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WBCSD approach to measurement

“Beyond the bottom line” – the business case

Methodology

Excel-based user guide

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Companies involved
External stakeholders involved

- Alex Arnall (Independent)
- Anthony Miller (UNCTAD)
- Beth Jenkins (Harvard CSR initiative)
- Helene von Granitz (Swedish National Institute Public Health)
- Jason Bauer and Rebecca Tunstall (MCC)
- Jo Zaremba (Oxfam UK)
- Johan Verburg (Oxfam Novib)
- John Morrison (BLIHR)
- Liane Lohde, Sujata Lamba and Weijen Leow (IFC)
- Mokhethi Moshoeshoe (AICC)
- Michael Oxman (BSR)
- Dr. Norman Reynolds (The People’s Agenda, South Africa)
- Sean Gilbert (GRI)
- Sheri Willoughby (WRI)
- W. Robert de Jongh (SNV)
"Beyond the bottom line"—why measuring impacts on society makes business sense

Benefits of measuring impact:
- Better business
- Community relations
- Governments and regulators
- New partnerships
- Protect and grow
- Market share
- New business opportunities
- Employee satisfaction
- Risk management

Better business
The Framework aims to help companies measure and assess their societal contribution and use this understanding to inform operational and future investment decisions.

It is also designed to:
- underpin the business license to operate;
- improve the quality of stakeholder engagement;
- help to manage risks more effectively; and
- Identify ways to enhance the business contribution to society.
Key features of the Framework

• Built by business for business
• Starts from what business does - business
• Moves beyond traditional reporting
• Encourages stakeholder engagement
• Flexible
• Complements existing tools
• Externally reviewed
Merging two perspectives

Business perspective

- Business activity
- Direct impacts
- Indirect impacts
- Broader development contribution

Development/societal perspective

- E.g. Economic Growth/GDP
- Poverty Alleviation
- Education
- Social Stability
- Public Health
- Human Rights
- Governance
- Capacity Building
- Enterprise Development
- Environmental Sustainability

Business perspective:

- Infrastructure
- Products and Services
- Jobs
- Skills and Training
- Procurement
- Taxes
- Corporate Governance
- Environmental Management
Four-step Methodology

Step 1 - Set boundaries

Step 2 – Measure direct and indirect impacts

Step 3 – Assess contribution to development

Step 4 – Prioritize management response

Measuring Impact Framework
Decision by individual companies
Step 1 – Set boundaries

Encouraged to assess:
- Corporate Governance

Strongly encouraged to assess:
- Products & Services
- Skills & Training
- Environmental Management

Not critical to assess:
- Infrastructure
- Procurement

Encouraged to assess:
- Jobs
- Taxes
Step 2 – Measure direct and indirect impacts

Sources of impact
- Construction of bridges and roads in remote areas
- Use of existing infrastructure

Direct impacts
- Investment in roads and bridges
- Company use of existing infrastructure (sanitation)
- Improved access to markets & services
- Increased migration of people to remote areas

Indirect impacts
- Growth in informal SME sector
- Pressure on existing infrastructure

Linkages between indicators
Step 3 – Assess contribution to development

3.2 - Engage with stakeholders to identify development priorities

3.3 - Build hypothesis of business contribution to development priorities

3.4 - Test hypothesis with stakeholders

3.1 Decision on active stakeholder engagement

Go to 3.3 - Build hypothesis of contribution to development issues

Decision on further stakeholder engagement

Move to Step 4

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Step 4 – Prioritize management response

4.1 Identify priority areas for action
4.2 Consider possible business responses and prepare recommendation to management. Examples could include:
   - Action through core business activities
   - Action through communication
   - Action through social investment programs
4.3 Decide on way forward
4.4 Develop indicators to monitor progress
User friendly excel-based guide to help companies customize the Framework to their respective operations.

Companies can **tailor** the assessment to:

- Different lengths and depths
- Location and type of operation
- Level of stakeholder engagement
- Company strategic priorities

*Available for download Mid May*
For more information please see measuringimpact@wbcbsd.org
### Step 4 – Example

<table>
<thead>
<tr>
<th>Business influence over impacts</th>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company may face a serious risk and could be challenged on why it is not doing more to lessen its negative impact. Look for ways to mitigate or improve.</td>
<td>Look for ways to improve impact</td>
<td>The company may want to see how it can boost activities</td>
</tr>
<tr>
<td>The company may face serious risks. Look for ways to increase control, consider partnering and/or influencing external factors to mitigate or improve.</td>
<td>The company may face some risks. Consider ways to increase influence and/or improve impact alone or with others.</td>
<td>The company could consider scaling up activities or improving impact by leveraging others’ activities.</td>
</tr>
</tbody>
</table>

**Contribution to**

"access to quality healthcare"

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Step 4 – Example

Value of action to business

Value of action to society

High

Low

Act but consider ways to improve societal value

Not a priority to anyone

Consider but try to improve linkages to business

Just do it
Step 3 – Assess contribution to development

3.2 Engage with stakeholders to prioritize development issues (optional)
3.3 Build hypothesis of the business contribution to development
3.4 Test hypothesis with stakeholders and refine assessment (optional)

Sources of impact
- Infrastructure
  - Construction of bridges and roads in remote areas
  - Use of existing infrastructure

Direct impacts
- Investment in roads and bridges
- Improved access to markets & services
- Increased migration of people to remote areas
- Company use of existing infrastructure (sanitation)

Indirect impacts
- Growth in informal SME sector
- Pressure on existing infrastructure

Development priorities
- SME sector development
- Access to quality health care