



92%

of participating CEOs are personally involved in their company's corporate philanthropy program.

GLOBAL LEADERS: CONFRONTING A CRUCIAL DECISION

EXECUTIVE REPORT FEBRUARY 2009

4th Annual
**BOARD OF
BOARDS**
CEO Conference





Carlos Ghosn, Neville Isdell, Sidney Taurel

**NEW PARADIGMS
NEW SOLUTIONS**
Revitalizing the Partnership
Between Business and Society



Angela Braly



Terry McGraw



Rob Shafir, Duncan Niederauer, Shigeru Hayakawa



Christina Gold, Frederic de Narp

2009 BOARD OF BOARDS CEO CONFERENCE

Demonstrating that corporate philanthropy is a business priority even in a strained economic climate, fifty-five leading CEOs and chairpersons gathered on the morning of International Corporate Philanthropy Day for a dialogue on the theme *Global Leaders: Confronting a Crucial Decision*.

Tom Brokaw, Jeffrey Immelt, and Carlos Ghosn led their peers in exploring ways in which business leaders can rise to heightened public accountability expectations in an intrinsically altered financial and social landscape. With this Executive Report, the Committee Encouraging Corporate Philanthropy shares the results of interactive audience poll questions and highlights from this important conversation on the future of corporate giving. More information and video highlights can be found at: www.CorporatePhilanthropy.org.

EXECUTIVE SUMMARY

The program began with consensus around a statement Immelt made last November: “This economic crisis doesn’t represent a cycle. It represents a reset.” With the majority of CEOs speculating that the downturn will persist until at least 2011, participants quickly engaged in the crucial question before them: how can companies provide long-term support to the communities upon which the future of their business depends, despite sinking profits and rising uncertainty?

Attendees acknowledged that recent events have bruised the implicit contract between business and society. In their view, corporations have an obligation—more than ever—to restore public trust by investing not only in projects designed to normalize operations, but also in philanthropic initiatives that create a positive ripple effect within and across communities. Executing on this intention requires: dispatching previously untapped non-cash corporate resources; seizing opportunities for increased efficiency; and inviting employees, customers, public sector advocates, government representatives, and critics into a collaborative dialogue.

WHAT HAPPENS NEXT?

In light of the rapidly-changing dynamic between the public and private sectors, CEOs emphasized the need to foster an intellectual climate that allows fresh ideas on social investment to flourish. They viewed changes in the global economy as a chance to commence strategic course-corrections that will strengthen their ability to thrive when conditions improve.

As a starting point for the exploration of new paradigms, participants concluded that corporate philanthropists must embrace and customize several practices that currently distinguish exemplary giving programs:

- Ensure philanthropic efforts are in alignment with overall business goals and strategy.
- Choose funding priorities that are consonant with the unique traits of the company and which address issues of significance to the communities in which it does business.
- Incorporate performance standards into the practice of corporate contributions to ensure that funds are invested prudently.
- Broaden traditional thinking about the non-cash resources that companies can provide to community partners.

In your opinion, when will the global economy rebound from the current downturn?



Elevate and Prioritize the Social Contract

What Does it Mean?

Corporate leaders recognize the interdependency between business and society, and the pressing need to regain public trust. The data in Figure 1, supported by commentary by attendees, show that CEOs understand that business has yet to reach its full potential in living up to the social contract.

With stimulus funds now being disbursed to businesses globally, accountability expectations are on the ascent. This creates an opportune moment for corporate leaders to demonstrate their conviction that philanthropic initiatives support long-run economic vitality.

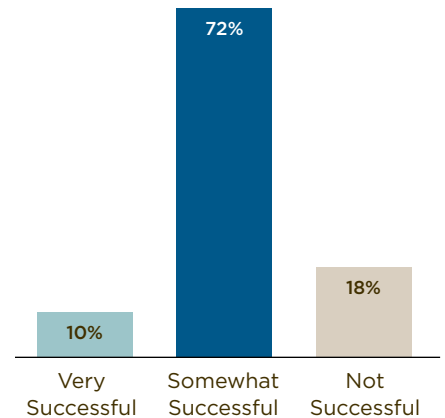
Opportunities

In a separate poll question, 82% of attendees indicated that philanthropy can help restore trust in the business sector. This signaled their belief that corporate giving can create a ‘social stimulus,’ setting in motion the beginnings of a regenerative cycle in distressed communities.

Each company will have its own role to play philanthropically, but CEOs stressed that corporate philanthropy should adopt the same timely purpose driving the global economic bailout. CEOs indicated their desire to use corporate contributions as a means of supporting the government’s priorities of strengthening neighborhoods and helping families in need.

FIGURE 1

“In recent years, how effective has business been in living up to its social contract?”



“Companies must seek to connect their corporate strengths with acute needs in the communities in which they do business.”

- Carlos Ghosn



Refocus on Core Strategies

What Does it Mean?

Aligning philanthropic programs with core business strategy has long been a best-practice in community giving. CEOs at the conference stated that in the current climate, attuning philanthropy to company values, practices, and goals is imperative. Conversely, philanthropy conducted in isolation from the rest of the business will fail to deliver optimal social and business benefits.

Figure 2 reflects a theme heard throughout the morning: social ills limit a company’s long-term growth prospects. Thus, companies should engage with the issues that fall directly in their path, thereby creating benefits for communities and businesses alike.

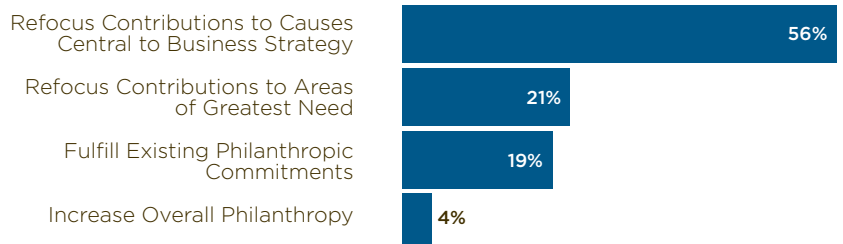
Opportunities

While CEOs were limited to a single answer when responding to the poll question in Figure 2, the subsequent discussion promptly converged on the need to identify areas of overlap between causes which are central to business strategy and which also target areas of greatest social need.

Whether the cause is financial literacy, energy use, or education, companies should pinpoint salient funding gaps that also affect their long-run ability to compete.

FIGURE 2

“In the current economic climate, it is **most important** for companies to:”



Initiate an Inclusive Dialogue

What Does it Mean?

80% of business leaders in attendance consider their employees and customers to be the most important constituencies when crafting giving strategy, as shown in Figure 3. However, corporate CEOs discussed how factors such as government support of threatened industries, the stimulus package, and intensifying public scrutiny are swiftly expanding the number and size of stakeholder groups.

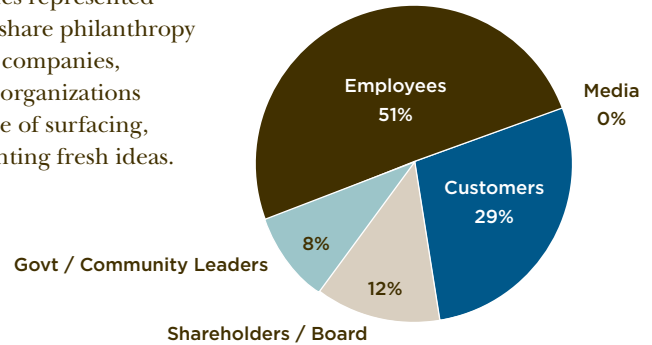
Opportunities

CEOs viewed the inextricable link across the fates of all stakeholder groups as an occasion to engage in a multi-sector, collaborative problem-solving process.

Specifically, the companies represented saw not only the need to share philanthropy best-practices with other companies, but also to invite diverse organizations to the table with the hope of surfacing, exploring, and implementing fresh ideas.

FIGURE 3

“When considering a change in your company’s contributions, which constituency **most** influences your decision?”



“At GE, through our Foundation and our business we are trying to lay viable economic groundwork around each of the following pillars: energy policy, healthcare, competitive education, and financial systems that promote entrepreneurship. These are avenues where we can make money and, hopefully, simultaneously solve societal problems.”

- Jeffrey Immelt



Leverage Resources Creatively

What Does it Mean?

The duration and severity of the economic downturn have eclipsed even the worst commonly-held predictions of a year ago. The year-over-year poll results in Figure 4 show that as a consequence, the economy will likely have a stronger downward effect on cash contributions than was imagined from the vantage point of 2008.

Opportunities

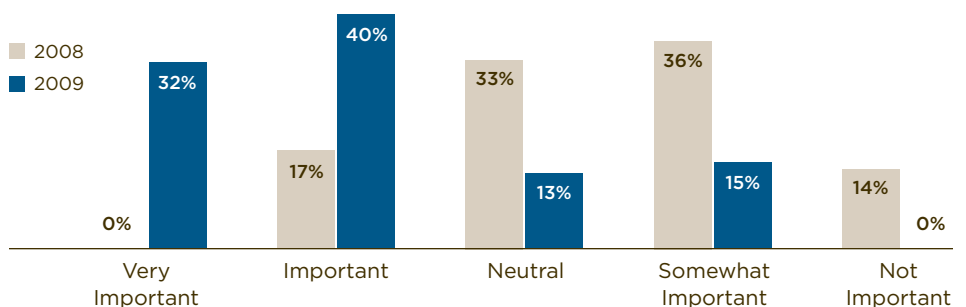
In small group discussions, CEOs agreed that creativity, innovation, and leadership will be needed in equal measure. When polled, 92% of CEOs said that they are personally involved in their company’s corporate philanthropy program—a key ingredient for driving progress toward new solutions.

Attendees shared ideas on non-cash corporate resources that might be of value to nonprofits: product donations, pro bono service and volunteerism, use of facilities such as meeting rooms, access to in-house printing resources, and even unfilled seats in corporate training courses.

However, CEOs expressed their will to fill funding gaps to the greatest extent possible. With social needs escalating as the economy falls, executives are determined to find ways to reconcile a scarcity of cash with an intention to sustain nonprofit relationships.

FIGURE 4

“How important should the economy be in determining **cash** contributions?”



“Within the corporate world, you’re going to have to share ideas especially on the social contract. This is going to require us to set aside old thinking and provide incentives for how we can create new thinking and new efficiencies.”

- Tom Brokaw



Cover: Carol Bernick, Bob Selander, John Whitehead

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Best Buy Co., Inc.

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Terry J. Lundgren
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Mark your calendar now for next year’s Board of Boards CEO Conference: **February 22, 2010**



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