CORPORATE PHILANTHROPY:
BREAKTHROUGH OR BUZZWORDS?

Ruth N. Bramson, Chief Executive Officer, Girl Scouts of Eastern Massachusetts

If profit and power are the key motives for the corporate world, and selfless commitment to mission is the focus of not-for-profit leaders, the expression "corporate philanthropy" sounds like an oxymoron. However, with the growing realization that corporations do well by doing good, there is great interest among businesses to participate in philanthropic activities.

Corporate philanthropists take up causes such as civil rights, community health, education, the arts, and research funding for a variety of chronic diseases. Corporate philanthropy includes forging partnerships with the community, giving release time to employees to volunteer, creating corporate foundations, sponsoring matching gifts drives, and donating cash, goods, services, and equipment.

Why now?
In the wake of numerous corporate scandals, American institutions and their leaders are now considered less trustworthy than at any time in history. In fact, almost 90 percent of Americans surveyed in a Cone Corporate Citizenship study say that "in light of the Enron collapse and WorldCom financial situation, it is more important than ever for companies to be socially responsible."[1] One method for rebuilding trust is to relate to the needs of their communities in a very different way.

Corporate philanthropy gives businesses the chance to positively impact their communities, their customers, their employees, and their shareholders. Smart corporations understand that this is a way to enhance their brand at the same time. Many consumers prefer to patronize and many employees prefer to work at organizations that donate resources to address society's problems.   According to the Council on Foundations, "86% of consumers surveyed would switch to a brand associated with a cause, if product price and quality are on a par.[2]"

Technology may be another factor for the increase in corporate philanthropy. Technology makes it easier for leaders to raise overall awareness of societal issues and it enables an individual to easily find missions that resonate with his or her own values. Technology connects the person with the mission through flexible communication and offers a variety of ways to communicate, network, volunteer, and participate.

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[1] Cone Corporate Citizenship Study, 2002. See http://thinkbeforeyoupink.org/PDF/ConeCorpCitizen.pdf
[2] http://www.sdgrantmakers.org/document_downloads/sdbjcorpphilsupp5_28_07.pdf

How philanthropy helps business

As mentioned above, consumers will switch brands to reward companies that support worthy causes. And consumers punish bad behavior; "91 percent of respondents to the 2002 Cone Corporate Citizenship Study said if they were to find out about a company's negative corporate citizenship practices, they would consider switching to another company's products or services.[3]"

Corporate philanthropy can also drive employee attraction and retention. Companies with good reputations can attract applicants who are not only qualified, but who also share the company's values. Many job seekers, especially those from Generation Y, want to work for companies that commit to the social issues they themselves embrace. In some cases, they want the visibility to upper management and the opportunity to learn teamwork skills that volunteering provides. And according to the Walker Institute and the Council on Foundations, "the number of employees likely to stay with a company for the long term increases by 25% if the company's philanthropy is viewed favorably.[4]"

Numerous studies examined shareholder behavior. A Walker Information/Council on Foundations study found that shareholders with a positive view of a company's philanthropy are more likely to continue as investors in the company[5].

The butterfly effect

We know from chaos theory that the fluttering of a butterfly in one part of the world can impact weather in an entirely different part of the world. Similarly, in a global society, when we touch the life of one person, we in fact touch many lives.

Corporate leaders who commit to philanthropy are typically driven by their personal values to make a difference. They find satisfaction in serving. But leaders are always being scrutinized and emulated by those who follow. And if leaders reach down and actively inspire those coming up the ladder to serve, they develop new leaders at all levels. In this way, leaders can spark innovation and imagination and support employees' desires to find creative solutions to community issues which touch their families and communities.

The role of the leader

Good corporate philanthropy can bring the best thinkers on issues together and inspire collaboration. Leaders can provide the focus regarding which societal issue will be addressed and be clear about what the transformation looks like. Leaders can help define

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[3] Cone Corporate Citizenship Study, 2002. See http://thinkbeforeyoupink.org/PDF/ConeCorpCitizen.pdf
[4] http://tools.cisco.com/dlls/tln/page/media/publications/detail/article/?xml=newsletter/2001/issue007/frank-walker-articleXml-20010501.xml&parent=nl/2001/issue-07
[5] National Benchmark Study-Measuring the Business Value of Corporate Philanthropy, cited by the Council on Foundations, http://www.cof.org/FAQDetail.cfm?ItemNumber=717

a strategy, help people find issues they care passionately about, and articulate what action people can take to support the transformation.

The complexity of the problems today, whether it's education, healthcare, homelessness, or teen violence, requires becoming deeply engaged in the issues to move them along. And it is a long term investment. Good philanthropic leaders can encourage involvement and build public appreciation of the impact that individuals have on making headway on these problems. Sustaining that passion leads to results that can be measured.

Carol Goldberg, one of the true philanthropic leaders in Boston, talks about measurement, saying "Foundation and non-profit organizations often do what they can measure as opposed to figuring out how to measure what they should be doing. This can militate against efforts where results are difficult to quantify".

Focus on values to fuel commitment

By staying focused and celebrating small wins, leaders can help people stay in for the long term. Michele Courton-Brown, senior vice president of Charitable Management Services at Bank of America, puts it in perspective. "In a goal-oriented society, it is easier to focus on tasks and check them off. But focusing on values fuels longevity. We cannot fix problems in a minute, particularly those that took much longer than a minute to create. Focusing on values and vision is where the mission and the fuel to keep things moving come together. Asking people what values have brought me here and what I want to do to make a difference are the questions whose answers drive action."

The current economy has aggravated the problems of homeless, poverty, and unemployment, so communities and individuals need more help. But corporations are also straining under economic difficulties. Furthermore, as a wave of business consolidation has moved some of Massachusetts' biggest corporations to other locations, local non-profits are feeling the pinch. As large corporations leave and move their headquarters to other areas due to mergers, acquisitions, and business necessity, the employees go with them. The result: fewer people to give money or to volunteer their time, and fewer corporate sponsors. Some large corporations, like Bank of America and Procter and Gamble, recognize that when they realign the workforce, they leave a funding gap in the community, so they have committed to keeping their overall donation for the area at about the same level.

The role of the non-profit

The responsibility to keep corporate donors involved rests with the non-profits. Helping corporations see the alignment between their mission and the non-profits' mission can result in the creation of a valuable partnership and can fuel the philanthropic mission of the business. The more people stay connected, the more meaningful their experience, the more likely and greater will be their financial support. Moreover, they tend to stay engaged longer and increase their involvement over time. So, donors need to feel that

their giving makes a difference. They're asking for more involvement with the charities they support. They want more information and more connection.   They want to be appreciated, know their efforts are critical, and feel the human face of the organization.

Corporations say that their best non-profit partners:
- Are aware of other groups operating in the same cause/area, and work together to maximize efficiencies
- Promote and market their agency/cause
- Hold themselves accountable for results
- Publicize the corporate partner and raise awareness of the company's philanthropic efforts

There's no role on the sidelines
In order for our enormous societal problems to be tackled, we must harness all the resources possible. By tapping into the huge energy and resource stores of businesses and citizens, we can get to the root of our problems and eradicate them. The solutions won't come overnight, but if we don't start now to solve the problems, they will continue to grow, impacting future generations as well. Corporations are in a position to bring innovative solutions, experiment with new approaches, and take risks consistent with their values and missions. They can reach out to the non-profits and the volunteers who are on the frontlines fighting poverty, violence, and homelessness and push solutions forward. As community members, corporations have this responsibility.

Best Practices
If you're ready to embark on philanthropic pursuits, you're in good company. There are thousands of corporate philanthropists from whom you can learn. Here are some suggestions from CECP (Committee Encouraging Corporate Philanthropy):

Select a suitable cause
It's obvious that you should align the company's philanthropy with the company's goals, brand, and customer interests. Choose something that is important but still small enough that you can see the fruits of your efforts. Ideally, choose something that leverages and spotlights your company's unique assets, employees, or capabilities. You don't have to go it alone - partner with an established foundation or non-profit group. Consider human services organizations, performing arts, senior and teen centers, or local museums.

Manage the effort
Even though this isn't a profit-motivated endeavor, don't abandon good business practices. Decide on the department structure, the amount of funding, and the size of staff that you'll dedicate. Insist on written objectives and spell out your policies clearly. Measure the effectiveness of your program.   You can track progress against the issue that you've selected (homelessness, heart disease, pollution, etc.) and track results internally

(look at employee attraction and retention, professional development, team building, brand awareness, improved relationships with the community, customer feedback, etc.)

Engage employees
Volunteering increases team-building, enhances employee retention and provides professional development opportunities for employees. However, be sure to offer projects that will appeal to your employee population. Ask them what they care about and how they want to help. Because of time constraints, your employees might prefer to devote a single weekend to the cause rather than signing up for a one-year commitment to coach a team.

Tips for success
Assign an executive to manage your philanthropy. Some large corporations have a Chief Giving Officer. However, if you have multiple locations, allow local offices to determine how they'll spend some portion of the fund. Local giving is more relevant to your employees, because they can participate and see the results "in their own back yard".

Include your marketing team, HR team, investor relations, and public relations teams. The media is less responsive than in the past to philanthropy stories, which is why you now see more advertising that touts community involvement.

Communicate with your stakeholders, including employees, customers, and the larger community. Large donors publish reports that describe their community relations activities.

A symbiotic relationship emerges to drive change
Corporations can improve the performance of non-profits by getting involved as board members and supporters. And by leveraging the expertise of business professionals, non-profits can produce meaningful results for their clients and move toward fulfilling their missions. This is an area where corporate executives can make a rewarding and important contribution, not only of dollars, but of expertise and time.

But change won't happen automatically. Top leadership has to lay out the big picture, frame the issue from the corporate mission and get the right people involved, especially if large sums of money are involved. This is a corporate responsibility that cannot be delegated. Leaders need to provide coherent direction regarding how their charitable resources are allocated and drive strategy to make the greatest impact on society's needs.