

# The LBG Model

GLOBAL VALUE tool showcase



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## Introduction

# The GLOBAL VALUE tool showcase series

### **GLOBAL VALUE tool showcases: your guides to using tools**

Understanding a company's impact on sustainable development, and finding ways to manage it best, is not an easy task. With so many tools available, choosing one to invest time in is even more difficult. GLOBAL VALUE tool showcases will make this task easier.

We selected and tested 15 leading tools in different categories to help understand how each of them can help you achieve your assessment goals. Our tool showcases are meant to support you in deciding which tool best fits your company's needs. The tools were tested in collaboration with multinational companies from different sectors to give you practical tips on how to get the most from using each of the showcased tools.

### **Tools for managing impact on the Sustainable Development Goals**

The Sustainable Development Goals (SDGs) are the north star for global development for the next 15 years. Adopted by the United Nations in September 2015, these Goals have been developed in extensive consultation with the business community. For companies across the globe, the SDGs are both a challenge and an opportunity to serve global populations in a manner that is sustainable in the long-term. Each tested tool has also been screened for how many and which SDGs it may help companies tackle.

Find more tool showcases on the [GLOBAL VALUE Toolkit](#).

### **Tool selection**

The tool showcases feature [15 tools](#) that were selected from over 200 tools collected during three years of research in the context of the [GLOBAL VALUE project](#). These tools were shortlisted through an iterative consultation with GLOBAL VALUE consortium experts, who evaluated the strengths and weaknesses, feasibility and usability, methodology and added value of different tools in order to narrow down the list of tools to 15 for testing in an actual company setting.

The LBG Model was selected as a community impact assessment tool that allows for a comprehensive, yet feasible, social impact assessment. Only the LBG Framework (as set out in the) [LBG Guidance Manual](#) and the LBG project assessment sheet were tested, as other resources are only available to LBG Community members.

### **Tool testing process**

The tool showcases are based on the experiences of three GLOBAL VALUE tool testers, who have implemented these tools in collaboration with [three multinational companies](#). The tools were tested with a specific focus on their operations in developing countries, in order to understand how each of them can help companies measure and manage their impacts on global sustainable development. The tool testing assessed each tool's feasibility and usability, user friendliness, content and context, methodology, data required and results provided.

This showcase will guide you through the main benefits and limitations, ease of use, tool adaptability to different geographical and company contexts, scope of value chain and SDG coverage, methodology for assessing impact, and the usefulness of output or results that the tool provides.

# An introduction to the LBG Model

The LBG Model is a measurement framework and a tool that aims to help companies measure, assess, benchmark and report the **value and impacts of their community investments**. The framework is focused exclusively on analysing investments that are not part of core business. Impacts can be assessed in the areas of education, health, economic development, environment, arts and culture, social welfare and emergency relief. Expect questions on cash, in kind, and time investments made and leveraged, and data on the numbers of people affected by the assessed investment, deconstructed by depth and breadth of impact. The tool also allows the measurement of **business benefits the company received** from the community investment.

LBG Model consists of a very comprehensive, practical and easy to understand guiding framework on how to select and assess inputs, outputs, outcomes and impacts of community investments. The framework allows the **structuring and organising of community investment's knowledge for better management and reporting**. It provides practical tips for overcoming potential challenges and tools for data collection. The online platform supports the tracking of data across years and the **benchmarking** of selected indicators against other companies.

The LBG Model is developed by a community of companies for companies. The framework is freely available, however, the project data collection and analysis tools and the online tracking and benchmarking platform is available to LBG Members only. Membership comes at a fee of between €2300 to €5930 depending on the package.

## At a glance

Web: <http://www.lbg-online.net/>

Developer: Corporate Citizenship & LBG Community

The LBG framework was developed by an active network of corporate community investment professionals from many of the world's leading companies. The network is managed by Corporate Citizenship, a global sustainability consultancy.

Use the LBG Model when you want to:

- **Measure social impact** resulting from company community investments.
- **Measure business benefits**, such as employee motivation, supplier engagement and publicity leveraged by community investments.
- **Improve reporting** on philanthropic donations for better communication and management.
- **Benchmark** (only to members) your community investments and outcomes to other companies.

# Features

## What you need to know about the LBG Model

This section gives you an overview of the key features of the LBG Model. All important information that can help you decide on whether this is the tool for your needs is presented in a condensed format in the table below. For more elaborate information on the [icons](#) and to explore other tools please visit the [GLOBAL VALUE tool navigator](#).

Purpose	Scope	Output	Requirements	Access
 <p>The main purpose of the tool is to support <b>management control and reporting</b> of community investments.</p>	 <p>The tool can be applied for measuring and/or managing impacts of <b>projects</b> that are explicitly external to a company's core business operations.</p>	 <p>Assessment results in a <b>dashboard</b> view of inputs, outputs, outcomes and impacts by geographical location of projects and issues addressed, as well as other deconstructions. Results can be <b>benchmarked</b> against other comparable companies or whole network averages. Inputs are <b>monetized</b>.</p>	 <p>Assessment does require <b>stakeholder involvement</b>. However, it is also possible to complete the assessment without it. Depending on already available data, the assessment does not require a significant time investment.</p>	 <p>The framework methodology is available for free. However, all suite of tools is accessible only to members at a <b>membership fee</b> (see p.3).</p>

### What did tool testers say - Overall experience

The LBG Model is a flexible tool for structuring the data on community investments and evaluating the outcomes and impacts the investments had on both, the community, and the business organisation. Social impacts are some of the most difficult to account for. However, the LBG Model makes a substantial contribution to making this task manageable for the business community. The LBG Framework and its practical, real-life guidance makes the tool very practical and easy to understand and use. However, the tool is not suitable for assessing potential negative impacts, or impacts on the environment, corruption or other issues that cannot, because of their nature, be addressed directly by engaging and investing in communities.

**Want to explore other tools?**  
[GLOBAL VALUE tool navigator](#) features are over 200 tools all screened for the same features as the LBG Model above.

## Benefits

## Key benefits and added value of the LBG Model

### Key benefits you can expect

- **Practicable measurement of social impact**

The LBG Model makes the measurement of social impact possible and practicable without extensive observational studies. The distinction made by the framework between measuring the depth and type of impact allows for more in depth assessments that go beyond headcounts of people affected by the community investment.

- **Capturing the business benefits**

Next to measuring impacts on the community, the tool also facilitates measuring the impacts on business itself, in terms of employee and supplier engagement and publicity generated. This helps in establishing an internal business case for continued community investments.

- **Practical guidance**

Created by a community of companies for companies, the tool ensures sufficient practical guidance on how to tackle any challenge encountered while using the tool. Including guidance of where to find relevant data, how to calculate required data points and who to involve.

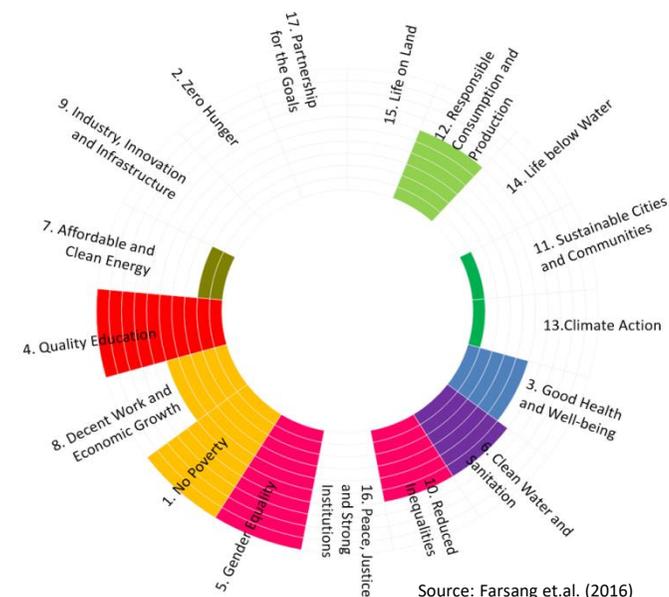
- **Peer community**

The tool is connected to a community of companies, which allows for peer learning in common events and trainings, as well as benchmarking of community investment data against peer companies.

Learn more about the SDGs and what they mean for your business on the [GLOBAL VALUE Toolkit](#).

### Sustainable Development Goal coverage

The graph below shows the extent to which LBG Model addresses the different issues covered by the [Sustainable Development Goals \(SDGs\)](#). Under each SDG, there are a number of different targets that are related to the individual goal. Some SDGs have more targets, while others have fewer. During our testing, we screened the tool to determine how many of the targets the tool covers under each SDG. The graph below is normalised and can tell you not only which SDGs the tool addresses, but also to what extent. The higher the SDG's coloured column, the more targets the tool addresses (read more about the testing process [here](#)).



## How to

## Implementation steps

### **STEP 1: decide which initiatives to assess**

The LBG Model supports analysing one or more community investment projects, and then aggregating them to an overall assessment. Thus, you can choose as many community initiatives as you wish to analyse. These could be all initiatives in e.g. one country of operation, or one thematic issue across countries or only one initiative. Selecting and deciding which initiatives are to be assessed by the LBG Model requires an understanding on what the LBG Model considers a community investment. The tool defines community investments as voluntary, non-commercial initiatives aimed at a clear charitable purpose.

There are two aspects you will need to consider when selecting which initiatives to assess using the LBG Model. Firstly, these have to be initiatives that are clearly outside the boundaries of everyday business operations: it is an investment that supports an organisation with a clear charitable or public benefit serving purpose. Furthermore, your company should not yield any direct business related benefit from the initiative, such as from cause-related marketing. An investment in this model is considered to be not only a cash donation, but also an in kind donation, or employee time volunteering.

### **STEP 2: gather “inputs” data – total cost of investments made**

The LBG Model works on a simple input-output-outcome-impact model. As a first step of data collection, you may use the provided data collection tools, but only if you are a member of the LBG Community. Otherwise, gather data on the inputs/investments you made (cash, employee time, products donated, other in kind contributions). The tool helps you aggregating all different types of investments into one total cost.

### **STEP 3: gather “outputs” data – who and how many people benefited from your investment**

The data required for analysing the outputs generated by your activity is threefold. You will be asked to gather data on: 1) the “leverage” of your investment, that is who else and how much they contributed to the same initiative, this can be additional free time your employees volunteered, additional funds raised from other sources etc; 2) the number of beneficiaries that were directly affected and benefited from the investment (e.g. participated in trainings, received donations); 3) the output that affected your business – how many employees were engaged and how much media coverage the initiative received, as well as how many consumers/customers and suppliers were reached by the activity.

### **STEP 4: gather “impacts” data – for how many people and what changes where achieved**

The data on impact achieved is usually the trickiest part in any impact assessment. The LBG Model, at this stage, structures and aggregates data on how the community investment affected 1) the beneficiaries, people involved in the activity, 2) the charitable organisations that partnered with your company for implementing the initiative, 3) and your business.

### **STEP 5: analyse the data and benchmark**

Gathering all the data above will allow you to structure the information about your investments and understand what changed as a result of your investment in the community and in your business. At this stage, you can analyse whether your investments are achieving the strategic goals set for them and decide how to steer further investments.

## Suitability

## Tool testing insights: LBG Model for MNCs

### LBG Model for MNCs

The LBG Model is very flexible and can accommodate any community investments from small cash donations to individual people, to large scale awareness raising programmes or initiatives across geographies, thematic areas addressed and across business units. In this sense, it is a very useful tool for MNCs to aggregate and analyse their community investments and their impacts in a coherent, robust and comprehensive way across business units and countries.

One of the most useful aspects of the LBG Model methodology is that it allows to capture the impact achieved by a community investment not only by amount of people affected, but also quantify to what extent they were affected. This is facilitated by the distinction between the depth (connection, improvement, transformation) and type of impact achieved. The impacts can be assessed on a number of thematic issues, such as education, responsible consumption, culture, social welfare, health, environment (as it pertains to environmental awareness raising and improving the environmental impacts caused by communities), economic development, and emergency relief.

Furthermore, the tool uncovers evidence and strengthens the business case for community investments by quantifying the business benefits as well.

The framework is, however, limited to impacts that result exclusively from community investments, and is not suitable to assess social impacts from core business operations. Furthermore, it only looks at positive impacts without taking into account potential or unintended negative effects.

### Ease of use

The LBG Model is a very user-friendly tool with extensive practical guidance. The assessment does not require much time and effort for its implementation. However, the time investment does depend on the scale of initiatives that the user is assessing, and how well the community investments have been documented. Usually, an organization's assessment takes approximately no more than one week, if the data is easily available. For the purpose of the assessment, users can choose between a downloadable excel sheet version of the tool or the online platform.

One of the most helpful features provided by the tool is its comprehensive guidance. The LBG Guidance manual guides the user step-by-step through the process, answering any potential question that the user may have in the process. It also manages to operationalize the input-output-outcome-impact method in a manageable way that can be implemented in companies with limited resources. It does this by quantifying the number of people that have been affected by the initiative in terms of depth and type of impact. The tool does not require any specific expertise or knowledge for implementation, apart from general sustainability management knowledge.

However, the tool is limited to community investments that take place outside of the direct business operations, and may potentially miss the areas, in which the largest impacts may take place.

## Review

# The LBG Model approach to measuring and managing impact

### Managing for global value

All the tools GLOBAL VALUE tested exhibit a different approach to managing a company's impact on sustainable development. Tested approaches include tools that assess a company's management system, monetize sustainability impacts or map impacts and build strategies for mitigating negative impacts and enhancing positive impacts.

In order to capture these differences, and what each of these approaches brings to a company wanting to measure and manage its impacts, each of the tools tested were evaluated against a set of criteria developed by the GLOBAL VALUE consortium. Find out more about the criteria we used [here](#). An online [Expert Crowd](#) of more than 260 experts from a variety of organisations and stakeholder groups globally has also been involved in developing the criteria to ensure that the most important concerns of science, businesses, civil society and policymakers are reflected.

This section will provide insights into the underlying assumptions of how LBG Model evaluates the impact of a company using the tool, and the usefulness of the results that the LBG Model provides for managing business impacts on sustainable development.

Learn more about how to use tools for managing your impact on the SDGs on the [GLOBAL VALUE toolkit](#) !

### LBG Model assessment approach

The tool works through the input-output-outcome-impact method. The LBG framework operates under the assumption that by investing resources (either in cash, in kind, or in time) in community initiatives or into charitable organisations, a company can create positive impact in the community. The created impact is categorized in its "depth" – how deep did the activity affect the investment recipients or activity participants? The depth is distinguished between the investment making a 'connection' (awareness raising), directly "improving" the well-being of beneficiaries or inducing a lasting "transformation" (e.g. vaccinations would mean a life long improvement in beneficiary's health outcome). This assumption is plausible and makes the LBG Model one of the rare tools that allows for the measurement of impact instead of only quantifying the outputs of a given activity.

However, given that it works only on the level of community investments external to the company's core operations, its approach to measuring social impact cannot address the impact resulting from core company operations – areas where social impact of a company may actually be the greatest.

The tool requires quantitative data on investments and outputs, as well as qualitative data for determining the depth of impact achieved. The qualitative data can either be assumed by the user, or data collection interviews can be pursued. However, the interviews are not required, and, in most cases, the user can determine most of the required data categorization by considering the type of activity assessed. The framework allows to analyse what is being contributed (all resources committed to an activity), what happens (the activities that take place and the numbers of persons involved) and what is achieved (how the community and the company are better off as a result).

### LBG Model assessment output

The tool testers only had access to the LBG Guidance manual and project assessment sheet. Thus, comprehensive assessment of the results cannot be provided.

## Resources

## Further resources

- LBG Network: <http://www.lbg-online.net/>
- LBG Model: <http://www.lbg-online.net/#framework>
- LBG Guidance Manual: <http://corporate-citizenship.com/our-insights/lbg-guidance-manual/>
- Sustainable Development Goals (SDGs): <https://sustainabledevelopment.un.org/>
- GLOBAL VALUE Project: [www.global-value.eu](http://www.global-value.eu)
- GLOBAL VALUE Toolkit: [www.global-value.eu/toolkit](http://www.global-value.eu/toolkit)
- GLOBAL VALUE Tool navigator: [www.global-value.eu/navigator](http://www.global-value.eu/navigator)
- GLOBAL VALUE Expert Crowd: <http://www.global-value.eu/toolkit/expert-crowd/>
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Coordinated by:



In collaboration with:



## Authors

*Adele Wiman, Armi Temmes, Andrea Farsang, Norma Schönherr, Lucia Reisch*

Institute for Managing Sustainability  
Vienna University of Economics and  
Business

[www.sustainability.eu](http://www.sustainability.eu)

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