Corporate Philanthropy: The Age of Integration

A Report From

The Center on Philanthropy
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Preface

Target Corporation commissioned the Center on Philanthropy (COP) at Indiana University to examine innovation and best practices in corporate support for non-profit organizations. COP conducted interviews in Fall 2006 at 10 national companies recognized as leaders in corporate giving. Other firms were invited to participate but chose not to for various reasons.

The study's goals focused on four primary aims:

- Identify innovation in corporate giving;
- Uncover current best practices in corporate support for non-profit organizations;
- Look for emerging trends or innovative elements that are likely to become best practices in the next 5 to 10 years; and
- Compile information about resources that can inform companies starting corporate giving programs or seeking to implement best practices.

Because of the study's relatively small sample size, this report is not intended to present comprehensive conclusions about trends and developments in corporate philanthropy nationwide. Rather, the intent is to capture how leaders and innovators in the field are evolving their corporate giving practices — and present the information in a way that will be useful to others looking to do the same. The questions we asked were intended to elicit responses that covered the spectrum of today's corporate giving environment, from product giving, employee/retiree volunteerism, and regulatory changes such as Sarbanes Oxley to disaster response and the growth and influence of corporate social responsibility (see Attachment A). This report captures the responses we heard, emphasizing the changes and/or efforts that those interviewed wanted to focus on. To that end, the report is less of a summary of all that has happened, and more of a glance at what is to come.

We thank the following individuals and their companies for spending time with us to share their experiences and approaches.

The Boeing Company: Gordon McHenry and Angel Ysaguirre
Cisco Systems: Michael Yutrzenka and Abby Smith
General Mills: Ellen Luger
IBM: Stanley Litow
Levi Strauss & Co.: Jason McBriarty
Procter & Gamble: Gayle Nesselhuf, Paula Long and Brian Sasson
Starbucks Company: Cathie Bachy, Anna Cunningham, and Joelle Skaga
Target Corporation: Laysha Ward
Toyota: Michael Rouse and Tracy Underwood
Wachovia: Frank Addison and Melissa Buchanan

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Part I: Overview and General Findings

In the last two decades, corporate giving has gone through a transformation from an afterthought directed by a CEO's preferences to professional staff with strategic objectives. In a report by the Center for Corporate Citizenship at Boston College and the Committee to Encourage Corporate Philanthropy, more than 42 percent of respondents indicated their company was either in the midst of a comprehensive strategic review of their philanthropic contributions or had completed one in the past year.[1] According to the report, more than two-thirds had completed a strategic review in the past four years.

Corporations in general are undertaking this process to make their corporate giving programs more proactive, more accountable, and more measurable. Companies also want their giving to generate the maximum impact, whether as a way to distinguish themselves as leading corporate citizens, realize the benefits on their reputations and/or bottom lines, enhance their marketing efforts, or generate goodwill among key constituents. In most cases, companies are looking to do a combination of all of these things.

Most corporations enter the philanthropic arena to achieve specific business objectives through a program of "good deeds." But how does a company determine what those "good deeds" look like? Then, how do companies develop systems to implement these good deeds effectively and efficiently from the perspective of all participants?

In any relationship where one partner has resources and the other seeks access to the resources, a power dynamic is created. Certainly that is the case between grantors and grantees. Unlike foundations, which are required by law to pay out five percent of their assets annually, corporations give more or less entirely voluntarily (legal settlements being the small exception).

As more corporations look for ways to increase impact of or innovation in their corporate philanthropy programs, questions arise about whether (or how) to consider the shifting power relationships regarding how philanthropic choices are made. This study sought to identify how companies are evolving their philanthropic programs within this new paradigm, how they view and manage partnerships with charitable, non-profit organizations and potential collaborations among corporate donors supporting similar work, and how they evaluate their work, both for the company's internal reporting and for its assessment of the impact the community support has.

Overall, the companies consider support for non-profit organizations a key business function, not a marginal activity. They are actively seeking partnerships where the company receives benefits such as opportunities for greater employee development. Companies want their support for non-profit organizations to benefit individuals, but they

[1] Shah, Sapna, Morgan, Guy, and Rochlin, Steven, "Adding It Up 2004: The Corporate Giving Standard," 2006. The Center for Corporate Citizenship at Boston College and the Committee to Encourage Corporate Philanthropy. Available at: www.corporatephilanthropy.com, last accessed April 28, 2006.

also want to see wider impact, including some societal-level changes in how issues are approached and problems solved.

Corporate Philanthropy is Solidly Integrated Into Business Practice

The public demands that corporations be active citizens.[2] Furthermore, an increasing body of scholarship shows that corporate giving programs actually can cause increased sales and revenues,[3] especially for firms that market directly to consumers. With public interest and the potential for a connection to revenues, corporate giving is an important dimension of most companies' operations, including integration into:

- Financial record-keeping, which separates philanthropic giving by accounting codes;
- Reporting systems that gather information from a number of locations to track company-wide community engagement;
- The firm's public relations message, which speaks to philanthropy in news releases, formal reports, online at websites, and in presentations made by executives to shareholders and staff; and
- Executive-level staff, who have responsibilities for managing relationships with philanthropic partners.

Further evidence of the integration of corporate philanthropy into business processes can be seen in two recent high-profile company mergers.

Procter & Gamble and Gillette worked closely to align giving priorities and funding when those two firms merged.

The 1999 merger between then First Union, (now Wachovia) and Corestates Bank resulted in an agreement to create a regional foundation that supports the mutual objectives of neighborhood planning and community development along with the primary foundation (which performs the bulk of the grant making) and the installation of all the Wachovia Employee involvement policies and programs.

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[2] Committee to Encourage Corporate Philanthropy January 2006; a survey of consumers by Cone Inc., December 2006; *Fast Company*, Dec 2006/2007; a GolinHarris poll of 5,000 households, released December 2006; and other studies support this.

[3] B. Lev, C. Petrovits, and S. Radhakrishnan, Is doing good good for you? Yes, charitable contributions enhance revenue growth, working paper from New York University Stern School of Business, July 2006; W. Brown, E. Helland, and J. Smith, Corporate philanthropic practices, *Journal of Corporate Finance*, December 2006.

Corporate Support for Non-Profit Organizations is Beginning to Change in Character

Our study shows some approaches used by leading corporate donors in 2006 differ in character from descriptions of earlier corporate giving. Over the past decade, corporations have placed an increased focus on giving that isn't just about doing good but is also about advancing the company's bottom line/market penetration/revenue. Corporate giving staff have been pushed by their company leaders to better show how charitable contributions build relationships, position the company or advance ideas that ultimately can impact the company's balance sheet. While many — if not most — corporate giving programs are still driven by a focus on marketing and advancing the company's bottom line, the companies we interviewed reflected a more nuanced and complex understanding of philanthropy and the role of the business sector. Some of the key findings of this study are that corporate support for non-profits is increasingly:

- A representation of "the essence of what we stand for," rather than an effort to boost revenue in direct ways;
- A way to strengthen internal and external linkages for the corporation, with different goals for the two approaches (and often the two approaches are managed by different people);
- A "tri-alogue" with corporations, non-profit organizations, and "the public" (represented by consumers, customers, or community members) all participating at nearly equal "volume"
- Negotiated with non-profit as a formal multi-year partnership with contracts and terms, and with both partners participating in the responsibilities and in the benefits; and
- About building capacity or changing a field of knowledge or practice, rather than supporting change in the lives of individuals.

This type of corporate giving is focused, proactive, and results-oriented. It seeks to convey a form of grantmaking in which donors are more explicit about what they hope to accomplish with their gifts, are choosier about which nonprofits/causes to support, have clearer ways of measuring impact and are ultimately concerned with advancing social change as opposed to simply supporting charitable activities. This may be at least in part a result of efforts to reflect contemporary mores about corporations' roles in society, post-Enron, post WorldCom. It may also be a natural evolution of an idea about companies and their responsibilities to all of their stakeholders, and the idea that consumers and the public in general have a say in how companies fulfill their mission.

In the early 21st century, companies have to be responsive to the needs of the consumer and the public who may become a consumer. Joseph Galazkiewicz and Michelle Colman wrote: "Companies… will be called upon to take a leadership role in solving social and environmental problems, to be transparent and reveal to others their environmental and social performance, and to live by an accepted standard… that does not exploit power advantages."[4] Interviews for this study found that companies are doing just that. Companies now:

- Try to engage non-profits as their partners in solving important community problems (with "community" defined broadly as anything from where the company operates to a global definition);
- Work hard to be more transparent in their decision-making about corporate support for non-profits, including on-line applications; clearer guidelines; and very specific (and explained) areas of support provided;
- Engage employees at all different levels, moving far beyond the old model that giving is the purview of executive or senior level management. In many firms, all levels of staff have a say in at least some portion of corporate giving;
- Deliberately and strategically communicate their giving both internally (for the firm) and publicly through media or public relations;
- Want to measure the impact of their giving — not only for the company but for the problem(s) that the company is trying to solve.

Each of the bullet points above is discussed in more detail in the rest of this report.

[4] J. Galazkiewicz and M. Colman, Collaboration between corporations and non-profit organizations, *The Nonprofit Sector: A Research Handbook,* 2nd edition, W. Powell and R. Steinberg (eds.), 2006.

Part II: Findings and Examples From Interviewed Companies

Firms are Carefully Crafting National or Global Philanthropy Programs to Mirror the "Essence of What We Stand For"

Corporate giving programs incorporate a strategic focus on gifts or partnerships with non-profits that reflect specific corporate values, often as expressed through "key words" or phrases that guide company actions (not just giving).

Examples of these keywords include:

Procter & Gamble	Live, learn, and thrive
Toyota	Diversity, education, environment, safety
Wachovia	Employee engagement, stronger communities, diversity
Levi Strauss	Empathy, originality, integrity, courage
Cisco	Use technology; be an innovation incubator
IBM	Innovative use of technology to solve problems
Boeing	Innovation, diversity, and collaboration
General Mills	Nourishing communities

"Rosabeth Moss Kantor *[Professor of Business Administration at Harvard University and a leading authority on organizational change]* ***informs our model of philanthropy. She said to take what is unique or special about your work — the intrinsic value — and share that. For us, that is better technology, intellectual capital, and training to enable others to use the available tools to be more productive."***

Stanley Litow, IBM

These key words or phrases are, as one person expressed it, the framework used at the executive level to make decisions about giving and more.

Every company we interviewed uses its resources creatively to meet community needs, whether that was a logo redesign for a key non-profit at Starbucks. Every company we interviewed is interested in increasing its name recognition, retaining qualified staff, working constructively within regulatory frameworks, and promoting positive images of itself and of the business/corporate community generally.

"Companies are beginning to realize that the questions of 'How can I accomplish more good in the world? and 'Where is the market opportunity?' are essentially the same question."

Jeff Hamaoui of Origo Inc.[5]

[5] *Fast Company*, Dec 2006/Jan 2007, p. 70.

Giving Has Two Dimensions: The "Front Door" and Large, Visible "Signature" Partnerships That Build Relationships with Distant or External Audiences

Companies routinely have two sides to their funding strategies: some method of maintaining giving at the local/community level; and a major, strategic focus that is seen as a building block for the company's reputation, as shown in Figure 1.

In most of the firms we interviewed, some giving remained responsive to local community needs that did not necessarily match the values statements, although consistency is important (e.g., if diversity was a value, then local giving also considered diversity).

> Giving is divided between two sets of goals:
>
> – *Strengthening connections with people who are "close" (usually physically, sometimes as owners) to the firm and*
>
> – *Building perceptions of the firm among people who are more "distant" (the general public, regulators, and so on).*
>
> These two are managed differently, often by different people, evaluated differently, and communicated differently (to different audiences and with different messages).

Figure 1: Philanthropy as a Way to Build Loyalty

Giving Primarily to Strengthen "Close" Pinks	Giving Primarily to Strengthen "Distant" Connections
Employees	Global Community/International Public
Customers	Regulators/Policy Makers
Suppliers/Vendors	Opinion Makers/Media/Stock Market
Shareholders/Owners	General Public
Local Community (sites)	

The differing nature of the various approaches is discussed in greater detail below. First, the approaches to using philanthropy to strengthen "close" linkage, then a middle ground where philanthropy addresses both types of loyalty in explicit way, and then philanthropy that is focused more on strengthening external relationship (although it still has benefits for people close to the company).

Strengthening "Close" Linkages

"Market-driven giving in the local community will never go away. We need to acknowledge it, embrace it, and do it within a plan."

Melissa Buchanan, Wachovia

The local, "close" giving dimension is critical for companies, either for their employees or customers or both. Different companies allocate more time and money toward some parts of this than others. Starbucks, for example, has a large amount of employee-directed giving through its Make Your Mark program (employee volunteer hours, once logged, result in cash to the non-profit).

The local giving component is often the smaller portion of the company budget and is given for short-term projects that met community needs where the firm has operations, employees, suppliers, or other key stakeholders. There are various methods for doing this, usually involving local decision-makers, sometimes at the management level and sometimes at all levels. In some firms, it is the company foundation that directs this funding; in others, the company foundation does the major investment and the marketing/operations offices have separate budgets for the local funding.

Giving programs that strengthen relationships with internal stakeholders usually have decision-making at the stakeholder-level within parameters (budget and allowed types of funding) set by staff. These approaches usually provide relatively small cash contributions with a small amount of in-kind (e.g., product basket for auctions available from Starbucks outlets).

With consumers reporting that word-of-mouth is their most frequent source of information about a company's citizenship activities,[6] a company's "close" giving, where it operates and through its employees, is a vital component of the overall program. Without that, the firm risks losing the most important communications vehicle it has for sharing information about its giving programs: people in the locations where it operates.

Firms use a number of different strategies to implement their "close" giving programs. Most companies interviewed in this study use a combination of the following:

[6] GolinHarris poll, released December 2006.

Employee-directed giving:

- *Dollars for doers/employee volunteer time spurs company gift (Starbucks)*
- *Employee gets company time to volunteer (Wachovia)*
- *Matching gifts (Many)*
- *Employee committees based on site or on topic (Levi Strauss)*
- *Some in-kind donation of product (P&G sites creating partnerships)*

Executive-directed giving

- *Non-profit board membership "matches" made by company (General Mills)*

Giving to build loyalties including through engagement of vendors/suppliers

- *Most likely to be sponsorships or event-related (tables) and not typically from philanthropy budget (Toyota on occasion)*

Customer directed giving

- *Loyalty/charge cards direct a percentage of purchases to non-profit selected by customer within corporate policy (Target)*
- *Clicks for cash (or similar programs with a fixed amount per consumer "vote" beyond the purchase itself e.g., General Mills' Box Tops for Education)*
- *Cause-related marketing (percent of purchase to partner non-profit named by company) – usually in marketing dept and focused on brand development/sales (General Mills, Procter & Gamble)*

Giving to build relationships with local (operating) community

- *Most firms give cash support to a number of types of non-profits in their operating communities. However, this is often a relatively small portion of the overall philanthropy budget. Some firms are explicit about reducing this local support as they increase support for other (more distant) causes.*

Meeting Multiple Stakeholder Needs at Once: Combining Local Giving with Company Goals

At Boeing, "customers" are not household consumers but major airlines worldwide. Boeing's philanthropy is largely directed at its local communities, where its employees live and work. This is a deliberate choice to incorporate employees' interests into the company's operations – and to build a network of prospective employees through support for education, understanding and respect for diversity, and interest in innovation through the company's giving.

Many companies balance demands for engagement in their communities with their efforts at building reputation or recognition as a "caring company." Different strategies show this combined message. Among the most powerful is allowing company employees to perform direct services at the non-profit as part of their company assignment.

A number of strategies are used to combine the interests of employees and the company's desire to build its reputation. Typically, this level of giving is major commitment for the firm and decisions are made by philanthropy program staff, sometimes with executive or board level approval needed. Some of these programs are the major signature projects for their sponsors; others play a smaller role in a given firm's contributions strategy.

Examples of this type of activity include:

- Company-selected non-profit; employee time
  - *Employee time devoted by company to a larger issue as part of an employee retention/development program AND as a way for the company to "give back" in a strategic way to "build reputation" – Cisco, IBM, and Toyota were all explicit about using this approach*
  - *Target and Starbucks reported similar processes but were less focused on employee benefits/reputation and more on using company resources to help as needed and build capacity.*
- Giving at the community level but beyond the local community, without ties to company operations
  - *Often the focus for this type of giving is for K-12 education at a national level, including contributions to organizations working for system-level change in education (Toyota TAPESTRY, which makes grants to science teachers, is an example)*
  - *Some companies give for higher education or career education, often to build knowledge in a field or develop people qualified for the future workforce.*
- National partner/local engagement sought from employees, customers, vendors
  - *Starbucks does this through store events planned around Jumpstart and AmericaScores.*
  - *Target uses this approach in many of its projects—a national cause and local promotion, invitations to guests (customers) to give, employees involved locally (both as volunteers and through sharing expertise).*
  - *Wachovia's partnership with Teach for America meets that company's goals for employee engagement on a national issue. Wachovia has also been able to leverage its support to help Teach for America develop partnerships with Wachovia vendors and other businesses.*

- Giving for national or global issues that speak to the general public's interests
  - *General Mills' giving around hunger and nutrition*
    Procter & Gamble's programs for safe drinking water in developing countries

Strengthening External or Distant Linkages

Many firms are relatively new to the idea of building or strengthening external linkages through their giving. Where it occurs, it is a major investment of firm resources, often in a long-term partnership, for "signature" project(s) to generate impact consistent with the company's self-definition and often consistent with the company's goals for market-expansion. There are additional complications if the giving is for global issues.

These decisions are usually recommended by staff responsible for philanthropy and above some dollar amount, also approved at executive or board level. They may be for cash, in-kind, company expertise/services, connections, or access to corporate resources (e.g., training). They are typically fairly large commitments over several years.

Some firms give globally now and provide employees with ways to match their personal contributions to organizations in other countries. Some firms give globally through gifts to a funding intermediary (e.g., The Asia Foundation to give to organizations in China) and other firms have their own programs.

At least four firms of the 10 interviewed are working on ways to implement global initiatives. Two of those four do not currently have a global workforce or global sales, yet still find global initiatives important enough to support.

Several firms noted that the Patriot Act increased the due diligence required for global funding, which slowed their processes but did not stop their funding. A few firms noted that they want, in the future, to provide matching gift opportunities for their employees who want to give abroad.

Among the firms interviewed for this study, giving that strengthens external relationships takes into consideration company goals vis-à-vis reputation management and differentiation from other firms. Choices are consistent with "key words" the company uses to define itself. Examples of these types of partnerships include:

Giving for national or global issues that speak to the general public's interests

- *Several firms have focused on a global health issue (safe drinking water at Procter & Gamble; prevention of HIV/AIDS through harm reduction programs for Levi Strauss); environment (Toyota); or big education issues (reading and literacy for Target and Starbucks and educating women/girls in developing nations for Levi Strauss, among others).*

Paying attention to relationships with regulators/policy makers

- *These programs often focus on economic disparity issues or equity issues, such as Levi Strauss's support for global worker's rights, Wachovia's work to support community investment beyond what the Community Reinvestment Act requires a bank to do, and possibly some of the work emerging in China, sponsored by a company that is not ready to be public about that.*

- *The Philip Morris corporate social responsibility (CSR) program, including its giving, was designed to "burnish the company reputation" and at least in part, deflect lawsuits, based on a reading of internal documents made public and analyzed by the author of a study of the company's CSR.*[7]

[7] N. Hirschhorn, CSR: Hype or Hope, *Tobacco Control*, May 2004.

Corporate Philanthropy Reflects a "Tri-Alogue" Engaging Consumers, Non-Profits, and Companies

If a dialogue is a discussion with two participants, companies are creating "tri-alogues" involving:

a. Non-profits, which make their case and present opportunities to customers, to a companies, or both;

b. Companies, which provide funding, management, expertise, and vehicles for accessing other resources (e.g. volunteers, vendors, other donors); and

c. Customers, who often are selecting the non-profit or purpose a company supports.

The role of the corporate giving staff is shifting away from awarding gifts to implement a strategy set by others (CEO, board) toward <u>designing the strategy</u> that takes into account a number of stakeholders. The plan is submitted to a board or executive committee for authorization.

After designing the strategy, the corporate giving staff is now responsible for prospecting in the "community" for good ideas and then negotiating with a non-profit for the type of help the company will provide so that both partners achieve some shared goals.

Corporate giving staff are using company-sponsored research about what consumers expect to design giving programs that build partnerships with non-profits that can fulfill or address consumer expectations and reflect the corporate values.

Toyota takes on environmental issues — even some that have little to do with automobiles — in part because proprietary research for that firm identified the environment as an important issue for people when thinking about cars.

Target provides consumers with a direct opportunity to choose where Target’s philanthropy goes, through its Take Charge of Education program.

At Starbucks, a good charitable "fit" for a national Starbuck’s funding partners is an organization that *baristas* can explain to customers when preparing an order.

The voices of consumers or customers are becoming increasingly important in this exchange. One company mentioned the importance of social network communications (MySpace, FaceBook, and so on). Firms are also using intranets, wikis (websites that allows the visitors themselves to easily add, remove, and otherwise edit and change available content, typically without the need for registration), and more to communicate their philanthropic activities with their own employees.

"Through these networks, non-profits can create more partnerships with public and private players."

Mike Yutrzenka, Cisco

Companies are paying attention to how these forms of rapid communication shape public opinion and corporate reputation. The *Chronicle of Philanthropy* reports that "blogs" are a fast-growing type of communication about the non-profit sector, with critique of giving practices, especially by foundations, being a common theme.[8] While electronic media have not caught up in some ways to other forms of communication, 70 percent of the American public uses the Internet at least some of the time.[9]

Among the companies we interviewed, two reported company response to an Internet rumor, e-mail campaign, or blog that led to a change in corporate giving. In one case the company was making donations that some members of the public didn't know about; the solution was to provide more media and web coverage of the gift. In the other case, the gift form shifted (to an in-kind donation) so that the company's brand would be visible on-site since its cash contribution was not. A representative from a different company said it was important to monitor the e-communications but not to be overly reactive. The firm has a responsibility to "stay the course."

[8] P. Panepento, Blogs on the rise, *Chronicle of Philanthropy*, December 7, 2006.
[9] Pew Internet and American Life Project, Who's Online, an on-going table compiling data about Internet usage, http://www.pewinternet.org/trends.asp#demographics. Consulted 1-18-2007.

Giving is a Partnership, Where the Corporation Expects Something for its Investment

Some companies are actively shifting away from "non-profits ask; we give." Many no longer actually take applications but fund pre-selected projects only. Others scan the community for non-profits that can deliver results toward the company's objectives. Some challenge existing partners to create new programs that address the company's goals. All of these approaches create a different power dynamic than the one that has traditionally existed between recipient and funder.

Target works with its non-profit partners with an intentional life-cycle model. At the initiation of a partnership, Target works to implement "Business 101" with its non-profit partner: planning the program, using project management tools, calling upon experts, and so on. Over time, Target works with the partner to diversify its funding and plan for life after Target's commitment ends.

Many firms look for multi-year partnerships with sustainable national or international non-profits that are generating impact or social change. The company provides multiple types of support for non-profits, ranging from expertise of company staff, cash, material or supplies, access to other funders, and more.

At Cisco, staff members compete for the opportunity to be matched with a non-profit partner because projects were a chance to test knowledge and develop new skills in the field (this technology company provides technical solutions for its clients and for its non-profit partners).

In some cases, the company identifies prospective community partners through information-gathering processes that range from having company staff serve on agency boards through employee surveys and even formal meetings of leaders in a field or on a topic, who are asked to identify gaps that could be filled.

Firms want innovation from non-profits and new opportunities to showcase the company's values. They are not looking to support something in perpetuity, although they recognize it can take three to five years, at least, to build successful programs.

"For General Mills, partnership is all about being clear about goals, how to achieve them, working to make them a reality, and reviewing them against experience to adjust and change as needed to be more successful."

Ellen Luger, General Mills

Corporations Use Philanthropy to Add Capacity and To Build a Field

"We fund projects that are national in scope but have local impact. We want to build awareness of an issue and provide our team members and guests with a chance to make a difference."

Laysha Ward, Target

Some companies see their philanthropy as a way to mobilize others as volunteers and/or donors. Some firms deliberately use their giving to build a body of knowledge or expertise in a field, rather than just assist individual organizations. Others give for individual organizations and then use their power of convening or dissemination to increase knowledge or capacity about how to solve specific community problems.

Levi Strauss & Co. gives a large amount of its grantmaking dollars in one-time grants to launch new efforts. That company engages in a "venture capital like model" by providing the initial funding for something and then gradually decreasing support once the non-profit has attracted other funding sources. This corporate donor’s strategy is to leverage change in a field by seeding new organizations that will transform an approach or understanding of a problem. To extend its impact into transforming a field, Levi Strauss & Co. brings its grantees together to share their experiences and releases case studies to showcase and synthesize best practices.

General Mills works with consulting firms it hires to offer no-cost capacity building and leadership sessions for non-profits in General Mills' world headquarters community.

Corporations Seek Partnerships, Including Other Corporate Partners

Some firms are deliberately connecting with other companies and coalitions of non-profits to increase impact. Some firms work closely with subject or content experts in a field to administer a program or grants process. Others work closely with other companies as funders and as experts/resources to leverage their impact on achieving a shared objective.

"Boeing takes a systems approach, looking for connections and synergies. We challenge ourselves to innovate and collaborate with non-profit organizations and other corporate donors to address community issues. We want to be a force for community change, not a source of community funds."

Angel Ysaguirre, Boeing

Companies want non-profit partners that are fiscally stable, have the ability to take their ideas "to scale" and are not chasing the cash — they are delivering on the mission for which they were founded.

"In partnering with non-profits, we look for organizations that fit with our global cause — Live, Learn and Thrive — and that are sustainable without our financial support."

Brian Sasson, Procter & Gamble

To be successful in working in a partnership, the firm must have the human capital to generate ideas and other resources besides cash to use in implementing ideas. Companies can be innovative about how they conduct philanthropy when they have a variety of "pieces" to put together. Just cash or just volunteer time or just in-kind/product donations do not lead to innovation or creative uses of company resources to solve community problems.

Companies Seek to Be More "User-Friendly" and "Transparent"

Through good, old-fashioned communications and technical innovations such as online applications, companies are seeking to be more accessible to their various stakeholders about the corporate giving policies and practices. They are also being more proactive about publicizing the giving they do.

Part of the transparency issue is to specify and communicate the company's grantmaking philosophies and policies. Companies must have and make known a way to say no — whether it is a set of parameters, a plan, some limiting factors ("we don't do this kind of thing" (capital expense, organizations where key executives are on the board, organizations where we DON'T have an employee presence, etc.).

One of the key issues raised by several firms is providing enough information so that non-profits understand the company's giving policies, structures, and preferred approaches. Sometimes because the firms have a number of varied types of giving, presenting that information is a challenge.

"Setting expectations is one of the biggest challenges. We want to help organizations understand our giving programs and priorities and to recognize that we have limited resources in comparison to the world problems we want to address."

Gayle Nesselhuf, Procter & Gamble

Leading corporate philanthropy programs reevaluate their own processes regularly. Every firm had some type of giving that it no longer does.

Sponsorships: Many firms are stopping sponsorships because they see no lasting value to be named in an event program that is thrown away. In some of those companies, though, marketing departments will provide sponsorship funding for events. This is typically a business decision rather than a philanthropic one.

Creating donor-advised funds: A few companies have tried to create donor-advised funds at a community or regional foundation and have moved away from that. For one respondent, there was no way to be sure of impact. At least two other firms have recently begun giving through donor-advised funds in order to reach specific populations in the Katrina disaster region.

Cash-only giving: At least two firms specifically said they supplement their gifts of expertise with cash (not the other way). The decision about which non-profits to support is based on where the company's expertise (in the form of its employees' time) can be most useful. Cash and product donations follow that.

Annual applications: One company noted that these are very labor intensive to evaluate and that firm wants to move toward more multi-year relationships.

Gifts for board memberships: Most of the firms interviewed do not give automatically where a company executive sits on the non-profit organization's board. Most firms had procedures to match company executives with non-profit boards. The organizations may apply through the company's usual channels and be part of the company's general decision-making about cash donations.

Long-term (ongoing, repeated) funding for the same programs: Firms don't want "addicted" non-profits. Some firms will continue funding the same organizations but only for new activities. Some require grantees to "sit out" a cycle or two before reapplying. This is another way that corporate funding is looking more like traditional models of foundation funding.

Organizations without a commitment to diversity: Firms with a core value of diversity look for grant recipients who share that commitment.

United Way: At least two firms have moved away from United Way (but two others remain strong donors in their communities and committed to United Way). Those moving away said that they wanted to give their employees more choice, through more work-place giving programs.

All the companies we interviewed were participating in peer networks (see Attachment B for some) to learn more about other firms' philanthropic endeavors.

Employee Engagement is Critical to Contemporary Corporate Philanthropy

Firms are more actively giving employees at all levels a say in allocating company resources to non-profits. Company leadership supports the corporate engagement "to the core," yet actual giving decisions are often decentralized (within a framework and budget).

At Levi Strauss and Company, Community Involvement Teams and employee matching programs supply the direct funding and support for causes that are outside of the corporate "signature" strategy.

Many firms are training new executive and management level recruits in the company's approach to philanthropy, from expectations that the new hire sit on the board of a compatible non-profit organization to having new hires take some relationship management responsibility for grantee organizations.

The explicit intent is to "infuse" philanthropy throughout the organization. One executive said that in his company, if a new CEO tried to eliminate the company's philanthropy, it is more likely that the CEO would be removed than the giving program.

Cisco selects non-profit partners based on the type of problem or issue they are addressing and the expertise that Cisco employees can provide to assist in resolving that problem or issue. The Cisco employees are selected to participate based upon their demonstrated leadership skills and interest in taking on unique personal development opportunities by working with non-profits. Cisco's other giving — product and cash — follows the selection of the partner based on its innovative approach to solving a problem with a technology enabled solution.

Most companies actively facilitate volunteering (and giving) by company employees for charitable organizations that are beyond specific company-sponsored projects. Some firms use assignments to work on tasks for non-profit organizations as an employee development opportunity. This is different from having volunteers. It is part of using all available resources to address a social problem.

IBM has 100 online tools for employees to use when they volunteer with an organization (how to write a business plan, what a board of directors does, etc.). When enough company employee hours are logged for a given non-profit, the company will make equipment donations.

Wachovia and Levi Strauss & Co. have a corporate policy that employees can volunteer up to a set amount of time on company time.

Starbucks gives money to organizations where employees (and customers, if organized by employees) volunteer, as tracked online in a reporting form.

At General Mills, 78 percent of employees volunteer and they can sign up for volunteer opportunities through an on-line matching system.

Some firms sponsor company-wide volunteer initiatives. For example, 1,600-2,000 Toyota volunteers annually participate in National Public Lands Day, an event that mobilizes approximately 100,000 volunteers across the U.S. for one day of service.

Communicating Company Giving Must Be Done Without Seeming Boastful or Manipulative

Several companies told stories of not being recognized as corporate donors because the firm chose in the past not to publicize its contributions. In some firms, Internet rumors sparked a reaction — not to change giving, which was already a company priority, but to change how the firm talks about its giving in the media and online.

"The Corporate Social Responsibility movement encouraged us to communicate more externally about General Mills' philanthropy, which we've been doing for more than 50 years. It also helped us work internally across divisions within the company to engage areas that were not previously engaged."

Ellen Luger, General Mills

Part of the communications challenge is preparing company spokespeople, from the CEO to the front-line sales team, to discuss the company's community engagement. Most companies want every employee able to explain to a customer in an accurate way at least some part of the company's community work. How to provide that information and make sure it is received and understood remains a concern in most firms.

Most firms had some communication with other stakeholders (beyond employees), whether online reports, pages in an annual report, or special publications. Some used media relations to announce new initiatives; others preferred to remain behind-the-scenes. None wanted full-page ads in magazines or newspapers that were JUST about philanthropy (there are full page ads about some of these companies and their general corporate engagement in communities-Toyota, for example). One firm expressly wants to avoid publicizing its philanthropy in a boastful or potentially manipulative way.

Some companies see online communications as an asset, enabling the firm to keep in touch with its community, receive and respond to feedback, and simplify application processes through pre-screening. Two firms noted that the instantaneous nature of e-communication creates pressure to respond quickly, which makes life more difficult in some ways.

One person interviewed noted that a clothing manufacturer now puts "corporate social responsibility labels" on its products, mimicking the "nutrition labels" on foods, and thought that would be one way for firms to share information directly with consumer without seeming boastful.

Measurement is Increasingly Important

> Almost all companies interviewed (one exception) are trying to move beyond tracking outputs and outcomes of funding (how many children got books; how many people could use clean water in a region; how many women learned to read) to measuring impact as reflected in how people's lives are transformed because of the program. (Did school-readiness literacy in a neighborhood increase? Did water-borne illness decline? Were the women who learned to read able to change their economic conditions?)

No firm thinks it has a good way to do this (yet) but most are working on it to try to determine whether the funded "solutions" to social problems are actually solving the problems. Two were just about ready to unveil measurement systems that had been in development.

There are two ways of measuring impact: within the company and within the community.

- Some companies look at the results of their giving for the company. One interviewed firm said they watched the stock market on the day a big program was announced as one measure of reputation. Other firms said they did not want economic return on investment but that they wanted to do the right thing, that giving is in the company's DNA, and other similar statements.

- Most firms also wanted to measure impact of the company's giving on the community, changes brought about there by the company's engagement. This level of evaluation was widely seen as very complex and difficult. It also risks imposing further administrative burdens (for measurement) on non-profit partners, which most companies interviewed wished to avoid.

All interviewed companies have a way to get reports from the partners or recipients, but few were using those reports in a systematic way to measure change in the problem(s) that the firm's resources were used to address.

Part III : Best Practices

A new book, *The High Purpose Company* concludes "contributing to the greater good is more than just a marketing tool — it is a market opportunity."[10] Michael Porter and Marc Kramer, writing in the *Harvard Business Review*, say that "authentic" corporate social responsibility does not exist to meet some demands from external audiences. Authentic CSR, including philanthropy, expresses a shared value where the company's efforts create benefit for society AND are valuable to the business.[11]

The Center for Effective Philanthropy finds five things to be important for effective philanthropy through grantmaking.[12] The study focused on private foundations and included some corporate foundations, as well. The five things are:

1) Specific goals;
2) A strategy for achieving those goals;
3) Measurable indicators of effectiveness;
4) Leaders who assess staff performance and "make the indicators real;" and
5) Boards who "hold CEOs accountable for results."

Best practices in corporate giving programs are tied to a number of elements within the company and the company's operating environment. Nonetheless, several overarching trends appeared in the interviews conducted, which is consistent with the contemporary practice of firms participating in peer-to-peer networks to learn from one another and share ideas about what works.

In the interviews conducted for this study, a number of practical elements for a philanthropic program emerged as important. In essence, the companies in this research approach the giving decision as similar to any business decision. Conduct market research to determine the "product," identify competitors, determine the company's niche or market differentiation, identify qualified personnel to staff the unit, find suppliers or partners, determine avenues of delivery, establish mechanisms for control and accountability, and create systems for evaluating results.

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[10] From press release, Why corporate social responsibility is good for business and how to distinguish between true and false CSR, CSR Wire, January 3, 2007, announcing C. Arena, *The High Purpose Company*, (released by Collins, January 2007).

[11] M.E. Porter and M.R. Kramer, Strategy & Society: The link between competitive advantage and corporate social responsibility, *Harvard Business Review*, December 2006.

[12] Presentation by P. Buchanan, Center for Effective Philanthropy, Five elements of foundation effectiveness, summarized at http://www.effectivephilanthropy.org/news/newsletters/2006-v2i4.html#3.

1. **The Lead Corporate Philanthropy Officer Has Certain Traits**
   A passion for the work the non-profits do;

   Big visions, sometimes so big that they need testing in a real-world context before being taken to scale, for how the company can help solve community problems;

   Understanding of the company's resources and management style/leadership skills to access those resources;

   A recognition that budgetary guidelines are not limits. Most of the corporate philanthropy officers interviewed in this study were clear that they have specific budgets to work with but that their companies are open to considering additional requests in times of need (national disaster, unusual opportunity).

2. **The Company Has Identified Priority Needs It Will Fund**
   The priority or priorities should be consistent with the company's business goals in intuitive or observable ways. Porter and Kramer emphasize that companies "transform value-chain activities to benefit society" or engage in "strategic philanthropy that leverages capabilities to improve… competitive context."[13] Arena says that firms must ask what their ideal results are and what strengths they have (and don't have) to bring about those results. [14]

   Several methods exist for identifying needs in non-profits. Those used by the companies studied include:

   - *Employee surveys (IBM)*
   - *Forum held for people who can inform innovation in the technology sector (called Global Innovation Jam) (IBM)*
   - *Listen to employees serving in non-profit orgs (many respondents)*
   - *Feedback from current grantees/recipients (many respondents)*
   - *Use own research operation to see an application for a new technology (IBM)*
   - *Feedback received after issuing reports to the community (General Mills)*

   The more complicated dimension is likely framing a use of the company's resources and expertise that addresses charitable organization needs and fits the company's business and social goals.

   Wachovia uses a community involvement discovery process that includes dialogue with key stakeholders as well as extensive data collection. The process is designed to explore, among other things, key needs of the community. The intent at Wachovia is to listen before acting.

[13] Porter and Krer, 2006, p. 89.
[14] C. Arena, *The High Purpose Company*, (released by Collins, January 2007).

3. **The Company Understands The Problem(s) Within A Larger Context And The System(s) In Which The Problem Emerged Or Operates.**
Many types of donors for charitable organizations see a need and determine ways to fill it before they understand the extent of the issue, what type of intervention will help, and what else is affected or could be affected either positively or negatively.[15] Knowing these dimensions of a problem before creating a plan to help is critical for evaluating the impact you can have on an issue and critical for designing the metrics you will use to monitor that impact.

Jim Collins, in *Good to Great and the Social Sectors,* stresses three types of impact that a non-profit organization — and its corporate partner — can seek. He differentiates among:

- *Superior performance (when compared with others or with the charitable organization's own recent past);*
- *Distinctive impact (a version of strengthening the non-profit's "value proposition" compared with others in its domain); and*
- *Lasting endurance (which means building the non-profit's long-term financial and programmatic sustainability).*

To help focus on the non-monetary dimensions of impact, many companies frame the "problem" or need in terms of the individuals whose lives are affected, then identify the components of an infrastructure and the systems that are barriers to greater success. Once the barriers are identified and the desired impact articulated, the company can more easily find the points at which it can intervene.

4. **Companies Understand The Field Where They See The Potential To Deliver Impact Through the Company's Giving.**
Many firms start by identifying other entities — whether for-profit, non-profit, or independent scholars — who are working on the same or a similar topic. Through this process, the company finds the gaps it could fill, locates potential partners, and determines its specific strategy for tackling the issue. Levi Strauss intentionally focuses on relatively new organizations as a way to invest early and start new ideas, which are then sustained by other funding.

5. **The Company Has A Budget/Resource Determination That Includes Some Flexibility For Responding to New Circumstances**
For most firms participating in this review, some budget allocation was directed at each of the possible lines of loyalty (customers, employees, etc), whether from a philanthropic budget or an operations/marketing budget. The budgets were nearly all proposed by staff and approved at the executive or board level, which is indicative of the importance of philanthropy to these companies' operations.

[15] C. Sasse and R. Trahan, Rethinking the new corporate philanthropy, *Business Horizons*, January 2007. These authors caution particularly against "unintended harm" to society by way of corporate philanthropy.

At different firms, the relative proportion of giving that is directed toward the various possible "audiences" varies. In some cases, the budget directed at giving initiated by employees is the largest portion of a company’s support for non-profits; in others, the largest portion is directed at the global public.

Most firms have accounting systems that permit the company to track at least some of the charitable commitments across units and expenditure centers. Nonetheless, few of the people interviewed thought they could say precisely how much their company gave, given that decision-making is, in general, decentralized.

6. **Spread Responsibility Within The Company For Relationships With Non-Profit Partners**
   Many companies assign relationship management to lead staff in other areas (not just grants/foundation staff). Thus, a vice president in an operational unit might be the principal liaison with the executive director of a non-profit. This creates "buy-in" at many levels of the firm and frees up the grants/foundation staff to manage the process. When being part of the non-profit partnership becomes part of an executive’s job, he or she is more motivated to respond to requests for information related to that "job function" — expenditures, time commitment, etc.

7. **Public Materials Are clear About What The Firm Can And Cannot Co, And For How Long On What Terms.**
   Nearly every firm interviewed wanted to avoid a "culture of dependency" among the non-profits it partners with. Most firms had two different types or levels of funding: 1) short-term funding available on a competitive basis through applications; 2) longer-term "signature" projects negotiated at a senior level between the company and non-profit partners.

   For the short-term funding, many companies now use online applications, including pre-qualification processes that asked questions, allowing non-profit organizations to see if they fit the company’s guidelines. Most firms fund organizations for one cycle (whether 1, 2, or 3 years) then require an application for another project, although a few do have on-going partnership.

   Nearly all companies make explicit to their non-profit partners that the charitable organization is responsible for diversifying its funding, whether it is for a short-term commitment or a longer-term partnership. At least some firms interviewed will work directly with the charitable organization to help it strengthen its fundraising potential, to make calls on other prospective donors, and to help the non-profit directly to raise money from other sources.

8. **Companies Make a Point To Communicate Giving Information With Company Team Members**

While most companies promote their philanthropic activity internally, this was a "tough nut" for many, because no matter how consistent the message, some employees don't pick it up. The challenge is how to make sure company staff "hear" what is "said" rather than have it just be part of the background noise of life.

Firms usually used a combination of media to reach their employees, including a company intranet, newsletters, profiles of funded organizations or employee engagement in lobby area, and even some with video "webcasts" to employees' computers.

The most compelling way to communicate the company's philanthropy to employees was to have company representatives (their time) BE the support for the non-profit — IBM and Cisco provide services, followed by products, for example. Starbucks does this through is Make Your Mark program (dollars to agencies where employees volunteer). Wachovia's employee involvement programs are an important component if its community commitment.

9. **Communicating With Community/Grantees/Non-Profit Partners**

For most companies, communication with the non-profit partner organizations was built into the diffusion of responsibility for managing the relationship. Part of the relationship includes regular communications, usually in person or by telephone. It also included accountability steps so that the relationship manager had information to be shared "up the line" and to other units.

One of the most common frustrations expressed was a change in senior personnel at the non-profit partner, especially changes that occurred without notification to the company.

10. **Communicating With Customers And The General Public**

Most companies chose not to focus on print ads that mention charitable giving specifically. This was seen as self-serving, especially given its use by companies such as Phillip Morris, which was criticized for spending more on ads than it did on the charitable gifts.

Companies with a location preferred something on-site. Target promotes its philanthropy through banners in its stores and brochures, which highlight its giving goals and achievements. The effectiveness of this strategy seems apparent: a recent survey showed that consumers ranked Target #2 for corporate social responsibility (GolinHarris, late 2006).

Firms that manufacture rather than market sought something that attached to or distributed with the product(s) but none of the companies interviewed thought that they had the perfect thing yet.

Also of interest were ads about the company's broader corporate social responsibility program that included reference to its giving. This is the approach taken by Toyota, for example, and IBM, among others.

11. Engaging New Employees In The Company Culture Of Charity

Several firms include corporate expectations about volunteer board membership, philanthropic engagement, and executive-level giving in the orientation program for new senior staff. One firm planned to include very clear information about its corporate matching program for philanthropic gifts in materials for all employees, in order to boost employee utilization of this benefit.

Wachovia has sets of "policy manuals" for various types of community engagement within the national banking company that transfer knowledge of the company's giving to new hires at all levels.

12. Companies Want To Make More Effective Use Of Metrics For Impact, Not Just Process

Some companies seek system-level change in at least some of their giving

Some companies implicitly or explicitly wanted to impact systems for some kind of service. This is consistent with Clayton Christensen's proposal for "catalytic innovation" in the social sectors.[16] Toyota wants to improve driver education nationwide. Levi Strauss & Co. wants to reduce the spread of HIV AIDS by promoting better techniques of prevention. Target and Starbucks are both working on issues related to early childhood reading and literacy to transform how young children become successful readers. Boeing wants to improve public education by enabling school systems to provide quality teacher and principal training.

A few companies had evaluation measures for systems-level change built in. Starbucks has a Request For Proposals process with measures built into it for its funding of clean water projects.

System-level change is difficult to do and difficult to evaluate. Several evaluation approaches exist to help ascertain whether systems change. They require time for change to occur and be observed, money to do the monitoring, and people with expertise in evaluating long-term processes.

Tools available include longitudinal studies (examining the same organizations over time) and cluster evaluations (grouping organizations that are doing similar projects in different areas).

[16] C. Christensen, H. Baumann, et al, Disruptive innovation for social change, *Harvard Business Review*, December 2006.

Some companies seek organization-level change in some giving

Some firms seek change at an organizational level. Thus, when their team members go in to develop and implement innovative solutions to problems (language used by all in one form or another), the "measure" of success is whether the technological solution works and can be sustained at the organization level.

When seeking to bring about organization-level change, a long-term partnership is more likely to be successful than a short one (a one- to two-year arrangement). The partner charitable organization is the ultimate source of information about whether the change process has been successful. For example, Second Harvest Food Bank reported that Cisco's program assistance resulted in the ability to purchase over 2 million meals annually for people seeking food assistance.

Some want to see positive benefits for individuals

Change at this level needs to be tracked at the level of individual recipients – either assessed through a sample or by asking everyone involved. Many charitable organizations do this kind of work already and should not be asked to replicate it in a different way for a specific funder. Funders may find it helpful to consolidate and compare reports from multiple recipients. It could be possible to aggregate information across funders if companies want to support a data-collection and data analysis effort.

In all cases of developing metrics, consider the charitable organization's capacity

To the extent possible, funders are trying to identify as evaluation criteria metrics that can benefit the non-profit by helping it to streamline its own information-collecting processes. Some companies utilize the non-profit organization's existing evaluation frameworks to avoid duplicating efforts. Research has found that when funders demand unique evaluation measures, it can place a strong administrative and cost burden on the non-profit.[17]

Companies are setting up proprietary information and data collection methods

Several firms interviewed are setting up new systems to collect data from their staff and from non-profit partners in attempts to evaluate impact. Online, web-based services are increasingly popular for aggregating data from a number of sources. This can reduce data entry costs but does increase monitoring expense to be sure that partners/recipients are uploading their information.

At Wachovia, there is a policy of requiring pre-approval of all charitable contributions greater than $250, and there is a quarterly review and reporting of all charitable contributions to the key leaders of the company. The key leaders

[17] Lampkin, L, Winkler, M., *et al*, *Building a Common Outcome Framework to Measure Nonprofit Performance*, December 2006.

including the Foundation Board are presented quarterly with a recap of all contribution by the focus areas they fall in and how that compares to target giving goals for that focus area. An annual recap is produced to document he total contributions impact of company giving, foundation giving ,in-kind and volunteer hours.

13. Reassess Continually

All of the companies we interviewed are constantly reviewing their philanthropy and their systems for delivering it. They are trying to capture knowledge about philanthropy's impact, evaluate the company giving for its "fit" with the broader corporate social responsibility goals of the firm, and more. One interview participant said, "If you sit still, you're dead."

Conclusion

While many if not most corporate giving programs are still driven by a focus on marketing and advancing the company's bottom line, we are beginning to see movement toward an approach that recognizes that the corporate sector receives "something back" from its giving that is more than just good will or reputation. Examples might include professional development experiences for employees, chances to test ideas or products, or even employee retention opportunities as company personnel become more engaged with the wider community in which the company is located (which has been shown to improve employee job satisfaction).

Many companies are entering relatively long-term (three years or more) partnerships with charitable non-profit organizations with intent to "scale up" over time to generate the desired impact in the community AND on the company. Nearly all firms have a split strategy with funding available for long-term partnerships, which is often controlled from a central office, and other amounts allocated to divisional or regional units to use in supporting local non-profit organizations where operations are located.

Support for corporate giving is likely to be fully integrated in corporate operations. Responsibility for the company's philanthropic strategy is often located within the broader "corporate social responsibility" area, along with environmental impact, sustainability, and other dimensions of CSR. Even when the corporate giving programs are operated elsewhere in the company (in one case, linked with human resources for example), they are a "fixture" in the company's operations, usually with extensive linkages to other areas, dotted-line responsibilities, and a seat in discussions with senior level management regarding corporate strategy and planning.

This shift from corporate giving programs designed to simply support charitable activities (and generate goodwill in the process) to corporate giving that is focused, proactive, and results-oriented is significant for both corporations and non-profits. For corporations, it is no longer as easy as writing a check. There is more to think about on the front end, as the partnership develops, and when it comes time to evaluate. It also changes how non-profit organizations approach their partnerships with corporations because they now have to offer more than just good deeds. This leads to one of the major challenges facing corporate charitable giving now: how to evaluate effectively the results of the different strategies used to reach the many desired goals in corporate giving.

Discussion

This document was sent to a half-dozen experts representing nonprofit organizations, corporate giving professionals, or grantmakers, who were invited to comment upon the document and offer suggestions for further research that could help corporations improve corporate giving and help nonprofits work more effectively with corporate donors.

All reviewers felt the report covers critical issues. Among reviewer comments:

> This report captures how leaders and innovators in the field are evolving their corporate giving practices.

> The report does a nice job of describing the struggle between front-door/locally-focused/employee-driven grantmaking and signature, nationally-focused/strategic grantmaking.

Some reviewers were concerned that only 10 firms participated and felt that the best practices drawn from those interviews do not present the wide range of possibilities. Reviewers also commented that the study focused on leaders in corporate philanthropy and so did not represent how corporate philanthropy operates in the United States.

One reviewer express concerned that the report did not detail innovations in corporate giving that arose in the past decade, some of which present continuing challenges. These include growth in in-kind giving and in corporate sponsorships, development of corporate operating foundations, regulatory changes (which were covered in the interviews and nearly uniformly reported as having little impact on innovation in corporate giving), and the rise of employee volunteerism programs. These developments are summarized well elsewhere and were not the focus of this study.

Some reviewers find the trends identified in this study as cause for concern. One noted:

> Corporations are increasingly closing/limiting their selection process, making the process much more secretive and much less transparent—and as a result, many of the same organizations are getting tapped again and again. New emerging organizations do not have the opportunity to connect with key corporate partners because they are not "tried and true." I see a distinctive lack of innovation in general as companies pick the "safe bets" in terms of community partners.

Reviewers found the report an active springboard for additional research. One wrote:

> It would be great if the report could delve deeper into the "local giving" portion of corporate giving. … One of the key dilemmas in corporate philanthropy is: How to engage employees and support real needs and causes in the communities in which the company operates, but also make sure this giving isn't willy-nilly or ineffective and connects to broader concerns or strategies.

Methodology

A number of sources were used to develop the initial list of corporations to be approached for participation in this study. Some were drawn from either their participation in the 2005 Committee Encouraging Corporate Philanthropy (CECP) survey or as a recipient of the CECP Excellence Award. Others were included based on their receipt of the Association of Fundraising Professional (AFP) Award for Outstanding Corporation. Additional corporations were selected based on their levels of cash and in-kind gifts based on a 2006 *Business Week* report on Standard & Poor's 500 companies that reported their corporate giving. A few companies not included in any of these sources were also included based on a recommendation by the sponsor of this study. This process resulted in an initial list of twenty (20) corporations to contact for inclusion in this study.

The companies selected to contact were geographically dispersed and represented different industries (manufacturing, retailing, and services). They also included firms with long history as corporate donors and newer companies that have developed corporate giving programs.

Twenty (20) corporations were contacted via either email or by telephone to determine their willingness to participate in this study. Follow-up communication was conducted for those corporations who initially did not respond to our request. Some corporations declined participation for a variety of reasons and some corporations did not respond to any of the requests or follow-up communication.

Additionally, as part of the interview process for each corporation, one question asked if there were any corporations which they felt should be contacted for this study. This process generated a few additional corporations not on the initial list who were contacted, and one of which participated in the study.

Attachment A

Innovative Philanthropy Project — Interview Questions

Philanthropic Program Snapshot

1. What are your corporate philanthropy goals, both internal and external?

    a. Why does [company name] engage in philanthropy?
    b. Is there a budget for philanthropy? How is it set? Does that budget include in-kind? "creative" gifts ? Other components of support for charities?
    c. How does your company do philanthropy? What method(s) do you use? (open-ended with prompts below)
        - *Financial support*
        - *In-kind support*
        - *Technical assistance/expertise*
        - *Employee engagement*
        - *Foundation vs. Corporation*
        - *Workplace giving*
        - *Dollars for doers*
        - *Employee matching*
        - *Domestic vs. international*
        - *Discretionary vs. focus area*
        - *Grants vs. sponsorships*
        - *Matching CEO gifts*
        - *Board Payments*

    d. What type(s) of financial support does your program provide?
        - *Only for program costs*
        - *Administrative costs*
        - *Establish new programs*
        - *General operating support (unrestricted)*
        - *Matching funds*
        - *Challenge grants*

2. How is your company's philanthropic or charitable program managed? Which stakeholders play what roles? How are competing interests (internal and/or external) or points of view mediated? What are some specific examples?

3. During the budgeting and planning process for your program, do you evaluate community needs or needs of the charitable organizations you are working with (or hope to work with)?
    a. How does the company define "community" — just the HQ community, communities in which the company does business, community defined by key audiences, etc?

b. Do you have an intentional, systematic evaluation (a formal process) for evaluating community or charitable organization needs? If so, what is it… is it newly implemented?

4. Describe how your philanthropy program adjusts to new circumstances once goals are set. Would you say the program is rigid or flexible? Is your company's philanthropy "intentional" — following a specific path determined by the firm to meet certain goals? Are there ways your firm is "opportunistic" about philanthropy — responding to new, emerging needs over the year, incorporating new elements or ideas as you go along?

   a. Would you say your firm is getting more or less intentional with your philanthropy?
      - *Example of VERY intentional: Issue RFPs aligned with business goals.*
      - *Example of "opportunistic" : hear a great idea from a nonprofit partner and move to implement it.*
   b. What are the implications of changing how intentional you are?

Response To A Changing Philanthropic Environment

5. Are there pressures currently to do things differently when it comes to corporate philanthropy? Who or what is creating that pressure?
   Prompts

   a. Has **Sarbanes-Oxley** affected your corporate philanthropy? What have been the implications of new rules about conflicts-of-interest? About transparency?
   b. Has the **corporate social responsibility movement** influenced your firm's giving? Your firm's tracking and reporting of giving? If so, how?
   c. **What are you hearing from your non-profit/NGO partners** about how things have changed or are changing in the corporate giving environment? What are you hearing from other companies, through membership groups like the Committee to Encourage Corporate Philanthropy or the Association of Corporate Contributions Professionals?
   d. Have you felt changes in giving as interest groups to elevate issues via **the Internet**?
   e. Are philanthropic investments (amount, priorities, involvement of CEO, etc.?) influenced by **politics/by election years**?
   f. Are you seeing **grant recipients** take new approaches to winning a grant, for example, more aggressively organize support/pressure on the organization?

6. "Creative" philanthropy is an emerging concept: What defines "creative" for your firm? What separates these from other kinds of philanthropy?

7. Does your firm actively encourage creative opportunities for supporting charities? Does the organization react to good ideas from internal or external constituents? Does the firm aggressively seek out these "creative" approaches? If yes, how? With whom?

    a. How do you track the cost of resources for pursuing "creative opportunities"?
    b. Do you count/promote these opportunities as part of your philanthropy program?
    c. Who can make these kinds of commitments for the firm? Prompts: CEO only? Directors? Giving officer? Managers? Others?

8. How has your current philanthropy program been shaped by major catastrophic events in the past five years (9/11, Tsunami, Katrina, etc.)?

    a. Has your disaster response program been shaped by competitive pressure ? Has disaster giving become an obligation (rather than an opportunity)?
    b. Is philanthropy taking a more public profile (with or without more dollars) because of marketplace/political issues … e.g., commercials from other firms?

    c. If the disasters increased your philanthropy, are you planning to sustain it at that higher level? If so, how?
    d. Have you created a contingency fund for future disasters? How much? Is it focused on a specific funding area (education, health, youth, etc.)?
    e. What criteria do you have for responding to a disaster? Location, # of people, etc.

9. What is the expected future development of your company's philanthropic program? (5-year time frame)?

Partnering

10. What are the greatest challenges when you work with non-profit/NGO partners? What are some specific examples you have encountered? How do you balance helping a charitable organization versus smothering it/pushing it to exceed its capacity/scale?

11. Beyond granting funds, have you created longer-term engagements with nonprofit recipients — [check their literature for their language re: recipient/partner/etc.]? How are these formed? What are the dynamics of these relationships (roles, responsibilities, power, etc.)? What's not working?

12. What processes does your firm use to maintain connections with nonprofit organizations that your company supports (whatever form of support)?

13. When you’re ready to create a [check their words] philanthropic partnership, what does your company look for?

    Prompts:
    – equal exchange of benefits as in a partnership,
    – observable change in community life
    – media coverage,
    – other "returns on investment"?

14. How can the potential of a new/"creative" giving opportunity/program be evaluated/estimated when there is not much of a track record to go on? What is the decision-making progress behind this? How do you define potential success?

15. What is the typical "life cycle" of a partnership between your company and your non-profit/NGO partners? Are there recognizable points in the life cycle? Have you changed your structure to manage more effectively these different stages in the life cycle of a partnership?

Program Evaluation

16. How are expectations of your corporate giving program defined and monitored? Who sets the framework for defining success (charity? Corporation? Combination? Third party?) What does success look like?

    a. How do you value the costs and benefits of your philanthropy?
    b. How comprehensive are you in determining "success"? How comprehensive are you in monitoring costs — all grants? Some grants? All types of support for charities? Some?
    c. How do you track these?

17. What methods/metrics do you use to evaluate the impact of your philanthropy for:

    a. the recipient organization;
    b. your company/shareholders;
    c. your employees;
    d. the communities in which you do business?

    How are the evaluation results shared with those audiences? How do they change your work?

18. What lessons would you say your firm has learned through your philanthropy program? How have those changed the program? What was your most successful result from a partnership or funding arrangement with a charity? What made that a success?

19. What are you moving away from? What's not working?

20. Before starting the partnership, how do you evaluate the sustainability of an individual giving opportunity internally and in the community?

21. What are some specific things you have heard from your grantees/partners/etc. about your company's philanthropy? How have you changed your practices as a result?

Overall Impressions

22. When you hear the words "innovative corporate philanthropy," what comes to mind? How do you define that?

23. Does increased visibility around corporate philanthropy require increased stakeholder involvement? What responsibilities, if any, does a company have to its various stakeholders as it determines its corporate giving strategy? How does the company justify allocating resources toward philanthropy?

24. What can or should companies do in their communities to help charitable organizations act or think more strategically about their own operations/capacity, about community needs, and about long-term sustainability (financial, human resources, and in other ways)? Are capacity issues (on either corporate or non-profit side) paralyzing corporate philanthropy?

25. How can innovative philanthropy be sustained through economic downturns and cycles?

26. From your perspective, what other companies are thinking creatively about corporate philanthropy (going beyond alignment with their business goals)? What are some specific examples? Are there RECIPIENT organizations that are challenging companies to think about philanthropy differently? What are the charities bringing up that can inform this discussion?

Support for Corporate Philanthropy

1. Committee to Encourage Corporate Philanthropy (CECP)
   - Corporate Giving Standard by CECP- comprehensive online philanthropy management tool designed to provide companies and society with common metrics, frameworks, definitions, and data for measuring and benchmarking corporate contributions

2. The Conference Board
   - Center for Corporate Citizenship & Sustainability – committed to helping member companies transform their corporate citizenship and sustainability (CC&S) thinking and activities
   - Corporate Community Involvement Conference – annual conference designed to serve the needs of corporate grantmaking and related area executives
   - Contributions Council – Members gather semi-annually to share and discuss best practices, trends, and cutting-edge issues in corporate philanthropy, social involvement, and citizenship
   - Annual Corporate Contributions Report – an annual overview of corporate giving based on information supplied by the largest U.S. corporations
   - Research Working Groups – unique networks of senior executives from leading organizations that come together to develop intellectual capital

3. Corporate Citizenship Company/London Benchmarking Group
   - Social Auditing and Reporting by Corporate Citizenship Company/London Benchmarking Group – comprehensive methodology to help companies self-assess and manage their economic, social, and environmental impacts (based on a stakeholder approach)
   - Corporate Community Involvement by Corporate Citizenship Company/London Benchmarking Group – Methodology for measuring and managing corporate community contributions; provides advice on community involvement programs from where your company can do the most good to the form of contribution best suited to your firm to which 'third-sector' organizations you should consider partnership
   - Human Resource Management by Corporate Citizenship Company/London Benchmarking Group – Research that examines the effect of corporate community involvement, particularly employee volunteering and involvement, on developing and retaining employees; provides companies with advice on the most effective ways to involve employees in community programs and establishing monitoring systems

4. The Center for Corporate Citizenship at Boston College
   - Executive Briefings by Center for Corporate Citizenship at Boston College – opportunity for experienced executives to learn and exchange ideas about corporate citizenship – designed for senior leadership teams
   - Membership into business network for corporate citizenship by Center for Corporate Citizenship at Boston College – Membership benefits are: member hotline, virtual consulting, benchmarking data and statistics, business network, webinars, tailored executive education, custom case studies, and guest speakers for company events
   - Research projects by Center for Corporate Citizenship at Boston College – projects include: the corporate giving standard, global leadership network, going global: how US multinationals operationalize corporate citizenship, business leadership in society, the

state of corporate citizenship, untapped assets: mobilizing retirees for civic engagement, practice briefs/case studies, and community involvement index
- Online Resource Library by Center for Corporate Citizenship at Boston College – contains info, research, training materials, and tools

5. The Association of Corporate Contributions Professionals (ACCP)
    - Academy Forum by ACCP – four-day event for managers with less than three yrs. Job experience
    - Advocacy and Representation by ACCP – policy papers on key issues affecting corporate contributions, community relations, and employee volunteer fields
    - Manager's Toolkit by ACCP – reference library for planning, managing, and evaluating contributions programs (also includes a job bank and templates for job descriptions in the field)
    - Resource Groups by ACCP – brings companies together to share info and strategies based on specific topics like disaster relief, environmental issues, education, health and disease, and international giving.
    - Webcasts by ACCP – combination PowerPoint/teleconferences

6. U.S. Chamber of Commerce's Business Civic Leadership Center (BCLC)
    - Business Disaster Assistance and Recovery Program by BCLC – helps businesses communicate, coordinate, and collaborate with each other and with the public sector and NGOs on disaster assistance projects and issues
    - Corporate Community Investment Program by BCLC – brings together corporate citizenship professionals, non-profit leaders and government leaders from across the US to build better communication, coordination, and collaboration mechanisms to support business involvement

7. Global Leadership Network (GLN)
    - Library by GLN – categories include community involvement, corporate governance, marketplace, strategic alignment, and making the business case for corporate citizenship
    - Online Tools by GLN –online corporate citizenship planning and assessment tool, automated reporting system, and quarterly teleconvenings
    - Database by GLN – includes best practices from global leaders, peer examples and contacts
    - Service Consultants by GLN – support from a GLN service consultant, including on-site company workshops to assists in the application of GLN's online tools as well as in-person workshops
    - Other GLN offerings – individual convening reports, engagement in small leadership companies working to define leadership practices of corporate citizenship, and in-depth individual company reports

8. AccountAbility
    - Services provided by AccountAbility – assurance-related services, stakeholder engagement-related services, practitioner learning networks, mentoring, training and member services, partnership governance and accountability framework, responsible competitiveness index, accountability rating, MFA forum, global leadership network, and extranet

9. The Columbus Foundation's Center for Corporate Philanthropy
    - Managing investor by The Columbus Foundation's Center for Corporate Philanthropy – manages investment of the fund assets, distributes grants for the company, provides financial reports, and tax reporting for the fund

10. Center for Effective Philanthropy (CEP)

- Assessment Tools by CEP – allows foundations to obtain important insights into their performance and provide comparative data; includes Grantee Perception Report, Comparative Board Report, Staff Perception Report, and "Toward a common language: Listening to CEOs and other experts talk about performance measurement in philanthropy"

11. Council on Foundations, Corporate Grantmaker Services Department
    - Corporate Connections, teleconferences on trends and emerging issues
    - Online resources: Best Practices database and more

Reading List

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