

LGM's Social Purpose

LGM Financial Services Inc. (LGM) is an automotive financial services company, offering finance and insurance products to automotive brands and dealers across Canada. It is a private company with over 160 employees Canada wide, based in Vancouver, B.C. It was founded in 1998. The company adopted its social purpose in 2018, when it turned 20 years old.

**SOCIAL PURPOSE:
LGM exists to
accelerate responsible
mobility for all.**

"When you're able to align the entire organization and everything you do around your social purpose, your vision and your values, it can be quite powerful."

Drew Collier, President and CEO of LGM

Why LGM Adopted a Social Purpose

As LGM is in the automotive industry, they understand the problems that have arisen with the modernization of our society around the vehicle. Cars are an amazing invention and for the past 100 years they have shaped many aspects of society, and many have benefited greatly. Unfortunately, like many things, vehicles come at a cost: pollution, traffic injuries and deaths, socio/economic issues – amongst others.

To focus their social purpose, LGM is utilizing the acronym CASED which stands for: Connected, Autonomous, Shared, Electric, and Digital. These areas address many of the social and environmental drawbacks of the automobile industry. LGM is an innovator, and has strong relationships in the industry, and they already have a track record for getting results. In the past they were the first company to create an Auto Dealers Against Distracted Driving Campaign (ADADD), and recently they helped create Canada's first hydrogen fueling station, furthering the green initiatives they are currently working on in conjunction to their social purpose. They will use this previous knowledge to further their social purpose and help push their goals to the forefront of the company.

LGM established their social purpose because they are passionate about doing what is right and making a difference. They wanted to build on their reputation as innovators and change agents (with a social conscience). LGM believed becoming a social purpose company was good business and, in the future, it will become an even more important part of their brand and how they drive growth.

Like all Social Purpose Companies, their goal is to utilize what they are already great at to help accelerate the positive social and environmental changes of CASED, bringing their social purpose to life.



What its Social Purpose Means

What LGM means by Accelerate Responsible Mobility for All, is that they look for opportunities to work with their dealerships, original equipment manufacturer (OEM) partners and others in the industry to innovate and drive positive changes in the industry to benefit consumers and society.

- ‘Responsible Mobility’ represents their desire to do the “responsible thing”. Their quest is to transform the automotive industry towards: fair and transparent practices, green, affordable and accessible mobility, sustainable impact on people and planet, sustainable investing, and safety. Mobility is quickly becoming a new term for the automotive industry. Historically, people owned, leased, financed or rented cars. Going forward there are new business models emerging, including car sharing, ride sharing, subscription, and many others. Their goal is to be in sync with – and lead – where the industry is going.
- The second half ‘For All’ is related back to who LGM is in service to: at the broadest level, who benefits from their business and those they partner with to drive change. ‘For All’ is broader than their current customers (OEMs and Dealers), and even broader than drivers or consumers. It applies to everyone, from the cyclist riding in congested, exhaust-filled traffic, to the pedestrian crossing a dangerous road. It equally applies to OEMs, Dealers, Uber Drivers, Car Share Co-operatives, etc. It is about understanding and positively impacting all the stakeholders that are touched by LGM’s work and that of their partners.

“Our social purpose is changing the way we lead. We are more aligned internally, and more aware of the decisions we make and the things we want to work on. We have also rebranded LGM to align our brand with our social purpose in a new slogan: “Proud to be Responsible”, as making the responsible choice/decision is now part of everything we do at LGM.”

Drew Collier, President and CEO of LGM

How LGM defined their Social Purpose

LGM participated in the first cohort of eight social purpose companies convened by the Social Purpose Institute (SPI). Together, they worked through a toolkit with assistance and support from the SPI experts and participated in discussions with other business leaders to share successes and lessons learned along the way. Guided by the SPI, they identified their core competencies and assets and key societal issues they can impact and consulted stakeholders on potential purpose options.

Core Competencies and Assets

One of the first steps to defining a company’s unique social purpose is to identify the assets and competencies the company can harness for its purpose. The business core competency LGM leveraged to fulfil its purpose is its ability to innovate. The company believes that in pursuing their social purpose “to accelerate responsible mobility for all”, LGM will get closer to the very innovations that will shape the future of the industry. In doing so, they will develop networks, partners, intellectual capital and experience in areas that they might otherwise not address until it is too late. In effect their social purpose will put the company on the leading edge of positive change in the automobile industry. This contributes to one of their key differentiators as an innovative enterprise.

Societal Issues

LGM looked at the UN Sustainable Development Goals (SDGs) from the perspective of the impact the automobile and auto industry have on them. Through their research they discovered that more than half the SDGs are negatively affected by the automobile industry. The SDGs that LGM prioritized to determine its social purpose include:

- Good Health and Well-Being
- Affordable and Clean Energy
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Reduced Inequalities
- Sustainable Cities and Communities
- Responsible Consumption and Production
- Climate Action
- Life Below Water
- Life on Land
- Partnerships for the Goals

Stakeholder Consultation

LGM consulted internal stakeholders to define its purpose. All employees were invited to discuss what the intent of the social purpose was and what its wording could be. Various purpose options were presented for feedback. Their input informed the final wording of the purpose, which was shared back with employees, who felt inspired and motivated by it.

How the Social Purpose Creates Value

Customer Acquisition and Retention.

LGM applied its social purpose to product development to attract and inspire customers. LGM was first-to-market with a Digital Sales solution for their dealers and OEM partners. The Digital Sales offering provides greater transparency and equity for consumers. Through their purpose-driven digital experience efforts, LGM leads the way in digital finance and insurance solutions, enhancing revenue opportunities and creating efficiencies for their dealers and OEM partners.

Innovation Generation.

LGM helped bring Canada's first Hydrogen fueling station to life – a technology that accelerates green mobility, a sustainable energy source with positive environmental benefits for all.

New and Strengthened Partnerships.

The company's social purpose further differentiates them as an innovator and leader in the automobile industry. Working on their new hydrogen initiatives gave LGM an opportunity to build relationships with three new OEMs they had never worked with before.

Staff Engagement.

The company has found their employees are engaged by the social purpose. It helps build internal alignment on company goals and reduce turnover and drive loyalty to the company.

"As CEO, two of the greatest benefits I see are alignment and engagement. By aligning our entire team and everything we do around our social purpose, vision and core values we get everyone engaged and innovating to make a difference for our automotive partners and their consumers."

Drew Collier, President and CEO of LGM

Purpose Goals and Targets

Each year the company sets goals for their social purpose in the annual business plan and strategic planning process. In fiscal 2021, LGM has targets to engage their customers and dealerships on their social purpose. It also plans to pursue B Corp certification, as its strong social purpose positions it for success in the assessment program.

Additionally, they have targeted 50 per cent of their invested assets to move to an Environmental, Social and Governance (ESG) investment model that ensures the company is using their capital to invest in companies that are committed to a positive social and environmental impact.

"I see a lot of runway in our current social purpose. There is a lot of opportunity to make positive changes in the industry. I think ultimately the industry is going to see the changes that we're making as having a huge impact."

Drew Collier, President and CEO of LGM

Social Purpose Activation

Since adopting its social purpose, LGM has invested in the following measures to bring it to life:

Product Innovation:

LGM manages an innovation pipeline of new initiatives and product changes that guides and prioritizes its work. With their commitment to using their social purpose to prioritize their efforts, the company has added coverage for warranty products to support electric vehicles, added coverage for shared mobility (specifically driver/owners of rideshare vehicles), and supported their partners with electric, hybrid-electric and shared vehicles.

Value Chain Influence:

LGM collaborated with OEM partners, along with the Canadian and BC Governments, to bring Canada's first Hydrogen fueling station to life. The original dilemma was that hydrogen fueling stations couldn't be built until the cars came to Canada, and the cars wouldn't come until the stations were built. Over the course of this project LGM successfully partnered with one of its OEM partners, who is now one of their most successful brand customers, to launch a successful prototype fueling station.

Employee Engagement:

The more LGM shares the social purpose possibilities with LGM team members, the more their team identifies opportunities to evolve the business towards its social purpose. In 2020 the company partnered with the Social Purpose Institute to create and pilot a professional development program to help employee teams, functions and divisions identify opportunities to deliver on the company's social purpose. This program is being rolled out across the company with the goal to inspire all employees to help bring LGM's social purpose to life.

MORE INFORMATION

For help defining your social purpose and bringing it to life, contact us at engage@socialpurpose.ca or 604.969.8849.

This Case Study is part of the Purpose in Practice Case Study Series. Visit the "Learn" tab on socialpurpose.ca for more examples on how companies are defining their purpose and bringing it to life in their organizations and beyond.

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