a direct impact on other activities and how well APRIL leverages the results of its tangible efforts on the ground.

Goodwill Index by Stakeholder Group: Comparison 2006 to 2007

Looking across stakeholders, "employees" has the highest index with 65. The other groups display lower goodwill toward Riaupulp. "NGOs" has the lowest index with 11 but improved significantly compared to the previous year.



Make Measurement Participatory

Participatory monitoring and evaluation is another way companies can engender trust, build local capacity, and promote mutual learning. Such approaches have been shown to enhance credibility and ownership of development results among stakeholders. Common tools and mechanisms used by companies are given below.

Table 8.1: Sample Tools and Mechanisms to Support Participatory M&E⁶⁶

Participatory Tool or Mechanism	Description
Community Scorecard	Participatory process by which community groups can monitor and/or evaluate a service offered for their benefit. Beneficiary groups and service providers identify key indicators of success or progress, and rate effectiveness on a simple scale.
Good Neighbor Agreement	An agreement that is co-produced by companies and communities to reach a joint understanding of how issues of mutual interest or concern will be addressed. Agreements are considered social commitments rather than legal ones.
Community Suggestion Boxes	A suggestion box is placed in an easily accessible public location, and provides a mechanism for members of a community to submit anonymous complaints, suggestions, and/or questions. The box is opened publicly at predetermined times (e.g., weekly) and a response is provided for each suggestion.
Community or Multi-Stakeholder Forum	Single or multi-stakeholder groups gather voluntarily to discuss a specific set of topics, to analyze information and provide feedback or decision making, or for other relationship-building activities.
Citizen Report Cards	Short surveys with questions developed through participatory discussion are used to measure perceptions about the adequacy and quality of public services. Report cards are also potentially applicable to the private sector project context. Survey responses are supplemented with qualitative data.

Track Results by Gender

Good practice encourages companies to track the results of their CI activities by gender. This could mean formally incorporating gender as part of a company's CI strategy goals and objectives, or integrating gender aspects into monitoring and evaluation. Practical actions to take might include:

- **Set gender-specific targets**
- **Introduce requirements for gender-disaggregated data**, and use this data to inform program design
- **Develop gender-sensitive indicators**, with an emphasis on qualitative indicators that can help to capture women's perceptions and experiences with CI
- **Use participatory approaches to monitoring and evaluation that involve both men and women** (e.g., in setting objectives, defining measures of success, gathering data, and so forth)

“Looking at our community programs from a gender perspective, we know that women’s participation in community programs facilitates more broad-based and lasting outcomes compared to those designed solely by male community leaders.”

—Rio Tinto⁶⁷

RIO TINTO – UTILIZING GENDER-SENSITIVE INDICATORS TO IMPROVE OUTCOMES⁶⁸

Rio Tinto is encouraging the use of gender-sensitive indicators in its operations worldwide. Examples of such indicators include:

Infrastructure: % of females/males with access to safe drinking water

Health: Incidence of particular health conditions amongst females and males

Education: Ratio of boys’ to girls’ enrollment and completion rates in primary, secondary, and tertiary education;

% of females and males with relevant skill sets for employment

Empowerment: Number of females participating in planning and decision making at the household and community level

Level of satisfaction, by gender, in participation in a working group

Integrate CI into the Company’s Broader Monitoring and Evaluation Systems

Just as cross-functional alignment of business units (discussed in Chapter 2) enables better internal coordination of community relations and overall risk-management, the same principle of alignment applies when it comes to tracking and evaluating community investment activities.

Ideally, the monitoring of CI programs should be integrated with other related company-wide monitoring and evaluation systems and processes—including, for example, those used to keep track of stakeholder engagement, environmental and social performance, sustainability programs, grievances, and company risk registers. Again, this serves to bring together different teams within the company who are interacting with local communities (but might not otherwise talk to one another) to promote more effective information sharing. This also allows for CI results to be analyzed in the context of broader activities and issues that may influence the company-community relationship.

There are various tools that a company may use to integrate important social and environmental information. One example is a Sustainability Performance Scorecard (see Dialog Telekom box).



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DIALOG TELEKOM (SRI LANKA) – ADOPTING AN INTEGRATED PERFORMANCE SCORECARD APPROACH⁶⁹

Dialog Telekom PLC is Sri Lanka's flagship telecommunications service provider. In 2005, Dialog Telekom was listed on the Colombo stock exchange and, as a public company, made a commitment to measure and report to shareholders on its sustainability performance. The company then adopted the Global Reporting Framework (GRI G3 Guidelines) to form the basis of its sustainability performance framework, and carried out a comprehensive internal gap analysis to identify key performance areas and respective data parameters that needed to be addressed to meet compliance requirements and best practice standards.

The company's sustainability performance framework is based on a single information system called the "CR Navigator." The system contains data on 48 core and 30 supplementary indicators covering social, environmental, and economic performance and is aligned with GRI requirements. These indicators capture output, outcome, and impact indicators in key areas of the company's performance, including its strategic community investment activities. Together, these indicators represent the company's Sustainability Performance Scorecard.

On the community investment side, Dialog Telekom's data requirements go beyond GRI guidelines and aim to capture outcome and impact indicators. Thus, for example, in its distance education program where the company utilizes satellite technology to transmit education materials to schools that lack resources, the company monitors a sample of students to measure improvement in their examination marks.

Adopting an integrated performance scorecard approach has enabled the company's senior management to get a balanced overview of the company's sustainability performance and to assess risks. This information has also been used in engagement processes, including establishing local partnerships. When considering the potential for scale up of its distance education program, for example, Dialog Telekom found that having tangible data on program outcomes enhanced the credibility of the company and helped to get local partners on board.

Finally, Dialog Telekom is using its Sustainability Performance Scorecard framework to link the requirements for data capture and to upload to staff performance appraisals. This ensures clear lines of accountability, regular maintenance of the sustainability performance data, and informed decision making around key aspects of sustainability performance and resource allocation.

Use Monitoring and Evaluation Results to Drive Resource Allocation for CI

One emerging approach being tested and discussed within some companies has to do with using the monitoring and evaluation results of their CI programs to inform their decision making on future allocation of CI resources. In other words, if a company's investments in one area are shown to have better results per dollar spent (in terms of number of people reached, positive impact demonstrated, and level of satisfaction of local stakeholders), for example, over investments in another area, future resource allocations may be shifted in favor of the higher performing types of activities. Likewise, the selection of new projects would be influenced by the past performance of similar projects, whereas low-performing projects would be phased out altogether.

Few companies understand how their corporate social responsibility programs respond to specific business objectives, or whether they actually create financial value.

LINKING COMMUNITY OUTCOMES AND BUSINESS VALUE

Ad hoc donations viewed as philanthropy typically do not create the expectation of a “return,” nor much incentive to track results. By contrast, a strategic approach strives to create shared value, including business value. A 2009 McKinsey study showed that few companies understand how their corporate social responsibility programs (of which CI is a subset) respond to specific business objectives, or whether they actually create financial value. The study suggests that companies that can develop metrics to translate community outcomes into benefits (in terms that are valued by the market—risk reduction, enhanced reputation, productivity gains, and so forth) can reap additional benefits by communicating this information to investors and financial analysts. An additional incentive is that high-performing environmental and social programs are increasingly seen as a proxy for effective business management.⁷⁰

VALUING PLACER DOME’S COMMUNITY INVOLVEMENT PROGRAM (CHILE)⁷¹

A 2006 financial valuation study of sustainable development practices determined, at the time, that if Placer Dome’s community involvement program could fast track the Cerro Casale project by one year, it would add USD \$0.81 per share to the value of the company’s stock. This translated into a 5.5 percent valuation lift from its trading price at the time of USD \$14.70 per share.

In order to perform the analysis, certain assumptions were made. In the case of Placer Dome, the mining company had a high quality community involvement program that used community advisory panels for stakeholder engagement and community outreach. The study assumed that Placer Dome’s community involvement program would lead to the fast tracking of project approval and project “booking”—one year earlier than initially planned.

One of the key business benefits of a CI program is the improvement in the relationship between a company and local communities, which contributes to a smooth operating environment for the company. Developing a single indicator for this may be challenging, but a number of proxy indicators may be used to capture whether or not the operating climate/relationship with stakeholders is improving.

INDICATORS OF THE COMPANY-COMMUNITY RELATIONSHIP⁷²

- Number of protests, demonstrations, complaint letters, and compensation requests
- Number of community participants in consultation meetings
- Closures of activities due to a disturbance by the community/local stakeholders
- Quantity of work applications received from the community/local stakeholders
- Incidents (related to communities or other stakeholders) affecting company property or personnel
- Number of problems or grievances identified by local stakeholders
- Quantity—and the time period of delays—of governmental approvals
- Community sentiment surrounding current community development initiatives (i.e., Do they fulfill needs and expectations?)
- Effectiveness of public consultation activities (i.e., Do local people feel their participation has value?)
- Degree of trust felt by the community toward the company (and vice versa)
- Positions taken by the local government regarding decisions that affect the company
- Community members say they are better off as the result of the company's presence
- Number of positive and negative press articles about the company

Measure Return on Community Investment

Measuring return on community investment is a new frontier in monitoring and evaluation. Converting the business benefits of CI into standard financial metrics is not an easy task. Table 8.2 describes three emerging methodologies that might be used to monetize the benefits from a company's sustainability investments related to local communities.

Table 8.2: Emerging Methodologies for Valuing Corporate Sustainability Programs⁷³

Methodology	Description	Key Features	Example of Application
Financial Valuation Tool for Sustainability Investments	<p>Helps a company to calculate Net Present Value (NPV) of sustainability investments by capturing direct and indirect benefits.</p> <p>Developed by IFC/Rio Tinto/Deloitte</p>	<ul style="list-style-type: none"> • Differentiates between value creation and value protection. See Tool 10 for details. • Quality of sustainability programs (e.g., design, management, capacity, execution) is built into the model. Two important aspects of quality include stakeholder engagement and community perception. These are important inputs into the valuation process since high quality programs improve risk mitigation potential. 	<p>Before applying the financial valuation analysis, the Rio Tinto Alcan greenfield bauxite mine and alumina refinery's total Net Present Value was calculated at USD \$1.5 billion over a 62 year mine life.</p> <p>Following the valuation process, the total value added of various sustainability investments at the project site (e.g., community engagement program, health program, access to water, local suppliers development) came to a total of USD \$517,168 (including USD \$260,638 in direct value creation and USD \$256, 530 in indirect value creation).</p>
Social Return on Investment (SROI)	<p>Measures the value of benefits relative to costs of achieving those benefits. For example, a ratio of 3:1 indicates that an investment of \$1 delivers \$3 in social value.</p> <p>Provides information for improving the way a program is run and for shaping future decision making.</p> <p>Developed by the New Economics Foundation (NEF)</p>	<ul style="list-style-type: none"> • Stakeholders are central for effective implementation of SROI. • First step is to establish what SROI analysis will cover and who will be involved. The methodology also includes a materiality screen to determine which outcomes and impacts are not appropriate for inclusion. Key considerations: importance to stakeholders and data availability. • A logframe approach is used to produce an "impact map" with project inputs, outputs, outcomes, and impacts to determine the requirements for indicators and data collection. • Detailed analysis of inputs (e.g., resources, staff time) is used to calculate the total program investment. Benefits of the program (outcomes and impacts) include direct and indirect benefits as well as spillover effects. Results that would have happened anyway or are a result of other factors are eliminated from consideration. • Calculating the SROI involves adding up benefits, subtracting negatives, and comparing the result to the investment. This is also where the sensitivity of the results can be performed to determine which assumptions have the greatest impact on the model • Emphasis is placed on reporting results and embedding learning in business processes. 	<p>Fresh Pastures CIC in England used an SROI approach to measure the value of providing not only milk to schools (its core mission) but also education to children on healthy living, good dietary planning, environmental issues, social inclusion, and equal opportunity. In a related SROI exercise, the company identified that for every £1 of contract deliverable, 59 pence of social return would be derived in environmental, education, and employment benefits.</p>
The SD Effect	<p>Relies on the use of common financial methods to isolate the effect of corporate sustainability practices/ programs on share price performance.</p> <p>Developed by Yachnin & Associates, Sustainable Investment Group Ltd., and Corporate Knights Inc.</p>	<ul style="list-style-type: none"> • Methodology uses commonly used financial methods(e.g., Discounted Cash Flow Valuation, Price to Cash Flow Per Share Ratio, Option Pricing Valuation, and Economic Value Added) to isolate the effect of corporate sustainability practices on share price performance/company valuations and to express this effect in financial language. This report uses company-specific sustainability performance metrics from the Canadian mining sector. • Valuation relies on a project level/asset data and may rely on a series of assumptions. As an example, the existence and quality of company's community and stakeholder programs could be linked with a set of assumptions about the business value that the company is getting (e.g., having a high quality community engagement program leads to a fast tracking of the project approval process by X number of years). 	<p>The assessment of the sustainability practices of Teck Cominco, a Canadian mining company, revealed that the company demonstrated substantial respect for aboriginal peoples in terms of their role as employees and members of the community. The assessment further suggested that this type of relationship contributed to enhancements in employee productivity and community assurance and attendant reductions in business risk. The risk reduction associated with Teck Cominco's enhanced community and employee relations was estimated to be valued at USD \$859 million (USD \$4.24 per share).</p>

If measuring value is important, communicating that value is equally important.

COMMUNICATING ABOUT CI

If measuring value is important, *communicating* that value is equally important. For business benefits derived from CI to be optimized, stakeholders at the local, regional, and international levels need to know about these investments and the value they create. For example, if a community investment program is designed to help improve a company's reputation, secure a social license to operate, or support risk management, communicating actively and repeatedly about the program must be an integral part of the strategy.

As discussed in Chapter 1, there are multiple benefits to be derived from communicating effectively about how a company is investing in people. Strategic communications supports a company's business goals and decision making related to community issues. It promotes dialogue, participation, and a regular flow of information, thereby enhancing transparency and recognition.

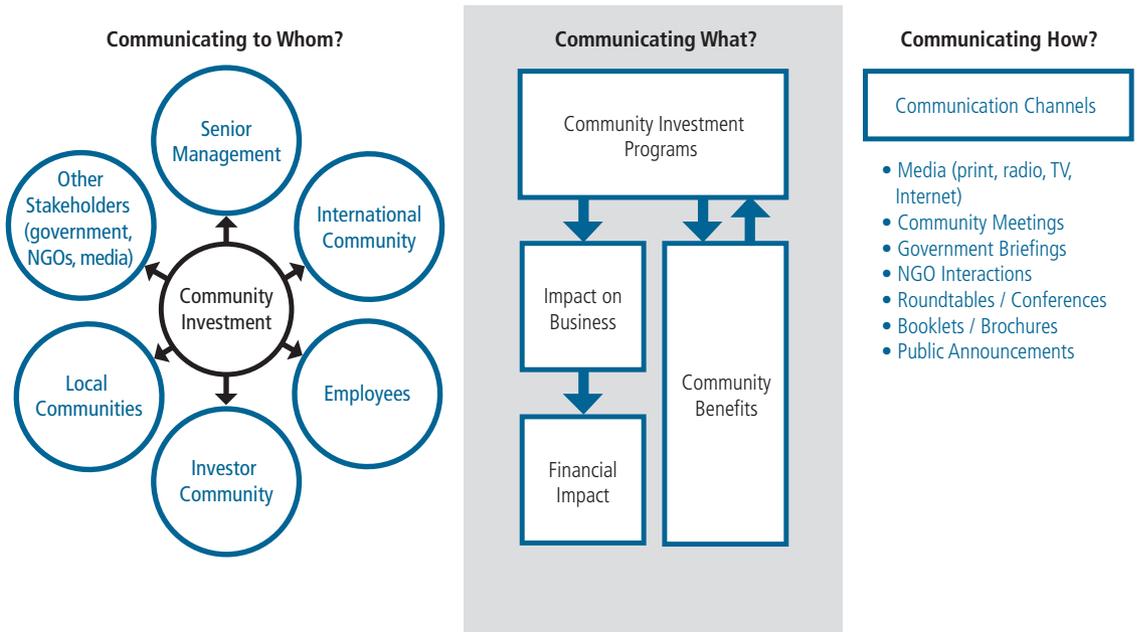
While the communications function is always important, it bears particular significance for CI if a company:

- Faces political, regulatory, or reputational risks linked to the sector in which it operates
- Has good stories to tell
- Has limited/no communications capacity (and therefore limited relationships with media, civil society organizations, and the general public)
- Has a high national or international profile
- Faces particularly aggressive stakeholders, NGO campaigns, or public criticism
- Faces high expectations for local benefits or mistrust/skepticism from local stakeholders
- Needs to strengthen internal or shareholder support for CI and make the case for resources



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Figure 8.2: Targeting Communications for Community Investment



Tips for Communications Planning

Communications is an ongoing process that should ideally begin the moment a company starts any activity in a new location and well before CI programs start to yield results. A good communications plan identifies key actors and relevant audiences, connects the company to its stakeholders and customers, defines and delivers specific messages that will resonate with target audiences, and follows a long-term plan of action.

✓ Use Communications to Support Your Business Objectives and CI Strategy

In a business context, a communications strategy for CI serves as a:

- **Decision-Making Tool** – supports management’s decision making; allows for efficient use of resources
- **Risk Management Tool** – promotes information flow and transparency to manage risks and leverage opportunities
- **Branding Tool** – disseminates CI successes and achievements to enhance public reputation

It is with these purposes in mind that internal and external communications goals related to CI should be set:

- How can communications support your CI-related business objectives (such as acquiring a social license to operate, enhancing reputation, or meeting global industry standards)?
- How can communications support your internal objectives (securing support and resources for CI from management and shareholders; or promoting understanding and buy-in of CI strategy across the company)?

Based on these considerations, decide *what* to communicate.

✓ Assess the Communications Context

Much like the CI program itself, communications does not happen in a vacuum. Understanding the local and international contexts in which a company operates, such as historical legacies or global campaigns targeting a certain industry (e.g., gold mining or oil palm), are critical in defining an effective communications strategy. Telling a good story is often not enough—companies need to know who they are talking to, how, and in which moment in time. Think about:

- Main challenges to which the communications strategy should respond. What are the issues or perceptions that may need changing?
- National/local context for the project and key messages
- Public opinion
- International context (e.g., global campaigns)
- Key stakeholders and audiences
- National and regional opinion makers/commentators
- International stakeholders/influencers

✓ Set Up a Communications Function to Support your Community Investment Team

Ideally, a company will have established a communications function distinct from its CI team (although the two should work closely together). The rationale is that communications is a distinct skills set that goes beyond engaging with communities at the local level to target a much broader group of stakeholders (including the media, international NGOs, and investors). Necessary steps include:

- Assessing technical capacity (internal and external communications skills and resources)
- Training communications personnel in CI-related matters
- Drawing up a communications budget

✓ Identify Target Audiences and Tailor Key Messages

Following an analysis of the local context, agreement on the communications objectives for CI, and an assessment of capabilities, a company is ready to strategize on how best to achieve its communications goals. Who are the company's target audiences? What are the key messages? How should the messages and information be tailored to meet the different needs and interests of each target group? How can communications be used to create two-way dialogue and solicit feedback?

✓ Develop Messages in Alignment with the CI Project Cycle

Companies may find it useful to think about their communications planning in terms of each stage of the CI strategy process and to align communications objectives and key messages accordingly.

- **Early Engagement:** Focus on managing expectations, setting the right tone for collaboration and partnership, and clarifying the company's vision and role in supporting communities and local government in the development process.
- **Planning Stages:** Don't stay silent during the planning period and allow rumors, misinformation, and frustration to take root. Keep the momentum going and counter long lead times before CI programs can show results by actively communicating about aspects of the multi-stakeholder process for designing the CI program itself. This can include the formation of committees, the criteria for participation, the process for selecting representatives, the identification of local partners, as well as anticipated timetables, schedules of activities, and next steps.
- **Setting the Parameters for CI:** Communicate the company's decision-making process and rationale (i.e., "shared value" creation) for identifying and selecting which investment areas it will support—and which it will not support and why. Messages about sustainability, local ownership, and exit or handover of CI projects should also be emphasized.
- **Implementation Planning:** Use communications to foster transparency, build trust, and garner feedback on questions about delivery mechanisms, resource allocation, decision-making processes, and governance structures for CI implementation.
- **Results Measurement:** Communications is most powerful at the stage when a company's CI program delivers tangible benefits that can be seen, felt, and measured. At this stage, actively and repeatedly communicate CI outcomes to key stakeholder groups at various levels in order to maximize the desired business benefits from such investments (be it reduced social risk or enhanced reputation).

✓ Determine Communications Tools and Channels

Following an analysis of the current situation, agreement on the communications objectives, and an assessment of capabilities, companies need to establish how they might be able to achieve their goals. Which tools and channels will be most effective for conveying key messages? Identify:

- Communication channels
 - Media outlets (influential newspapers, radio, TV, Internet, opinion makers)
 - Community meetings
 - Government briefings

- NGO interactions
- Roundtables/conferences
- Booklets/brochures (including company reports)
- Public announcements
- Key spokespersons
- Key dates and events

✓ Engage Partners Who Can Help Deliver and Reinforce Your Message

Many companies identify implementing partners to support their communications efforts—for example, local organizations that can provide research, on-the-ground networks, or unique communication vehicles (such as culturally appropriate meeting styles, easy-to-understand flyers, radio programs for rural areas, etc.). This, along with endorsements by third parties, partners, and/or influential persons or organizations, can be an effective means to spread and amplify key messages and information about CI.

✓ Plan for the Worst: Prepare a Crisis Communications Plan

Planning ahead enables a quick response when a crisis arises (e.g., accidents, major complaints, or stakeholder-related disruptions). Such advance planning involves setting chain-of-command channels, identifying company spokespersons, preparing Q&As, and cultivating media contacts to disseminate immediate responses.

✓ Measure the Success of Your Communications Strategy

Finally, how does a company assess whether its communications strategy for CI has succeeded? In many cases, direct feedback and anecdotes will reveal whether communications efforts have been effective. However, other sources may prove useful as well:

- Results of public perception surveys
- Number of third-party endorsements
- Positive civil society/NGO feedback
- Positive tone of media coverage
- Level of political support
- Community grasp of CI-related processes and issues
- Level of management and/or investor support

