

Giving in Numbers

2009 Edition

EXCLUSIVE: Examining the Impact of Financial Performance on Corporate Philanthropy

Corporate Giving Standard

An in-depth analysis of 2008 corporate philanthropy data from 137 leading companies



About CECP

The Committee Encouraging Corporate Philanthropy is the only international forum of CEOs and chairpersons pursuing a mission exclusively focused on corporate philanthropy. The Committee's membership consists of more than 170 executives who lead the business community in raising the level and quality of corporate giving.

CECP hosts CEO conferences, publishes best practice articles, conducts extensive research with corporate giving data, and offers corporate giving professionals tools to help refine and expand their strategic giving programs. A current membership list and information about CECP's events and research is available at CorporatePhilanthropy.org.

Corporate Giving Standard

The data featured in *Giving in Numbers* is derived from the Corporate Giving Standard (CGS) benchmarking tool. By completing the Committee's annual philanthropy survey, participating giving officers gain access to a customizable online benchmarking database containing over \$60 billion in comparative data since 2001. If you are interested in accessing better metrics and accurate peer-to-peer reporting to serve your company's corporate giving, contact CECP to join the CGS: Info@CorporatePhilanthropy.org or 212.825.1000.

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Giving in Numbers

2009 Edition

Preface

Dire headlines and escalating uncertainty were hallmarks of the last financial quarter of 2008. While AIG, Fannie Mae, Freddie Mac, Lehman Brothers, Merrill Lynch, Wachovia, Washington Mutual, and the three largest automakers in the United States became prominent symbols of how quickly the situation had worsened, by December it was clear that prospects were bleak across all industries.

That business and society are fundamentally interconnected became increasingly evident during the economic downturn—as well as during the emerging recovery. Respecting the dependency between companies and their community partners continues to be central to the work of those leading the field of corporate community investment.

In this report, CECP seeks both to address pressing questions the downturn has raised and to provide an updated account of trends across the major components of complex corporate giving programs. These programs include matching gifts, volunteerism, staffing, foundation funding, giving motivations, and international grant-making.

Our analyses are based on the most recent data collected through the Committee's philanthropy-measurement initiative: the Corporate Giving Standard (CGS). Building upon its repository of data collected since 2001, CECP surveyed 137 leading companies on the full breadth and depth of their 2008 corporate giving initiatives. Among the surveyed group alone, the sum of giving in 2008 exceeded \$11.25 billion.

We hope that everyone with an interest in corporate philanthropy will find the data and trend analyses contained in this report valuable to their strategy-setting and planning. CECP is dedicated to the ongoing development and expansion of metrics that serve the corporate philanthropy community and welcomes the involvement of those who share our interest in using information gathered from the past to build a stronger future.



Margaret Coady
Report Author and Director
Committee Encouraging Corporate Philanthropy

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Executive Summary

2008 Data Snapshot

One hundred and thirty-seven companies participated in the 2008 Corporate Giving Standard (CGS) Survey, including 55 of *Fortune* Magazine's 100 largest American public companies. Contributions totaled over \$11.25 billion in cash and product giving.

Median Values	All Companies <small>N=137</small>	Fortune 100 Companies <small>N=55</small>
Total Giving	\$25.95 million	\$50.60 million
Total Giving as a % of Revenue	0.13%	0.10%
Total Giving as a % of Pre-Tax Profit	1.23%	1.34%
Total Cash Giving as a % of Pre-Tax Profit	0.81%	0.83%
Matching Gifts as a % of Total Giving	9.04%	8.97%
Total Giving per Employee	\$752	\$642

Giving and the Economy

A Majority Increase Giving

Even in challenging economic times, 53% of surveyed companies increased giving from 2007 to 2008—just 3% fewer than the 56% that increased giving from 2006 to 2007. Moreover, an impressive 27% of companies increased giving from 2007 to 2008 by 10% or more. *See page 11.*

Financial Results Not Statistically Linked to Corporate Giving

A common assumption is that increases or decreases in a company's profitability directly affect its annual giving. Regression analysis did not uphold this hypothesis, however, even when a one-year time delay was tested. While financial performance plays a role in philanthropic budget-setting, the extent of its influence varies considerably across companies. *See page 10.*

Non-Cash Giving Surges

Among the 53% of companies that gave more in 2008, non-cash giving increased by a median of 29%. Companies that gave less dropped most in corporate cash grants. Corporate foundation giving levels changed less significantly for both groups. *See page 13.*

Explaining the Changes

Improved contributions tracking, beyond-budget disaster-relief giving, and strong profits through the third quarter were among the reasons cited for increased giving. Companies that decreased giving cited declining corporate earnings, general economic uncertainty, and foreign exchange fluctuations. *See page 12.*

Revisiting Giving Strategy

Poll results show that CEOs and giving officers are prioritizing the fulfillment of pre-existing commitments to grantees while working to integrate philanthropic strategy with company-wide business objectives more comprehensively. CECF presents their top four imperatives for redesigning community investment programs. *See page 15.*

Data Comparison

Analysis Consistent Across Peers

CECF compared its findings with those published by *Giving USA*, The Foundation Center, and *The Chronicle of Philanthropy*. While sample sizes vary, the findings are largely consistent across all reporting institutions. *See page 16.*

The Fortune 100

Sixty Percent Increase Giving

Despite sustaining greater profit declines than their non-Fortune 100 peers, 60% of Fortune 100 companies increased giving from 2007 to 2008. By contrast, 47% of non-F100 companies increased giving in the same time period. *See page 22.*

International Giving

The typical F100 company contributed 18% of total giving to international recipients as compared to an average of 11% allocated internationally by non-F100 companies. *See page 24.*

2008 Findings

Pro Bono Service

In 2008, 38 companies in the Corporate Giving Standard reported having pro bono service programs. Among those measuring their hours and the dollar value of pro bono time, median hours were approximately 1,080 and the median dollar value was \$971,500. *See page 31.*

Corporate Foundations

Consistent with prior years, 86% of companies have a corporate foundation. Forty-three percent of companies have a predominately pass-through foundation structure, 24% have a predominately endowed structure, and the remaining companies have either a hybrid or operating structure. *See page 34.*

Motivations for Giving

Over the past few years, companies have become more proactive and strategic in their giving. For the typical company in 2008, 7% of giving was classified as commercially driven, 42% as purely charitable, and 51% as proactive community investment. *See page 37.*

Giving and the Economy

2008 Contributions in Context

Like all stakeholders of the philanthropy community, CECP is eager to understand the effect that an economic downturn has on how companies invest in their communities and whether financial performance affects the level and timing of corporate giving.

To address these questions, this special section focuses on a matched set of companies providing data to the CECP annual corporate philanthropy survey from 2006 to 2008.

An understanding of the prevailing economic conditions in 2008 and how they differ from prior years is essential to such an analysis. Accordingly, CECP compiled equity prices across a range of industries and assessed corporate profitability among survey respondents. *See pages 7 and 8.*

CECP then sought to determine whether corporate giving increased and which types of giving changed most. *See pages 9 and 13.* In addition to quantitative findings, participating companies shared reasons for increasing or decreasing their corporate contributions. *See page 12.*

To conduct these inquiries, CECP used its proprietary online corporate philanthropy database, the Corporate Giving Standard, which currently contains over \$60 billion in detailed contributions metrics. This repository enables CECP and its community of measurement-focused giving professionals to share and analyze detailed information crucial to appreciating how the 2008 giving year fits into the larger narrative of corporate community investment over time.

The Recession Takes Hold

In the opening months of 2008, economists and journalists debated whether deteriorating U.S. GDP figures would be sustained long enough to meet the textbook definition of a recession. It soon became clear that widespread delinquencies on subprime mortgages had triggered a financial crisis whose scope and scale were much larger than anticipated.

The first indication of the severity of the trouble came with the Federal Reserve's provision of special financing to support the acquisition of Bear Stearns by JPMorgan Chase & Co. in mid-March. By June, the Financials sector was severely constrained by frozen credit markets. The collapse of Lehman Brothers in September was a devastating blow not only to the sector but also to consumer confidence around the globe.

Sinking Stock Prices Across Industries

Extremely tight credit markets, a drop-off in consumer spending, and widespread uncertainty took a harsh toll on stock prices. Over the course of 2008, the Dow Jones Industrial Index fell sharply. Trading began on January 2 at 13,261 and slid to a dismal 8,776 at the market close on December 31.

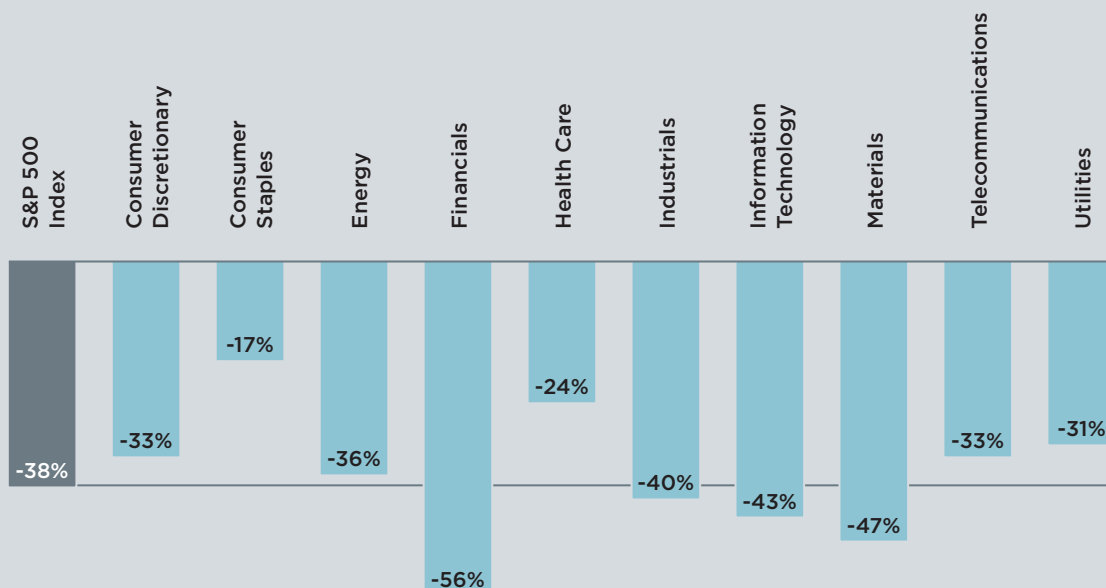
To illustrate how individual industries fared in the stock market, Figure 1 uses equity prices for the companies comprising Standard & Poor's 500 index. The data show that every industry finished in deeply negative territory for the year. Unsurprisingly, the Financials sector took the hardest hit with a 56% decline. Consumer Staples companies—which provide basics such as food, beverages, and personal products—fell the least at -17%.

A Matter of Timing

Although each industry's S&P 500 stock market index fell substantially for the year, the timing of these declines varied across industries. Stock prices for the Financials and Telecommunications Services sectors fell earliest and were down by 15% in June. The Utility index fell in August and was followed by Consumer Discretionary and Information Technology stocks in September. By contrast, Materials and Energy equities traded above their beginning-of-the-year levels into the summer, then fell in October. Stock prices among Consumer Staples were essentially flat for most of the year, then began to decline in October and were down 15% by November.

Differences in financial health by industry are important to a thorough understanding of the 2008 giving levels reported in the following pages.

Figure 1 Falling Stock Prices Among S&P 500 Companies, 1/2/2008 through 12/31/2008



Financial Strength Through 2007

Figure 2 provides an overview of how pre-tax profit changed from 2006 to 2008 for a matched set of surveyed companies. Each company's year-over-year percentage change in pre-tax profit was calculated and then sorted into one of eight categories based on whether profit increased or decreased and by what percentage.

The "losses" category includes any company with negative pre-tax profit in 2008 (regardless of 2007 pre-tax profit). The "increases" category includes any company with pre-tax profit losses in 2007 but positive pre-tax profit in 2008.

From 2006 to 2007, 63% of companies enjoyed a tailwind of very strong profitability heading into the economic recession. Nearly one-fifth of all surveyed companies saw profits climb by 25% or more.

Profit Levels Swing Negative in 2008

Then the story reverses dramatically. From 2007 to 2008, 68% of companies saw profits fall. Those most severely affected appear in the box outline at the left of Figure 2, which shows that 29% of companies saw their pre-tax profits drop by a quarter or more while 16% suffered outright financial losses, not just declines.

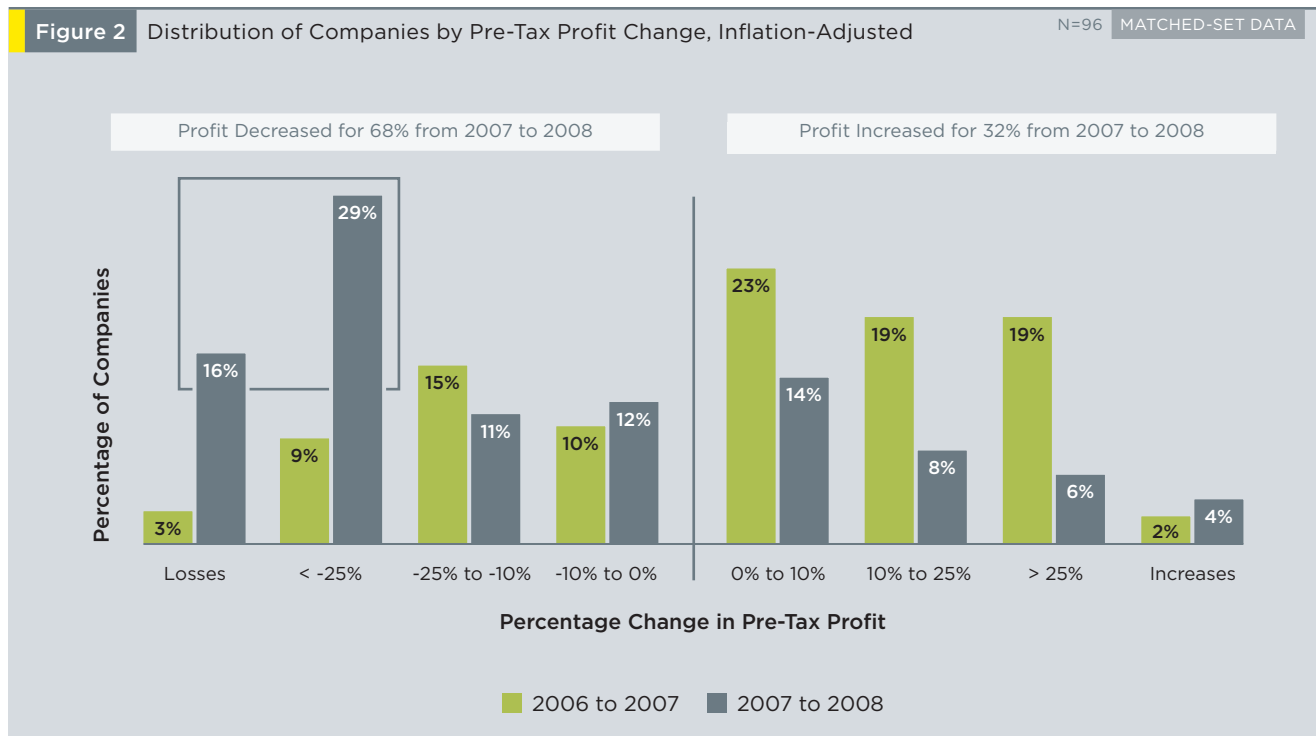
Strong Performance through the Third Quarter

As indicated by the stock market data presented in Figure 1, the financial crisis did not spread from the Financials sector into other industries until the latter half of the year. In fact, many companies reported healthy pre-tax profits until the last three months of the year, when results then turned sharply downward.

What Does it Mean?

It is commonly assumed that a company's financial performance is reflected in its community giving. CECF used regression analysis to investigate the strength of this relationship, covered in detail on page 10. A direct link did not emerge in the CECF data, probably because budget-setting varies widely from company to company.

Still, in a poll of leading CEOs conducted by CECF in February 2009, 32% of respondents indicated that the economy is "very important" in determining cash contributions. Thus, even absent a direct relationship between profit and philanthropic contributions, it is valuable to assess the economic context of 2008 in looking at year-over-year changes in corporate giving levels.



Defining Corporate Giving

In the Corporate Giving Standard Survey, corporate giving includes corporate cash grants, corporate foundation cash grants, and non-cash giving such as product or asset donations, loaned facilities, and pro bono service. Volunteer hours, administration costs, and contributions from employees, vendors, or customers are excluded. CECP's comprehensive "Survey Guide" provides valuation details and is available as a free download at CorporatePhilanthropy.org/surveyguide.

Did Corporate Giving Increase?

There are several ways to track corporate giving levels; each has merits and drawbacks. Several approaches are discussed here and the conclusions are not always consistent. Overall, giving declined slightly, but the dip was minimal. One explanation is a one-year lag between financial performance and giving levels, as examined on page 10.

Aggregate Total Giving Declines

A common way to research giving changes is in aggregate: a straight sum of total giving across a matched set of companies. The downside of this approach is that sizable decreases in giving by a handful of companies can dominate the results.

Figure 3 shows an overall decrease of 6.3% in aggregate giving from 2006 to 2008.

Median Total Giving Falls

Median total giving indicates what the typical company gave each year. While medians prevent extreme values from affecting the outcome, minor jumps in the results appear in year-over-year comparisons because the increments between companies in a sorted list (used to find the median) are uneven by nature.

In Figure 4, 2008 median giving is lower than in the peak year of 2007.

Giving Relative to Pre-Tax Profit

Assessing giving in proportion to profit is a useful way to condense the overall commitment to giving across many companies. However, given that the relationship between profit and giving is not uniform across companies, a one-year lag between profit and giving may be applicable to some companies and not others. Thus, the data are shown both ways:

Median ratios of total giving to same-year pre-tax profit increased (N=77, Matched-Set Data):

- 0.98% = 2006.
- 0.99% = 2007.
- 1.32% = 2008.

Median ratios fell when assuming a one-year time lag between profits and giving (N=77, Matched-Set Data):

- 1.08% = 2007 giving/2006 profit.
- 1.01% = 2008 giving/2007 profit.

Figure 3 Total Giving, Aggregates, Inflation-Adjusted

N=102 MATCHED-SET DATA

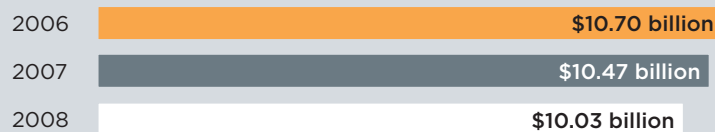
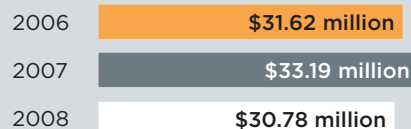


Figure 4 Total Giving, Medians, Inflation-Adjusted

N=102 MATCHED-SET DATA



Do Changes in Profit Dictate Changes in Giving?

Testing the Relationship between Financial Performance and Giving

In light of the global economic downturn, many industry members predicted that giving would fall significantly in 2008 and 2009 in recognition of the retreat in corporate pre-tax profit.

The strength of this prediction hinges on the answers to two important questions:

1. Is there a statistical relationship between a company's financial performance and its total giving?
2. If so, does total giving lag behind financial performance by one year?

In total, CECP ran 24 separate regression analyses—a statistical technique that determines if two sets of numbers are linked—to answer these questions. For a detailed explanation of the variables and time periods tested, please *see page 52*.

No Statistical Link Found between Financials and Giving

Of the 24 completed regressions, only the following three tests upheld a relationship between financial performance and giving:

- Changes in total giving from 2007 to 2008 and changes in corporate revenue from 2007 to 2008.
- Changes in direct cash from 2007 to 2008 and changes in corporate revenue from 2007 to 2008.
- Changes in non-cash from 2006 to 2007 and changes in corporate revenue from 2006 to 2007.

What Does it Mean?

A stable relationship between financial data and giving would have allowed the industry to predict when and how a company's giving would change: i.e., if corporate pre-tax profit increased in 2010, then we could have used the regression results to predict how much total giving would climb.

However, the fact that a statistical connection was found in only 3 of the 24 tests conducted is nonetheless instructive in that it compels the corporate giving community to re-think some fundamental assumptions about how corporate giving budgets are created.

- *Is there a one year time delay?* The CECP data showed that there was not a one-year time delay between financial performance and giving across companies in the time periods studied.
- *Is giving linked to pre-tax profit?* The data showed that changes in giving may be connected to changes in revenue (not to changes in pre-tax profit, as is generally assumed).

It is worth noting that while the tests conducted were statistically valid, CECP's regression analysis was limited to a three-year time period with a sample size of fewer than 150 companies. Furthermore, the large number of companies reporting profit losses prevented a full regression analysis on 2007 to 2008 pre-tax profit data. CECP will continue to investigate these questions over time.

How Do Companies Set Their Annual Giving Budget?

CECP's interviews with corporate giving professionals revealed:

- The majority of companies take a multi-year rolling average of profit levels in order to reduce yearly fluctuations. A three-year rolling average is typical.
- For some corporate philanthropists, the company-wide forecast for the upcoming year's profits drives budgeting.
- Others adjust their giving throughout the year based on incoming updates of the current year's financial figures.
- Other companies take an array of issues into account: size of the customer base, number of employees, philanthropic activity by industry peers, company's historical giving levels and multi-year commitments, tangible assets of the company, and recent company-specific issues such as mergers or divestitures.

A Diversity of Approaches

Given the heterogeneity in how philanthropic budgets are shaped, it stands to reason that a simple mathematical relationship between financial performance and giving did not emerge in CECP's regressions. This helps to explain why CECP saw 53% of companies increase their giving despite profit declines for 68% of survey respondents.

However, as demonstrated in the list of budget-setting approaches given above, there is some connection between a company's financials and its giving. As illustrated throughout the "Giving and the Economy" section of this report, the timing and strength of that link is not the same for all corporate giving departments.

Total Giving at the Company Level

Giving Decisions by Individual Firms

Figure 5 depicts how inflation-adjusted total giving changed from 2006 to 2007 and from 2007 to 2008 for a matched set of surveyed companies. To create this figure, each company's year-over-year percentage change in total giving was calculated and then sorted into one of six categories based on that company's percentage increase or decrease in giving.

CECP prefers this method for investigating changes in corporate philanthropy over time because it shows the actions taken by individual companies. By contrast, the aggregates and medians shown in Figures 3 and 4 reflect changes across the group of companies as a whole.

Looking Back to 2007 Total Giving

The bars representing changes from 2006 to 2007 show that 56% of companies increased giving while 44% decreased giving. In this same period, 31% of companies increased year-over-year giving by 10% or more.

Company-Level Giving Strong in 2008

The bars representing changes from 2007 to 2008 in Figure 5 show that the trend across individual companies did not shift significantly. Like the period before, more companies increased their giving from 2007 to 2008 than decreased it; 53% increased giving, with 27% increasing their giving by 10% or more.

Effects of Pre-Tax Profit on Giving

To explore further the connection between Figure 2 (profit changes) and Figure 5 (giving changes), CECP looked at how total giving changed based on increased or decreased profit.

Among the 32% of companies with *increased* pre-tax profit (N=31):

- 55% increased total giving.
- 45% decreased total giving.

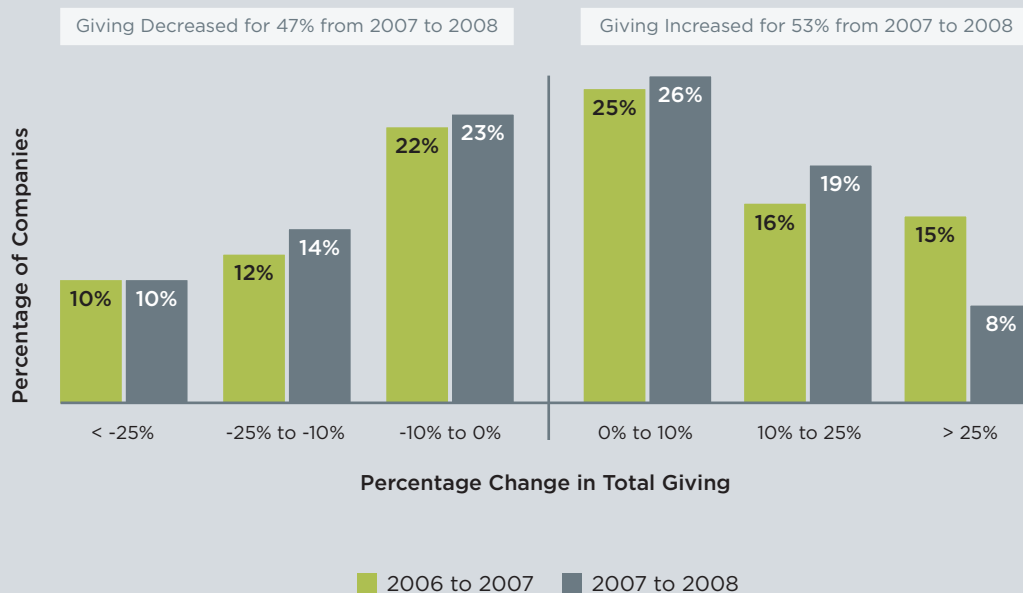
Among the 68% of companies with *decreased* pre-tax profit (N=65):

- 51% increased total giving.
- 49% decreased total giving.

Thus, not all companies with increased profit gave more, and vice versa. This suggests that a company's financial performance is just one factor affecting philanthropic budget-setting—a conclusion corroborated by the diverse reasons cited for fluctuations in giving (*see page 12*) and CECP's regression analyses (*see page 10*).

Figure 5 Distribution of Companies by Total Giving Change, Inflation-Adjusted

N=102 MATCHED-SET DATA



Reasons for Increased Giving

Strong Profits through Third Quarter

While the downturn was felt by many financial institutions in 2007, companies in other sectors did not experience its effects until the third and fourth quarters of 2008. Consequently, companies had largely disbursed expanded giving budgets before the business itself was affected.

Improved Contributions Tracking

Typically, companies struggle most in the tracking of international giving, non-cash giving, and donations made by regional business lines. Improved communication with subsidiaries or other departments and investments in company-wide grant-tracking software enabled companies to account for giving that may have previously taken place but was not included in their CECP survey in the past, increasing the year-over-year tally.

Increased International Giving

Rather than trim domestic giving budgets to fund new international initiatives, companies typically allocate new funds for grant-making programs abroad. The data show international giving rising roughly one percentage point per year over the last several years to 13% in 2008.

Beyond-Budget Disaster-Relief Gifts

When disaster strikes, companies often authorize assistance funds beyond their allotted giving budget. In 2008, companies supported relief efforts for the Sichuan earthquake in China and the California wildfires.

New Signature Programs Launched

Several companies inaugurated new signature giving initiatives in 2008. While sometimes funds are simply redirected away from previous programs, often these newly designed programs require an increased philanthropic commitment.

Merged Giving Programs

Several companies underwent mergers or acquisitions in 2008, leading to combined giving programs. In this sense, the underlying company has fundamentally changed in scale and resources, causing its year-over-year total giving to appear to surge.

Greater Employee Participation

Due either to a growing workforce, expanded awareness and participation, or increases in program contribution maximums, some companies saw giving rise as larger dollar amounts were dedicated to matching-gift programs.

More Efficient Administration

Some companies reported achieving operational efficiencies in their grants management administration. Thus, funds that previously had been used to manage the donations process could be redirected to fund grantees instead.

Reasons for Decreased Giving

Weakening Economy

As some companies began to forecast weaker performance, they cut back firm-wide spending, including corporate philanthropy budgets.

Corporate Spin-offs and Department Closures

Just as mergers and acquisitions can cause a company's contributions to surge, total giving can decline when a business spins off or terminates part of its operations.

Completion of Multi-Year Grants

In 2008, several companies experienced a period of decreased giving as new programs or renewed commitments to previous programs were evaluated at the conclusion of multi-year grant commitments.

Return to "Normal" Giving

For some companies, 2007 was characterized by an atypical spike in giving levels due to a significant one-time gift such as a land or equipment donation or a large signature grant to a nonprofit partner. Therefore, in 2008 these companies reported a return to a giving amount consistent with their historical levels.

Lower Matching-Gift Participation

The unemployment rate climbed from 4.9% to 7.2% in 2008. A reduction in workforce was one factor that caused some companies to see drops in participation in employee matching-gift programs, which in turn lowered total giving levels.

Currency Exchange Fluctuations

2008 saw drastically widened average trading ranges for currency pairings such as EUR/GBP, GBP/USD, and EUR/USD. The last half of the year in particular saw large daily and weekly fluctuations. For companies with large international grant-making programs or those headquartered outside the United States, volatility in conversion rates caused total giving levels to appear to fall.

Company-Specific Factors

Some companies reduced budgets to account for leadership changes, legal concerns, plant closures, and/or regulatory issues affecting profit.

The Effect on Giving Types

Investigating Giving Types

To examine more specifically how companies increase or decrease their giving levels, Figure 6 breaks down the three components of giving: money from the corporate side, giving by corporate foundations, and non-cash giving.

First, CECF distinguished companies by whether their total giving increased or decreased from 2007 to 2008. Next, each individual company's percentage change in the three giving types (direct cash, foundation cash, and non-cash) was calculated separately. Then, medians were taken of these percentages for each giving type and displayed in the diagram.

A Surge in Non-Cash Contributions

Among companies that increased their giving from 2007 to 2008, non-cash contributions soared by a median of 29%. These donations were supported to a lesser extent by an increase in cash giving.

Across companies that gave less in 2008 than in 2007, cash grants from the corporate side dropped substantially, falling by a median of 16%, with non-cash giving dipping by a median of 9%.

Foundation cash giving was relatively consistent from 2007 to 2008 across all companies. Companies whose giving subsided did give less from their foundations, but that giving source proved to be the most stable of the three giving types.

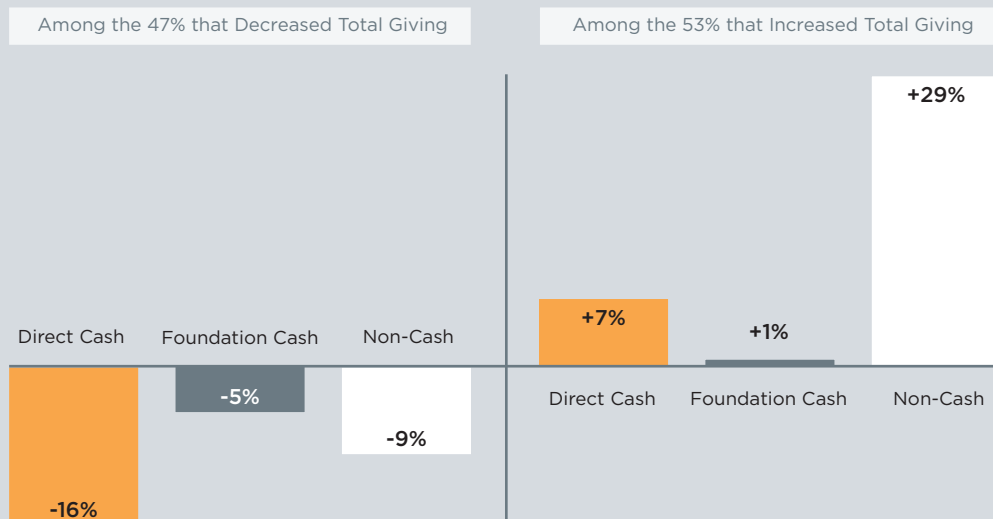
What Does it Mean?

As the economy continued its downward slide and credit markets tightened, cash was increasingly in short supply—including within most companies. Thus, it is unsurprising that companies that increased their year-over-year total giving did so by increasing non-cash donations considerably.

That foundation giving was relatively flat is also intuitive. While the most frequently implemented type of corporate foundation is pass-through in the CECF sample (see page 34), most companies tend to transfer those funds at the beginning of the year. At the outset of 2008, most companies had yet to be affected by worsening economic conditions.

Figure 6 Changes by Giving Types, 2007 to 2008, Median Percentages, Inflation-Adjusted

N=102 MATCHED-SET DATA



What Giving Type Helps Most?

CECP survey respondents answered the following question: “Which corporate resource has the *greatest* potential to help address social issues?” (2008, N=126; 2007, N=108):

- 56% = Cash contributions, up from 42% in the 2007 survey.
- 13% = Employee volunteers, a decrease from 23% in 2007.
- 10% = Pro bono service, on par with the 11% response in 2007.
- 5% = Product donations (unchanged).
- 1% = Distribution channels, down from 4% in 2007.
- 15% = Other (unchanged).

Cash contributions increased in importance during the economic downturn. These data may also indicate an opportunity to improve the efficacy of non-cash giving, particularly for Manufacturers, which are often in the unique position of having tangible products to contribute.

Giving Type Allocations

Figure 7 shows the differing mix in giving types over time between Manufacturing and Service companies.

Non-cash typically comprises 40% of a Manufacturing company’s total contributions and roughly 13% of a Service company’s giving.

While the allocations for each group appear relatively stable over time, the 2008 data for Service companies show an edging away from direct cash giving, which is mostly supplemented with giving from corporate foundation budgets.

What Does it Mean?

According to Figure 6, companies that decreased giving experienced sharp declines in direct cash contributions and companies that increased giving increased most in non-cash contributions.

Of the Manufacturing companies in the three-year matched set (N=44), a clear majority increased giving from 2007 to 2008:

- 61% = increased total giving.
- 39% = decreased total giving.

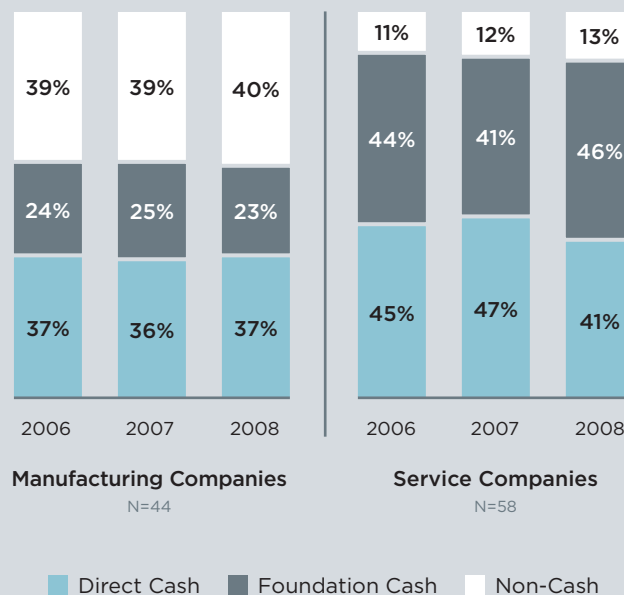
The majority of matched-set Service companies gave less in 2008 than in 2007 (N=58):

- 47% = increased total giving.
- 53% = decreased total giving.

Figure 7 appears to support the data in Figure 6 and listed above; Service companies (whose giving fell) decreased direct cash most and Manufacturing companies (whose giving increased) saw upward shifts in direct cash and non-cash giving.

Figure 7 Donations Across Three Giving Types, Average Percentages

MATCHED-SET DATA



Summarizing the Economy's Effect

Even in challenging economic times, 53% of surveyed companies increased their giving from 2007 to 2008—just 3% fewer than the 56% that increased giving from 2006 to 2007 (see Figure 5). Moreover, an impressive 27% of companies surveyed increased giving from 2007 to 2008 by 10% or more.

Among the 53% of companies that gave more in 2008, non-cash giving increased the most—surging by a median of 29%. Companies whose giving declined dropped most in cash grants from the corporate side. Corporate foundation giving levels changed less significantly year-over-year.

These findings demonstrate that supporting community partners remained a top priority in 2008 despite the hurdles imposed by tight credit markets, a reduction in consumer spending, and widespread economic uncertainty.

Revisiting Giving Strategy

In 2008, CECF polled leading CEOs and giving officers to understand how they are refocusing their efforts in light of the changing economic landscape. The data in Figure 8 show that CEOs and corporate giving officers seek to fulfill pre-existing commitments to grantees while working to integrate philanthropic strategy more fully with company-wide business objectives.

These results are consistent with the conclusions reached at CECF's 2009 Board of Boards conference, limited to an invitation-only CEO audience. At this meeting, CEOs viewed changes in the global economy as a chance to commence strategic course-corrections that will strengthen their ability to thrive when conditions improve.

Next Steps for Long-Term Success

In conversations with CECF, CEOs and giving officers acknowledged that business has yet to reach its full potential in living up to the social contract and that restoring public trust following the downturn will require investing in projects designed to create a positive ripple effect across communities. Realizing this intention involves:

- Dispatching previously untapped non-cash corporate resources.
- Seizing opportunities for increased efficiency on both the corporate and nonprofit sides of the funding equation.
- Inviting employees, customers, public sector advocates, government representatives, and critics into a collaborative dialogue.
- Fostering a climate that allows fresh ideas to flourish.

Taking these imperatives forward, many companies are redesigning community investment strategies to ensure mutually beneficial, sustainable outcomes for business and society.

Figure 8 Question: "In the current economic climate, what is it most important for companies to do?"



Comparing Industry Data Sources

Alignment of CECP Results with
Giving USA, the Foundation Center,
and *The Chronicle of Philanthropy*

Analysis of Corporate Philanthropy Research

Corporate giving professionals can benefit from the research of multiple organizations, provided those professionals are equipped to understand the differences among methods and findings. In the spirit of collaboration, this section details other prominent corporate philanthropy research and compares key findings with CECP's own 2008 results. The Conference Board's report on 2008 data was not available for comparative analysis at the time of publication.

For the first time, on the following pages, CECP measures its findings against the conclusions of peer institutions to observe where alignment and differences occur. When discrepancies for the same statistic appear, CECP consulted with peer institutions to examine possible explanations.

Limitations in such comparisons include dissimilar sample sizes and distinctive valuation standards. In spite of these comparative complexities, a number of similar trends emerge.

Giving USA Methodology

Reporting since 1956, *Giving USA* is a comprehensive reference for understanding the history and current state of all sources of American philanthropy.

Giving USA estimates corporate giving for all companies headquartered in the U.S. up to 24 months before the official IRS release. To do so for 2008, *Giving USA* used the corporate itemized contributions as reported to the IRS from 1948 through 2006 and applied a forecasting model to account for the effects of pre-tax profit, tax rates, and GDP. To account more accurately for changes in foundation contributions during 2008, *Giving USA* replaced the IRS-estimated corporate foundation contribution with the Foundation Center's 2008 estimate of corporate foundation giving. *Giving USA* uses corporate profit data from the Bureau of Economic Analysis.

Year-Over-Year Aggregate Giving

Giving USA estimates 2008 aggregate corporate giving as \$14.50 billion, an 8% inflation-adjusted decline from 2007, as shown in Figure 9. Removing internationally based companies from its sample to be consistent with *Giving USA*, CECF observed a minimal 0.7% decline in aggregate giving from 2007 to 2008, inflation-adjusted (N=99).

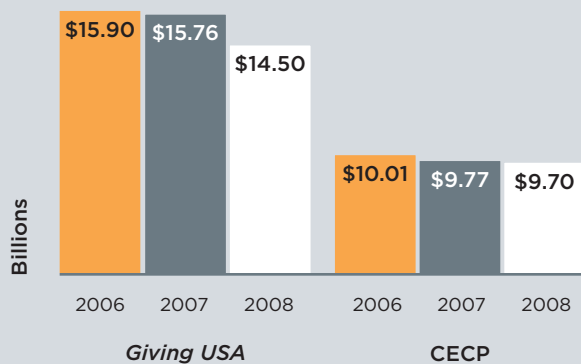
What accounts for this difference? The answer may lie in both the scale and underlying demographics of the samples: *Giving USA* figures represent giving by all U.S. corporations reporting contributions, while the CECF data set represents a matched set of 99 U.S.-based companies. Furthermore, the CECF sample contains many of America's largest companies, which were less likely than smaller companies to decrease giving. See Figure 16.

Pre-Tax Profit Ratio

Figure 10 contrasts giving as a percentage of pre-tax profit ratios between CECF and *Giving USA*. Differing non-cash valuations may account for the higher CECF ratios because non-cash contributions are reported at Fair Market Value (FMV) to CECF, but at lower than FMV to the IRS (and *Giving USA*).

Most instances of inventory donations are reported to the IRS as the difference between the inventory's FMV and its ordinary income if the inventory were sold. Larger deductions are taken for donations to the sick, needy, or infant populations, as well as donations for scientific research or education; however, these are still below full FMV. Additionally, the IRS does not consider pro bono service a deduction, but CECF includes it in non-cash. Thus, non-cash giving reported to CECF has a significantly higher valuation.

Figure 9 Changes in Total Giving, Aggregates, Inflation-Adjusted



N for 2006, 2007, 2008 = Number of corporate tax returns filed in 2006 (5,840,799 tax returns), not all of which include a deduction for gifts.

N=99 Matched-Set Companies

Figure 10 Changes in Giving as a Percentage of Pre-Tax Profit

	2006	2007	2008
<i>Giving USA</i> Aggregates	0.80%	0.80%	0.90%
CECF N=77, Matched-Set Aggregates	1.73%	1.74%	2.01%
CECF N=77, Matched-Set Medians	0.98%	0.99%	1.32%

The Foundation Center Methodology

The Foundation Center maintains a comprehensive database with information on more than 95,000 foundations, corporations, and public charities. The organization's 2009 edition of *Key Facts on Corporate Foundations* draws on two different sources:

- Actual 2007 giving figures for grant-making corporate foundations were taken from the Center's 2008 survey of private and community foundations, foundation web sites, annual reports, and IRS 990-PF submissions.
- 109 corporate foundation responses to the "Foundation Giving Forecast Survey," which most recently collected 2008 giving and 2009–2010 self-reported estimates.

Thus, 2008 Foundation Center figures are estimates, derived by using a forecasting model to translate the 109 corporate foundation survey responses for 2008 into giving estimates for all corporate foundations in 2008.

Changes in Foundation Cash

The Foundation Center estimated 2008 foundation grant dollars to be \$4.4 billion, which represented a 3% inflation-adjusted decline from 2007 actual foundation giving. In a three-year matched set, CECP saw foundation cash decline slightly from 2007 to 2008, by 0.1%, but increase overall from 2006 to 2008, by 0.6% (N=102). See *Figure 11 below*.

Corporate foundation giving in both sources appears relatively stable over the past few years, particularly compared to allocation changes in non-cash and direct cash giving. See *Figure 6*.

To view the foundation-giving fluctuation reported by CECP in context, note the following aggregate changes from 2006 to 2008 (N=102):

- -3.9% = Direct Cash.
- +0.6% = Foundation Cash.
- -9.1% = Non-Cash.

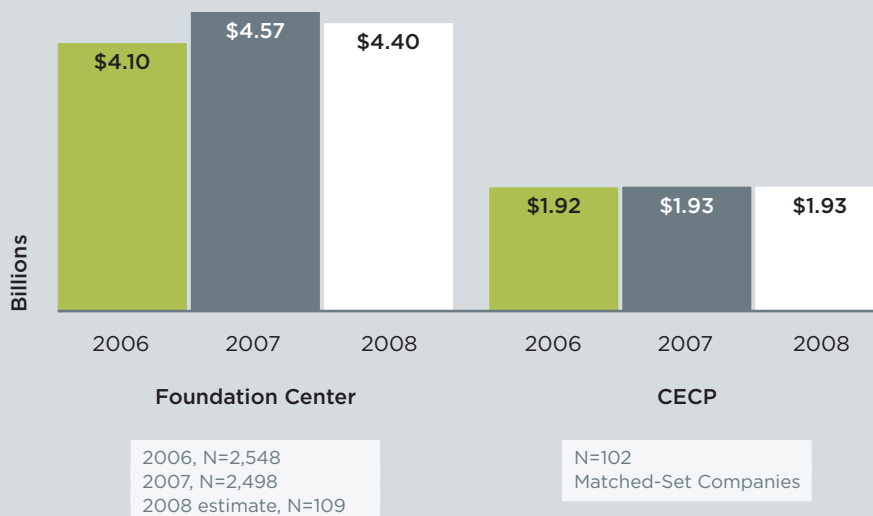
Expected 2009 Changes

According to the Foundation Center, corporate foundation giving represents 28% of all corporate giving. Foundation cash is 19% of aggregate giving in CECP's 2008 sample. This discrepancy probably exists because the Foundation Center's statistic was derived from *Giving USA's* aggregate corporate giving figure, which includes less non-cash giving than CECP's due to IRS legislation on deductions. Thus, with non-cash levels higher in the CECP sample, foundation cash is proportionally lower overall.

Looking Ahead

A January 2009 survey by the Foundation Center showed 51% of corporate foundation respondents expecting to decrease giving for 2009—in most cases by 10% or more. As such, declines in foundation contributions may be evident in future editions of both CECP and Foundation Center research.

Figure 11 Changes in Corporate Foundation Giving, Aggregates, Inflation-Adjusted



One-Year Time Delay

The Chronicle of Philanthropy is an important public source for individual corporate giving figures and projected giving estimates. Through its annual survey, 108 respondents self-reported complete data on their 2008 cash and product donations. *The Chronicle* supplemented these results with publicly available figures for 88 additional companies, yielding a total of 196 responses.

Both CECP and *The Chronicle* reported a decline in median giving as a percentage of previous year profit.

The Chronicle (N=196):

- 1.40% = 2007 giving/2006 profit.
- 1.00% = 2008 giving/2007 profit.

CECP (N=77, Matched-Set Data):

- 1.08% = 2007 giving/2006 profit.
- 1.01% = 2008 giving/2007 profit.

Role of Non-Cash Donations

In 2008, *The Chronicle* noted that product giving accounts for the largest percentage of aggregate corporate giving at 66% (N=196). Following the same aggregate procedure, CECP finds that non-cash comprises 57% of 2008 total giving (N=137). A difference in sample sizes may account for some of the difference in percentages.

However, even a single company can have a large impact on aggregate findings. For example, the top corporate donor in *The Chronicle's* survey did not provide data to CECP. Notably, this donor donated \$2.1 billion in 2008, 99.5% of which was non-cash donations. If CECP added this company to its aggregates, the non-cash percentage of total giving in the CECP sample would have risen to 64%, a near match with *The Chronicle*.

Economic Impact on Giving Types

The economic downturn compelled many companies to adjust their giving allocations, illustrated through visible shifts in cash and non-cash contributions.

Regarding cash donations, *The Chronicle* reported that “despite the gloomy outlook” for a matched set of 71 companies, cash giving increased by 5% from 2007 to 2008, inflation-adjusted. However, CECP found aggregate cash giving (foundation cash plus direct cash) actually decreased by 3% from 2007 to 2008, also using a two-year matched set, inflation-adjusted (N=120). (To clarify: CECP used the two-year matched set here, not the three-year matched set referenced on page 18.)

Illustrated in Figure 13 below, this directional discrepancy may result from the 49-company difference in sample size or, again, from even just one company that appears in one sample and not the other.

Figure 12 Total Giving by Funding Type, 2008, Aggregate Percentages

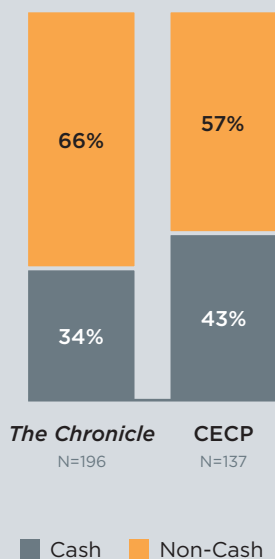


Figure 13 Cash Giving Comparison, 2007 to 2008, Aggregates

MATCHED-SET DATA

	2008 Aggregate Cash Giving	2007 to 2008 Change
<i>The Chronicle</i> (N=71)	\$3.90 billion	5%
CECP (N=120)	\$4.57 billion	-3%

Methodology Implications

The industry sources in this section have several differences, summarized in Figure 14. The implications of these variances are:

- Prior year data is typically available within six months of a fiscal year close, but can be collected only through self-reported surveys. Consequently, sample sizes are often under 200. CECP and *The Chronicle* collect and report data this way.
- By contrast, complete population data is available 1–2 years after a fiscal year close through IRS reporting. To overcome this time delay, *Giving USA*, for example, calculates full-population estimates and revises its findings each year until actual data is available.

The deciding factor in selecting sources will be whether a smaller sample size is actionable or estimates based on the complete data set are preferred.

Differences in Calculation Preferences

The Foundation Center, *The Chronicle of Philanthropy*, and *Giving USA* predominately use aggregate sums and aggregate ratios for tracking emerging trends in giving. Throughout this section, CECP also uses aggregates in order to compare its data with the other publications' findings.

Across the four data sources presented, there appears to be directional agreement on trends, with some differences in the magnitude of changes.

However, aggregate calculations rarely appear in other sections in *Giving in Numbers*. Instead, CECP uses median values and distributions to insulate data against outliers and to gain deeper insight into how decisions are made at the individual company level. CECP's rationale for this preference is explained on pages 9 and 11.

Analysis in a Changing Economy

Given that there is no source for complete, real-time corporate philanthropy data, it is valuable to have the benefit of multiple research perspectives. This section is included for the first time to provide context for understanding how different data sources relate to CECP findings, particularly in a rapidly changing economic climate.

CECP, like its peers, believes measurement is a powerful ally for companies seeking to create robust giving strategies that achieve even greater business and social objectives.

For this reason, CECP shares its survey, survey guide, and all research reports as free downloads from its website: CorporatePhilanthropy.org/measurement. We invite everyone interested in the ongoing use of industry data to join the CECP measurement initiative. Learn more about the project on page 55.

Figure 14 Comparing Industry Data, Review of Sources

Source	Report Name	Most Recent Data Set	Most Recent Sample	2009 Publication Date
CECP	<i>Giving in Numbers</i>	2008 Data	137 Companies	Executive Summary: June 2009; Full Report: October 2009
<i>The Chronicle of Philanthropy</i>	<i>Charitable Giving at Major Corporations</i>	2008 Data	196 Companies (108 Surveys; Public Data from 88 Others)	July 2009
The Foundation Center	<i>Key Facts on Corporate Foundations</i>	2008 Estimates; 2007 Data	109 Companies for 2008 Estimates; 2,498 Foundations for 2007	May 2009
Giving USA Foundation™	<i>Giving USA 2009</i>	2008 Estimates Based on 2006 IRS Data	5,840,799 Corporations Filing 2006 Tax Returns	July 2009

The Conference Board's report on 2008 data was not available for comparative analysis at the time of publication.

The Fortune 100

The 55 Fortune 100 Companies that Completed the 2008 CGS Survey

3M	Exxon Mobil Corporation	Northrop Grumman Corporation
Abbott Laboratories	FedEx Corporation	PepsiCo
Aetna Inc.	General Electric Company	Pfizer Inc
Alcoa Inc.	The Goldman Sachs Group, Inc.	Philip Morris International
Allstate Insurance Company	HCA Inc.	Prudential Financial, Inc.
American Express	Hess Corporation	Sprint Nextel Corporation
Bank of America Corporation	Hewlett-Packard Company	State Farm Mutual Automobile Insurance Company
Best Buy Co., Inc.	The Home Depot, Inc.	Target Corporation
Cardinal Health, Inc.	IBM Corporation	Time Warner Inc.
Chevron Corporation	Intel Corporation	The Travelers Companies, Inc.
Cisco	Johnson & Johnson	United Technologies Corporation
Citigroup Inc.	JPMorgan Chase & Co.	UnitedHealth Group
The Coca-Cola Company	Kraft Foods	Verizon Communications Inc.
ConocoPhillips	Macy's, Inc.	Wal-Mart Stores, Inc.
CVS Caremark Corporation	McKesson Corporation	The Walt Disney Company
Dell Inc.	MetLife, Inc.	WellPoint, Inc.
The Dow Chemical Company	Microsoft Corporation	Wells Fargo & Company
DuPont	Morgan Stanley	
Emerson Electric Co.	New York Life Insurance Company	

For a complete listing of all survey respondents, turn to page 50.

Fortune 100 Survey Respondents

Compiled annually by *Fortune* Magazine, the Fortune 100 is a ranking by gross revenue of the top 100 American public corporations. While the list excludes privately held companies, it is still accepted colloquially as a list of the country's largest businesses.

The cut-off for the most recent F100 ranking was \$24.4 billion in 2008 revenue. The following profile statistics on the 55 F100 companies that participated in the most recent CECF survey provide a window onto the ability of these elite corporations to mobilize philanthropic resources in the U.S. and abroad:

- \$45.02 billion = median 2008 revenue.
- \$3.60 billion = median 2008 pre-tax profit.
- 83,900 = median number of employees.

Aggregate Total Giving Increases

Shown previously, Figure 3 illustrates that aggregate giving across all companies in the CECF sample decreased by 6.3% since 2006. However, limiting the analysis to a matched set of 45 of the 55 participating F100 companies, the inflation-adjusted trend in aggregate giving reverses to show a steady increase over time:

- \$6.24 billion = 2006 aggregate giving.
- \$6.37 billion = 2007 aggregate giving.
- \$6.60 billion = 2008 aggregate giving.

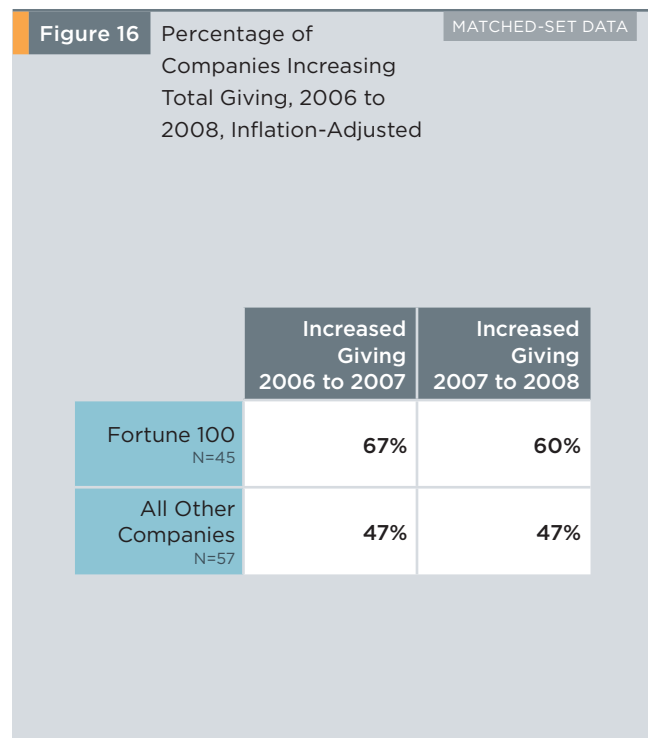
Median Total Giving Falls

Despite the rise in overall giving among all F100 respondents, Figure 15 shows that their inflation-adjusted median total giving fell from 2007 to 2008. The contradiction between aggregate total giving (which rose) and median total giving (which fell) highlights the limitations of these methods of analysis, as discussed on page 9.

The Majority Give More

Despite the sharp contraction in the economy, a clear majority of Fortune 100 companies increased giving from 2007 to 2008, as shown in Figure 16.

The effect of the economic downturn across F100 and non-F100 companies alike is also shown in Figure 16. For both time periods (2006 to 2007 and 2007 to 2008), a substantially greater percentage of F100 companies increased their giving than did non-F100 companies.



2008 Financial Performance

Although most Fortune 100 companies began 2008 with a tailwind of robust financial performance, the vast majority finished the year with sharp declines. Figure 17 shows the distribution of matched-set F100 companies by the percentage change in their inflation-adjusted pre-tax profit from 2007 to 2008.

Reducing the data to look at whether pre-tax profit rose or fell (N=52):

- 29% = percentage of F100 companies whose pre-tax profit increased.
- 71% = percentage of F100 companies whose pre-tax profit declined.

The distribution also shows that more than half of F100 companies saw 2008 profits fall by more than 25%.

Giving More Despite Declining Profit

Figure 17 also shows the distribution of Fortune 100 companies by changes in total giving; only 13% of these respondents decreased giving substantially. The majority of companies stayed within 10% of their giving level compared to the prior year. Notably, a robust 37% of F100 companies increased their total giving by 10% or more.

Viewed alongside each other, the distributions in Figure 17 show that the sharp contraction in profits felt across nearly two-thirds of F100 companies did not translate directly to reduced giving.

Giving as a Percentage of Profit

Over time, the gap between median giving as a percentage of pre-tax profit between Fortune 100 and all other companies narrowed. In a matched set of companies from 2006 to 2008:

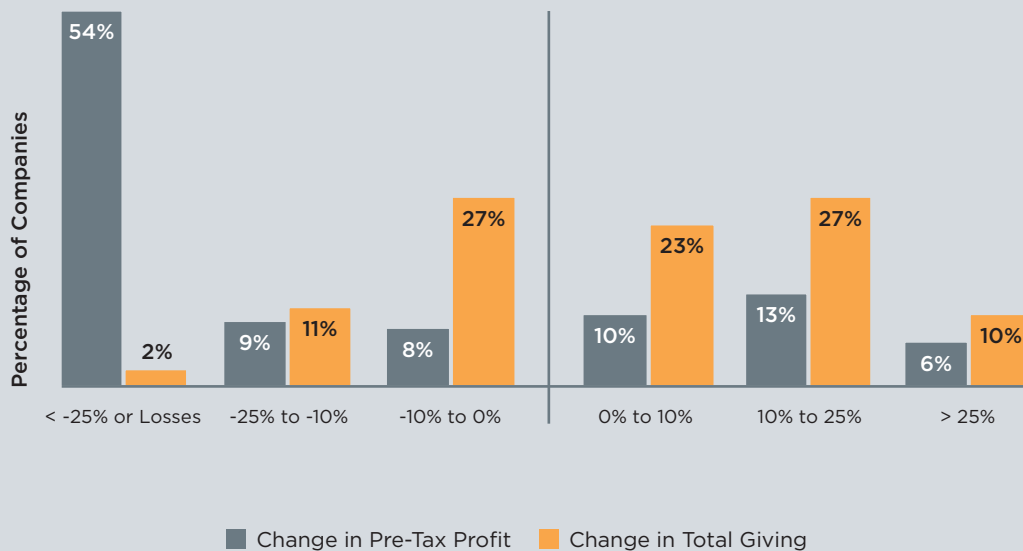
- F100 Companies (N=39):
- 0.82% = 2006.
 - 0.86% = 2007.
 - 1.23% = 2008.

- All Other Companies (N=38):
- 1.21% = 2006.
 - 1.39% = 2007.
 - 1.48% = 2008.

It is important to note that for both groups there are two factors causing the ratio to increase over time: the numerator (total giving) is steady or rising and the denominator (pre-tax profit) is shrinking.

Figure 17 Distribution of Fortune 100 Companies by Pre-Tax Profit and Total Giving Changes, 2007 to 2008, Inflation-Adjusted

N=52 MATCHED-SET DATA



International Giving

Among the Fortune 100 companies providing a breakdown of their 2008 revenue, median revenue from international sources comprises 39% of total revenue (N=38). This only slightly exceeds the result from all other companies, who reported a median of 37% of total revenue earned abroad (N=53).

Despite this similarity, Figure 18 shows that F100 companies contribute 18% of total giving to international recipients as compared with an average of 11% allocated internationally by non-F100 companies. For both groups, the percentage of giving directed to international end-recipients continues to climb by one percent per year.

Giving by Program Area

Virtually unchanged from the findings in 2007, Fortune 100 companies allocate giving across the nine program areas defined in the Corporate Giving Standard as follows (N=42):

- 26% = Health & Social Services.
- 14% = Education: K-12.
- 13% = Community & Economic Development.
- 12% = Education: Higher.
- 17% = Other.
- 6% = Culture & Arts.
- 5% = Civic & Public Affairs.
- 3% = Environment.
- 4% = Disaster Relief.

This breakdown is nearly identical to that of the non-F100 set in 2008 (N=66), in which giving to Health & Social Services dominates, followed closely by giving to Education (summing K-12 and Higher Education giving).

Giving by Motivation

The Corporate Giving Standard Survey asks companies to categorize giving into three designations: Charitable, Community Investment, and Commercial. (More detailed explanations of these terms, which seek to clarify the intent behind each grant, are provided on page 53.)

According to the 2008 data, the motivations for giving among Fortune 100 companies are roughly parallel with those of all other companies, with the exception of being slightly more strategic and less commercially driven:

F100 COMPANIES (N=43):

- 50% = Charitable.
- 46% = Community Investment/Strategic.
- 4% = Commercial.

ALL OTHER COMPANIES (N=66):

- 51% = Charitable.
- 41% = Community Investment/Strategic.
- 8% = Commercial.

Figure 18 International Giving Comparison, 2007 to 2008, Average Percentages, Inflation-Adjusted

MATCHED-SET DATA



■ Fortune 100 Companies N=38 ■ All Other Companies N=53

Corporate Foundations

The 2008 data indicate that nearly all Fortune 100 survey respondents have a corporate foundation in place:

- 94% of F100 companies have a foundation (N=51).
- 80% of non-F100 companies have a foundation (N=81).

Of those F100 companies with a foundation, 58% transferred funds from the company to the foundation in 2008 (N=48) with a median value of \$13 million among the 27 of these companies reporting the dollar-value of the transfer.

Among F100 companies with a corporate foundation, the top three funding structures are (N=48):

- 40% = Predominately pass-through.
- 23% = Predominately endowed.
- 17% = Hybrid of pass-through and endowed.

The remaining respondents either have an operating foundation or they selected “other” to describe their companies’ foundation structure.

Matching Gifts and Foundations

Fortune 100 companies are more likely than other companies to conduct their matching-gift programs exclusively through a foundation. Of companies with a foundation and a matching-gift program:

- 63% of F100 companies run their matching-gift programs exclusively through the foundation (N=46).
- 44% of non-F100 companies run their matching-gift program exclusively through their foundation (N=59).

Matching-Gift Levels

Among F100 Companies (N=50):

- \$5.06 million = median dollar value of annual matching.
- 11.40% = median matching gifts as a percentage of cash giving.

Among All Other Companies (N=75):

- \$1.50 million = median dollar value of annual matching.
- 14.70% = median matching gifts as a percentage of cash giving (N=75).

Staffing Overview

CECP defines Full-Time Equivalent (FTE) contributions staff as those who spend at least 20% of their time, through oversight or direct involvement, on at least one corporate volunteer or giving program. A more detailed explanation of contributions FTE staff can be found on page 53.

Staffing levels at Fortune 100 companies are correlated with total annual giving budgets. This finding, shown in Figure 19, parallels the overall staffing data in Figure 36.

Despite the similarity in overall contributions staffing levels, Fortune 100 companies are more likely to report having international contributions FTEs than non-F100 companies:

- 35% of F100 companies reported at least one contributions staff member abroad (N=49).
- 19% of all other companies reported at least one contributions staff member abroad (N=75).

Figure 19 Corporate Contributions Staffing, 2008, Medians

2008 Total Giving	Contributions FTEs	\$ Disbursed per FTE
Over \$100 million N=16	43	\$5.1 million
\$50+ to \$100 million N=13	16	\$3.3 million
\$25 to \$50 million N=17	9	\$4.3 million
Under \$25 million N=9	6	\$2.2 million

2008 Benchmarking Tables

Median Findings by Industry,
Pre-Tax Profit, Revenue,
and Number of Employees

Using the Benchmarking Tables

The benchmarking tables on the following pages show median findings on key data points from the survey of 2008 corporate giving. To use the tables, first determine your company's revenue, pre-tax profit, number of employees, and industry.

Next, select a benchmarking table and identify the row that best describes your company. Look across that row for a snapshot of how similar companies behaved philanthropically in 2008.

Once you have identified peer companies, examine the rows above and below for a sense of the similarities and differences among companies of different benchmarking segmentations. As you move from one table to the next, you'll generate multiple values for each data point.

Multiple values for these data points should not be seen as contradictory; rather, multiple values are useful in determining an applicable *range* of data. Ultimately, using a data range is a more practical approach to setting a multi-year corporate contributions strategy than linking total giving to one definitive benchmark.

In these tables, 2008 revenue and pre-tax profit data are used in all calculations; a one-year lag between financial performance and giving is not assumed. In addition, medians are calculated on a column-by-column basis for each row; therefore, the data in each row are not necessarily from the same company.

Industry

Companies in the same industry often share philanthropic goals and focus areas, have overlapping stakeholders, and face similar business challenges (e.g., a climate of mergers or the timing of stock price declines).

Moreover, certain industries have historically high profit margins while others expect a more modest annual return.

To preserve confidentiality due to a small sample size, data for the Telecommunication Services and Materials industries are not shown.

		Median Total Giving (in millions)	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Cash Giving as a % of Pre-Tax Profit	Median Matching Gifts as a % of Total Giving	Median Total Giving per Employee
All Companies	N=137	\$25.95	0.13%	1.23%	0.81%	9.04%	\$752
Fortune 100 Companies	N=55	\$50.60	0.10%	1.34%	0.83%	8.97%	\$642
Consumer Discretionary	N=19	\$25.00	0.14%	1.97%	0.95%	6.65%	\$331
Consumer Staples	N=14	\$40.85	0.18%	1.33%	0.93%	6.30%	\$785
Energy	N=6	\$114.87	0.05%	0.45%	0.37%	8.71%	\$2,217
Financials	N=38	\$25.98	0.17%	2.10%	2.10%	12.28%	\$830
Health Care	N=16	\$166.23	0.60%	2.50%	0.67%	3.46%	\$2,618
Industrials	N=10	\$25.03	0.09%	0.87%	0.75%	6.37%	\$233
Information Technology	N=15	\$24.54	0.14%	0.80%	0.57%	15.99%	\$635
Utilities	N=13	\$10.00	0.12%	0.88%	0.88%	7.92%	\$863

Pre-Tax Profit

While revenue provides a clear expression of a company's financial size, pre-tax profit indicates a company's discretionary funds for reinvestment into the business. Corporate philanthropy, as one way of investing in a company's long-term health, competes with other departments for profit dollars.

An individual company's profit can vacillate substantially from one year to the next. While expenses like the rising price of oil may affect all peer companies, other factors may affect just one company, such as the closure of an overseas office or the renegotiation of a vendor contract.

Companies that did not report pre-tax profit data are included in the "all companies" aggregate but excluded from the rows of pre-tax profit analysis.

		Median Total Giving (in millions)	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Cash Giving as a % of Pre-Tax Profit	Median Matching Gifts as a % of Total Giving	Median Total Giving per Employee
All Companies	N=137	\$25.95	0.13%	1.23%	0.81%	9.04%	\$752
Fortune 100 Companies	N=55	\$50.60	0.10%	1.34%	0.83%	8.97%	\$642
Pre-Tax Profit > \$10 bn	N=10	\$196.07	0.17%	1.32%	0.52%	6.25%	\$1,722
\$5 bn < Pre-Tax Profit < \$10 bn	N=15	\$86.65	0.26%	1.23%	0.59%	2.11%	\$890
\$3 bn < Pre-Tax Profit < \$5 bn	N=19	\$30.50	0.08%	0.85%	0.77%	10.69%	\$642
\$2 bn < Pre-Tax Profit < \$3 bn	N=15	\$31.22	0.15%	1.22%	0.88%	14.57%	\$699
\$1 bn < Pre-Tax Profit < \$2 bn	N=20	\$17.59	0.13%	1.01%	0.89%	8.63%	\$931
\$0 < Pre-Tax Profit < \$1 bn	N=27	\$9.33	0.16%	2.51%	1.05%	6.97%	\$582
Pre-Tax Profit < \$0	N=25	\$14.64	0.09%	N/A	N/A	12.61%	\$771

Revenue

While it is tempting to assume that companies with familiar logos are revenue giants, this is not always the case. Many well-known companies, particularly those with global brands, may generate less revenue than business-to-business companies that do not invest in building awareness among consumers.

Therefore, actual revenues are a stronger benchmark than reputation. Even companies within the same industry and with similar brand recognition may have very different revenue levels.

Companies that did not supply revenue data are included in the “all companies” aggregate but excluded from the revenue band analysis.

	Median Total Giving (in millions)	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Cash Giving as a % of Pre-Tax Profit	Median Matching Gifts as a % of Total Giving	Median Total Giving per Employee
All Companies N=137	\$25.95	0.13%	1.23%	0.81%	9.04%	\$752
Fortune 100 Companies N=55	\$50.60	0.10%	1.34%	0.83%	8.97%	\$642
Revenue > \$100 bn N=11	\$69.74	0.04%	0.69%	0.49%	9.98%	\$559
\$50 bn < Revenue < \$100 bn N=18	\$51.11	0.07%	1.13%	0.86%	9.20%	\$485
\$25 bn < Revenue < \$50 bn N=28	\$49.68	0.19%	1.65%	0.85%	7.03%	\$732
\$15 bn < Revenue < \$25 bn N=24	\$26.25	0.12%	0.98%	0.66%	12.82%	\$766
\$10 bn < Revenue < \$15 bn N=18	\$18.73	0.15%	1.16%	0.93%	8.48%	\$846
\$5 bn < Revenue < \$10 bn N=17	\$11.40	0.16%	1.13%	0.88%	13.90%	\$702
Revenue < \$5 bn N=18	\$3.43	0.16%	1.71%	0.89%	6.11%	\$1,017

Employees

Many philanthropic strategies are designed to mesh with corporate culture and provide opportunities for employees to become involved. However, successfully putting theory into practice depends largely on the number of employees at a company, the skill mix among the

employee base, and the workforce’s geographical distribution. Although each of these factors is relevant, benchmarking by number of employees especially helps to define the relevant peer landscape.

One company did not provide data on the size of its workforce; it was included in the “all companies” aggregate but excluded from breakdown by number of employees.

	Median Total Giving (in millions)	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Cash Giving as a % of Pre-Tax Profit	Median Matching Gifts as a % of Total Giving	Median Total Giving per Employee
All Companies N=137	\$25.95	0.13%	1.23%	0.81%	9.04%	\$752
Fortune 100 Companies N=55	\$50.60	0.10%	1.34%	0.83%	8.97%	\$642
Employees > 100,000 N=27	\$50.10	0.10%	1.61%	0.81%	9.46%	\$202
50,001 ≤ Employees ≤ 100,000 N=32	\$62.91	0.19%	1.49%	0.66%	7.00%	\$812
30,001 ≤ Employees ≤ 50,000 N=25	\$27.20	0.09%	1.06%	0.90%	11.06%	\$699
20,001 ≤ Employees ≤ 30,000 N=14	\$25.97	0.26%	1.83%	1.19%	8.48%	\$1,041
10,000 ≤ Employees ≤ 20,000 N=19	\$11.40	0.12%	0.88%	0.85%	11.64%	\$779
Employees < 10,000 N=19	\$3.47	0.10%	0.91%	0.87%	6.97%	\$1,183

2008 Findings

Over \$11.25 Billion in 2008 Data

Begun in 2002, the Corporate Giving Standard philanthropy measurement initiative maintains that you cannot know whether you are moving forward if you have no means of knowing where you stand. Understanding the impact of the significant flow of resources from the private sector to areas of social need requires an assessment of what *precisely* companies have contributed.

While the benchmarking tables presented in the previous section provide a clear snapshot of the industry's most popular metrics, this section analyzes the components of 2008 giving more closely.

Each company brings a distinct mix of resources and challenges to the development of a customized corporate giving plan. Striving to match peers on one data point or another would be to shortcut the introspective process a company must undergo in determining the giving approach that will prove most meaningful to its mission and the communities it serves.

Still, benchmarking is a valuable mechanism for staying in touch with an industry's current ideas and best practices. Even exemplary programs require thoughtful revision to stay apace with stakeholder interests and emerging opportunities.

Corporate philanthropy programs have become increasingly sophisticated over the past decade. CECP hopes the analysis here will support future progress by providing corporate philanthropy's proponents with actionable data.

Cash and Non-Cash Giving

A Blend of Funding Types

CECP defines total giving as the sum of three types of grants:

- **Direct Cash:** Corporate giving from headquarters and regional offices.
- **Foundation Cash:** Corporate foundation giving, which often includes the corporate side of employee matching gifts.
- **Non-Cash:** Product, pro bono services, and other non-cash donations recorded at Fair Market Value.

The top bar in Figure 20 presents the total giving breakdown for a typical company in the 2008 sample. These percentages fluctuate minimally from year to year.

Industry Differences

For Service companies, such as Financial and Utility companies, non-cash contributions are minimal and are often one-time donations of land, intellectual property, office equipment, and/or facility space. By contrast, pharmaceutical companies in the Health Care industry typically make sizable donations of the medicines they produce.

The benchmarking table by industry on page 27 shows the median dollar value of total giving in each industry. Cash-only medians by industry (sample sizes are the same as in Figure 20) are:

- \$11.4 million = Consumer Discretionary.
- \$25.8 million = Consumer Staples.
- \$25.1 million = Financials.
- \$33.1 million = Health Care.
- \$22.9 million = Industrials.
- \$15.1 million = Information Technology.
- \$8.0 million = Utilities.

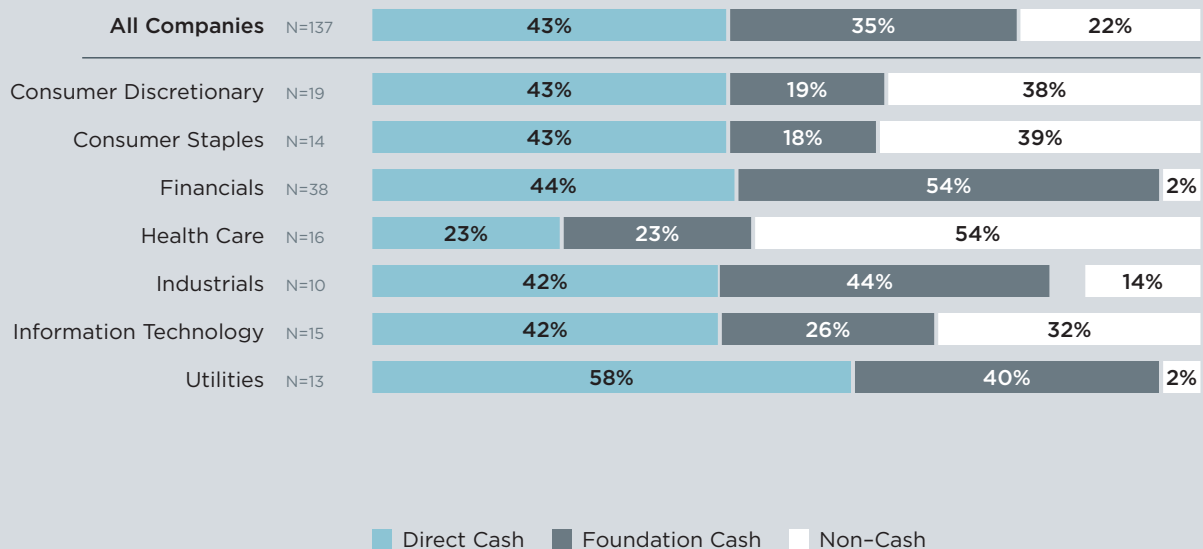
What Does it Mean?

Non-cash contributions are one of the salient ways in which corporate philanthropy is distinct from individual giving and government aid. While cash grants are more versatile, non-cash donations can foster innovative partnerships that leverage resources highly valued by grantees.

Companies are encouraged to use Figure 20 to determine whether there might be an opportunity to increase non-cash contributions, especially in a declining economy. However, companies must ensure that nonprofit partners have the capacity to accept and use such donations productively, and that the donated products meet high quality standards.

Organizations such as the nonprofit Gifts in Kind International streamline this process for corporations by collecting, storing, and disbursing non-cash donations to community charities.

Figure 20 Total Giving by Funding Type, 2008, Average Percentages



Defining the Commitment

CECP recognizes pro bono service as the equivalent of non-cash giving and values it at Fair Market Value (the value accorded to all non-cash giving in the survey). Distinct from skills-based volunteerism, which is not valued as non-cash, pro bono projects must meet the following criteria:

- **Commitment:** The company is responsible for granting the service, staffing the project, ensuring its completion and quality, and applying the highest professional standards to the engagement.
- **Professional Services:** Employees must use the core skills of their official job descriptions. Projects that draw on only some of an employee's basic job knowledge are included as volunteerism, not as pro bono.
- **Indirect Services:** The company must provide the service through a 501(c)(3) organization or international equivalent.

A First Look at Measurement

CECP added some new questions regarding pro bono service to its 2007 survey, but response rates remained low, as is typical for new topics.

In 2008, 36 companies reported having a domestic pro bono program:

- 27 in the U.S. only
- 9 in the U.S. and internationally

Eleven companies reported having an international pro bono program:

- 2 internationally only
- 9 in the U.S. and internationally

Thirteen companies provided their pro bono hours, with a median of approximately 1,080 hours. Sixteen companies provided a dollar valuation for their pro bono hours; the median for this group was \$971,500.

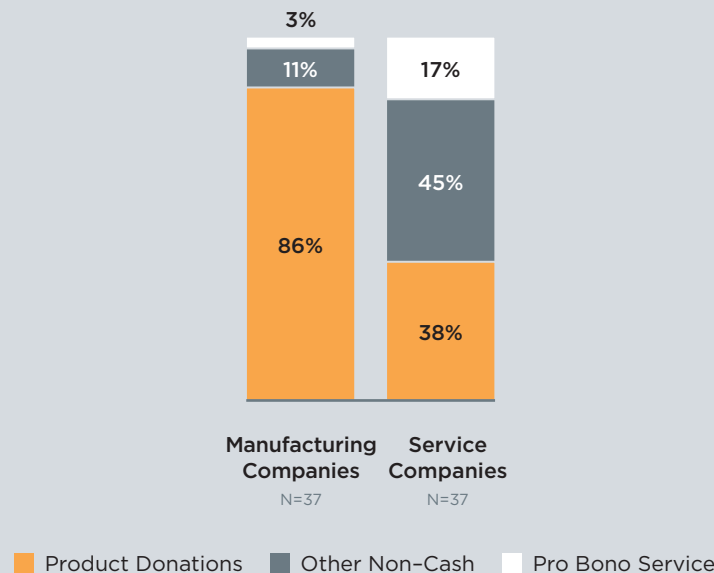
Figure 21 uses data from companies reporting any non-cash giving to show the distribution among the three donation types that comprise non-cash contributions.

What Does it Mean?

Figure 21 shows that pro bono service comprises a greater percentage of the non-cash giving at Service companies than at Manufacturing companies. However, the median dollar value of non-cash giving at Manufacturing companies providing a breakdown of their giving is much higher (\$19.61 million) than for Service companies (\$0.66 million). Thus, while it appears that Service companies are making a more significant contribution of pro bono service in Figure 21, it is important to bear in mind the difference in scale in overall non-cash giving between the two types of companies.

See the case study on page 32 for more information about incorporating pro bono service into corporate philanthropy strategy.

Figure 21 Breakdown of Non-Cash Giving, 2008, Average Percentages



Median non-cash dollar value was \$19.61 million for Manufacturing companies and \$0.66 million for Service companies.

A Challenge to Corporations

In February 2008, the President’s Council on Service and Civic Participation brought together corporate, government, and nonprofit leaders to launch a three-year campaign to generate \$1 billion of pro bono service by 2011.

The following statistics highlight the impetus for the campaign, which has nearly \$500 million in commitments:

- Over 6.7 million professionals in corporate America have skills that are highly relevant to solving challenges faced by the nonprofit sector (Source: Taproot Foundation).
- 97% of nonprofit leaders agree that pro bono resources could increase their social impact (Source: 2009 Deloitte Volunteer IMPACT Study).
- Employees who contribute professional or management skills have higher volunteer retention rates (Source: Volunteering in America: 2007 State Trends and Rankings, Corporation for National and Community Service).

A Definition and Dollar Valuation

As a first step in measuring progress toward the “A Billion+Change” goal, CECP collaborated with the Taproot Foundation to define pro bono service formally. Figure 22 illustrates how pro bono service is distinct from other forms of paid-release service time.

To quantify the scale of pro bono activity and facilitate future benchmarking, CECP and the Taproot Foundation, with input from corporate and independent sector stakeholders, published an easy-to-use, dollar-valuation matrix based on average billing rates for different skill sets and seniority levels. The average valuation is \$120 per hour.

- CECP’s Survey Guide contains the pro bono definition and valuation matrix: CorporatePhilanthropy.org/surveyguide.
- Tools, case studies, and a pro bono competency map are available on Taproot’s website: probonoactiontank.org.

Pro Bono Service in Action

Examples of pro bono projects at CECP member companies include:

- A team of **Deloitte** consultants developed a data warehouse to increase the efficiency of a nonprofit that raises college enrollment rates.
- **Capital One’s** brand-marketing team consulted with a Washington, D.C. nonprofit on its visual identity and promotional materials.
- **Target’s** designers, construction managers, and other employees transform school libraries across the nation in conjunction with donations that include new technology, books, and furnishings.
- Instructors from **Gap Inc.’s** Learning & Development team created a curriculum that they use to prepare underserved youth for the world of work.

CECP encourages companies to investigate how pro bono service might complement and extend current community investment strategies.

Figure 22 Corporate Community Engagement Spectrum

Employee Engagement			
“Extra Hands”		Skills-Based	
Volunteerism			Non-Cash Equivalent
Hands-On Volunteer Activity such as: <ul style="list-style-type: none"> ▪ Soup Kitchen ▪ Habitat for Humanity ▪ Park Clean Up 	Non-Core Skills Activity such as: <ul style="list-style-type: none"> ▪ Mentoring ▪ Junior Achievement ▪ Science Fair Judge 	Board Service such as: <ul style="list-style-type: none"> ▪ Board Placement and Training 	Pro Bono Service such as: <ul style="list-style-type: none"> ▪ Nonprofit Branding ▪ HR Consulting ▪ Strategic Planning

Defining the Terms

The Corporate Giving Standard Survey asks companies to break their giving down into three budget-source categories:

- **Corporate Community Affairs:** Giving from one centralized philanthropy budget. Some companies use other terms to describe this category, such as Community Relations or Corporate Contributions.
- **Corporate Foundation:** Giving made through a company's foundation. Funding for the foundation must originate from the company and not from private individuals, suppliers, or vendors.
- **All Other Groups:** Giving through budgets including regional offices, manufacturing plants, marketing departments, research and development units, human resources, etc.

What Does it Mean?

Budget-source allocations provide an indicator of how much oversight headquarters has over a company's overall philanthropy strategy. For example, giving from the Corporate Community Affairs budget that is disbursed by All Other Groups is nonetheless considered to be from Corporate Community Affairs. This analysis examines the budget from which each donation is drawn.

Figure 23 shows that the typical company relies on staff outside its foundation and headquarters for roughly one-quarter of its grant-making, indicating that a fairly centralized approach to grant-making predominates.

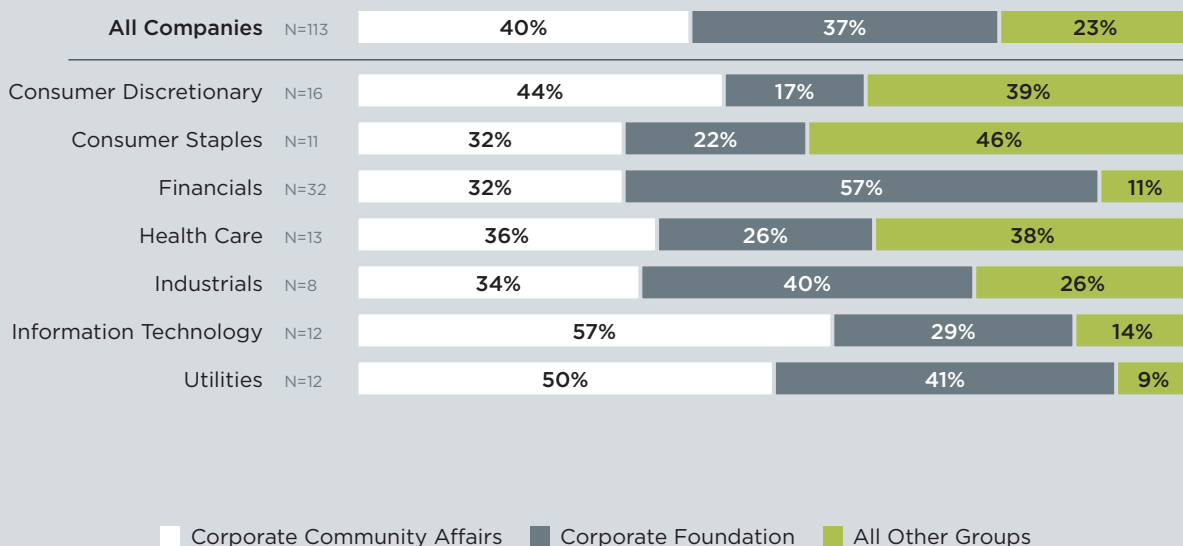
Industry Differences

As has been consistently true in recent years, Information Technology, Utility, and Financial companies have the most centralized philanthropy programs, with less than 15% of total giving coming from the All Other Groups category. Other industries use non-centralized budgets for a much larger percentage of their annual grant-making.

A Link to Non-Cash Giving

Budget-source differences by industry appear to correlate with the magnitude of a company's non-cash giving. Figure 20 shows that among all industries, Consumer Discretionary, Consumer Staples, and Health Care industries have substantial non-cash giving percentages; Figure 23 below shows that these industries also conduct the highest percentage of giving from All Other Groups. Frequent product donations from regional offices or warehouses at Manufacturing companies may be one explanation for this.

Figure 23 Total Giving by Budget Source, 2008, Average Percentages



Foundation Structures

In 2008, 86% of surveyed companies reported having a corporate foundation (N=132). CECF asks respondents to classify their foundation structure as follows:

- **Predominately Endowed.** Funded from the returns on investments (cash, stocks, bonds, real estate, etc.) transferred to the foundation from the company, with legal minimums dictating the percentage disbursed annually.
- **Predominately Pass-Through.** Funded from the company each year, with 100% of those funds distributed over the course of the year.
- **Hybrid.** Blended endowed and pass-through funding models, with neither structure dominating. The endowment cushion is robust, but the foundation also receives funds that must be contributed within the giving year.
- **Operating.** Created by companies to function as nonprofit organizations by using at least 85% of assets to provide direct charitable services or programs. (This corporate foundation structure is rare.)

Corporate Foundation Funding

Year-over-year matched-set data for companies with a foundation show that 53% of them transferred funds to foundations in 2008, compared to 59% in 2007 (N=94). The median size of the dollar value transferred decreased to \$8.3 million in 2008 from \$10.0 million in 2007.

Cutting the 2008 data by foundation type:

- **Endowed:** 8 of the 27 companies (30%) with an endowed foundation transferred funds.
- **Pass-Through:** 37 of the 49 companies (76%) with a pass-through foundation transferred funds.
- **Hybrid/Other:** 14 of the 31 companies (45%) with a hybrid/other foundation type transferred funds.
- **Operating:** 2 of the 6 companies (33%) with operating foundations transferred funds.

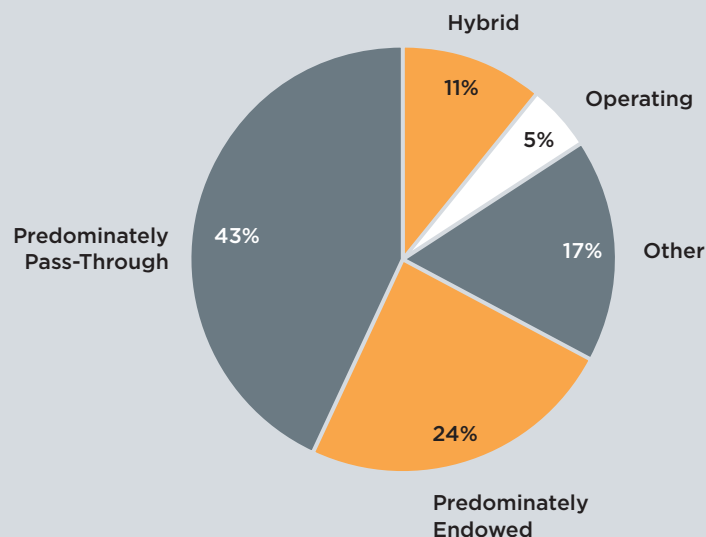
What Does it Mean?

Historically, endowed foundations were seen as an “insurance policy” against years of lean profit. However, as demonstrated through the global economic downturn, endowed foundations are susceptible to systemic market declines. While endowed foundations provide a useful hedge against company- or industry-specific business cycles, they are not recession-proof funding vehicles.

Nonetheless, pass-through and hybrid structures are also vulnerable to market volatility. While they can often build up reserve funds over time to “cushion” against fluctuations in corporate performance, these cushions are often modest, meaning that a string of low-profit years or large unanticipated grants could quickly deplete their reserves.

Figure 24 Corporate Foundation Structures, 2008, Average Percentages

N=113



Types of Matching Programs

In the Corporate Giving Standard Survey, matching-gift policies include corporate or foundation programs offered in the following areas:

- **Workplace Giving Campaigns:** Periodic, time-based charity drives such as United Way.
- **Year-Round Policy:** A company's year-round matching-gift policy.
- **Dollars for Doers:** Giving in recognition of employee volunteer hours.
- **Disaster Relief:** Programs that specifically support nonprofits assisting with crisis relief, recovery, rebuilding, and preparedness.
- **Other:** Any matching not included in the categories above, such as Board Service Grants.

CECP records only the corporate side of matching-gift programs in total giving; the employee side is not reported. Figure 25 is helpful in understanding the overall structure of a typical corporate matching program.

How Are Programs Designed?

Frequently implemented policies for the three most common programs are summarized here:

WORKPLACE GIVING CAMPAIGNS:

- **Eligibility.** Companies typically limit nonprofit eligibility to 501(c)(3) organizations. Religious institutions are generally excluded and participation is limited to employees who work at least 30 hours per week. Some companies only match to United Way.
- **Ratio.** While some companies have company-to-employee matching ratios as high as 3:1, most companies offer a 1:1 match. A few companies match a fractional amount such as 10% or 50% of the employee gift.
- **Caps.** Several companies cited per-employee caps in the \$10,000–12,000 range, with only full-time employees being eligible. Other companies contribute a fixed amount independent of the amount raised by employees.

YEAR-ROUND POLICY:

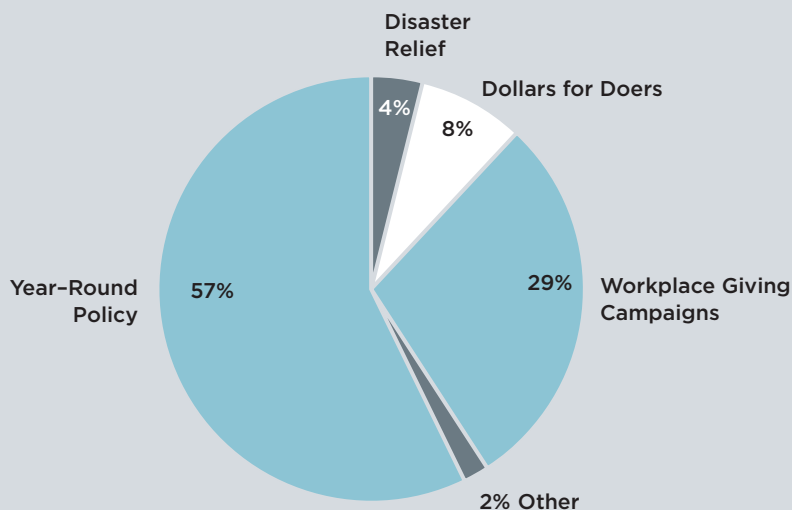
- **Eligibility.** Commonly limited to employees who have worked at least 6–12 months. Most allow retiree participation, although sometimes with reduced caps and matching ratios.
- **Ratio and Caps.** Programs begin with a \$25–50 minimum, have a 1:1 ratio, and have a per-employee maximum donation of under \$5,000. Some have higher giving caps for senior executives and directors.
- **Mission.** Some only match donations to select focus areas such as education or health.

DOLLARS FOR DOERS:

- **Ratio.** Approximately \$100 for every ten hours of volunteer service, usually at a fixed amount (\$250 for 25 hours or \$500 for 50 hours). Some limit eligibility to company-sponsored events.
- **Caps.** Most allow \$500 per employee. Some companies restrict eligibility to nonprofits in operation for at least two years.

Figure 25 Typical Matching-Gift Program Allocation, 2008, Average Percentages

N=125



As a Percentage of Total Cash Giving

In 2008, 91% of survey respondents had an employee matching-gift program (N=137) with median total matching of \$2.55 million (N=125). Consistent with prior years, 2008 matching gifts comprise 9% of the typical company's total giving.

Since matching-gift budgets "compete" with other cash grant-making budgets, Figure 26 isolates the total matching portion as a percentage of cash giving.

Industry-specific giving strategies partially explain the variation; for example, industries that attract employees with post-graduate degrees match gifts to staff alma maters as an employee retention tool. However, a low ratio does not necessarily indicate low program participation because individual companies vary substantially on their matching expenditure; within the Consumer Discretionary industry, the percentage ranges from 1% to 62% of cash giving.

What Does it Mean?

In practice, there is no clear standard for how much a company should allocate for these programs. The issue engenders two schools of thought:

1. Some companies offer matching programs to enhance employee recruitment and retention. Their reasoning is that matching fosters goodwill and increases a participating employee's sense of engagement.
2. Other companies think matching programs are not strategic because there is limited company control over which grantees are funded (i.e., employees may give to elite universities rather than communities of acute need). Matching also offers limited opportunity for corporate recognition.

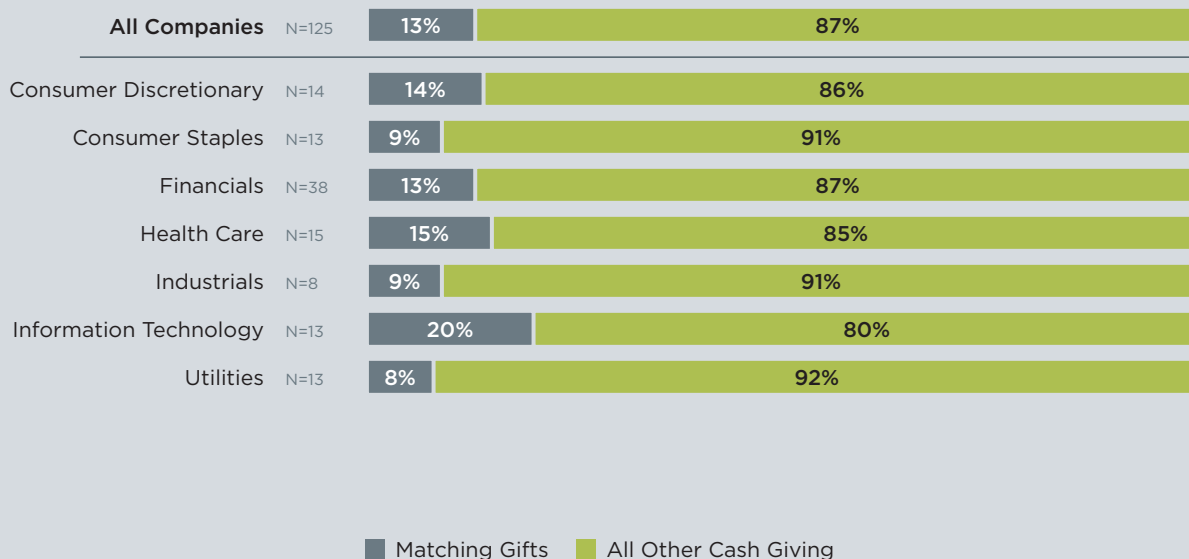
The most appropriate approach for each company depends on the nature of its workforce and philanthropic goals.

Corporate Foundations and Matching Gifts

Foundation cash is a greater source of matching funds than direct cash. Of all companies reporting matching, 68% conduct at least part of the match through the corporate foundation (N=125). Within that 68% of companies, 65% used the foundation exclusively while 35% used a combination of foundation cash and direct cash (N=85).

One reason companies choose to use a foundation to support matching programs is that companies must have a receipt from the benefiting nonprofit for donations of \$250 or more. Because they do not file for tax deductions, corporate foundations do not require receipts. In this sense, running a matching-gift program through a foundation requires less paperwork.

Figure 26 Matching Gifts as a Percentage of Cash Giving, 2008, Medians



Expectations for Grant-Making

The Corporate Giving Standard Survey categorizes grants into three motivation types in order to distinguish the benefits companies seek in making different contributions:

- **Charitable:** Reactive community giving for which little or no business benefit is expected. Examples include raffles, matching-gift programs, and undirected bulk gifts made to an in-kind distributor.
- **Community Investment:** Proactive gifts that serve a dual purpose of supporting the long-term strategic goals of the business and meeting a critical community need. There is close alignment between the company's competitive strengths and the focus area of the recipient organization.
- **Commercial:** Philanthropy in which benefit to the corporation is the primary motivation. Examples include giving to satisfy requests made by clients or customers and sponsorship of charity events.

Trends Over Time

Over the past few years, companies have allocated a greater percentage of giving toward Community Investment and less to the Charitable and Commercial designations as follows (N=48):

- 2005:
- 45% Charitable
 - 44% Community Investment
 - 11% Commercial
- 2008:
- 42% Charitable
 - 51% Community Investment
 - 7% Commercial

Manufacturing and Service Companies

Figure 27 shows the differences between Manufacturing and Service companies over time. Service companies committed a smaller percentage of grant-making to Commercial initiatives in 2008 than in previous years, but at 10% this number is still more than double the 4% of Commercial giving made by their peers at Manufacturing companies.

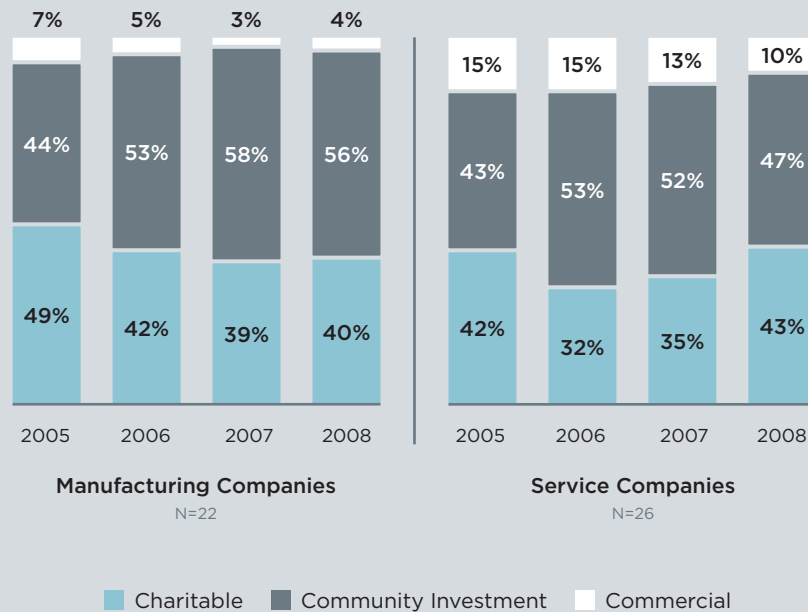
What Does it Mean?

As shown in Figure 27, Manufacturing companies labeled a larger percentage of their total giving as Charitable from 2005 to 2007 than Service companies. Past analysis attributed this finding to the fact that 39–40% of total giving by Manufacturing companies is non-cash and non-cash giving is predominately labeled as Charitable. However, in 2008, giving designated as Charitable surged among Service companies while holding steady at Manufacturing companies.

It is not clear why Service companies in the matched set took this step toward more Charitable giving in 2008. It may be attributable to their desire to support long-standing nonprofit partners and other critical nonprofit organizations in their local communities in a reactive way during the global economic downturn.

Figure 27 Changes in Giving Motivations, Average Percentages

MATCHED-SET DATA



Total Giving by Program Area

Corporate Giving Standard Survey respondents categorize total giving into nine program areas defined in the “Calculations and Definitions” section on page 52.

In 2008, the typical company allocated roughly an equal percentage of its total philanthropic budget to Health & Social Services as it did to Education (summing the Higher and K-12 Education categories).

Trends Over Time

Allocations across program areas change minimally each year, with the data in Figure 28 being highly representative of the findings since the survey’s inception in 2001. In 2008, companies attributed a slight increase in Disaster Relief giving to support provided for the victims of the Sichuan earthquake in China, the California wildfires, the Iowa flood, and the cyclone in Myanmar.

What Does it Mean?

Program selection and funding must closely align with available resources, corporate culture, and stakeholder expectations. If a company funds too many disparate initiatives, the overall program may lack focus to rally employees, stakeholders, and corporate communication officers. On the other hand, companies that focus too narrowly may exclude important issues.

Owing to grandfathered commitments, event sponsorships, competing regional priorities, and strong matching-gift campaigns, a significant portion of a company’s giving portfolio can be pre-committed before the year begins. This makes it especially important for remaining funds to reinforce the company’s overall strategy and philosophy.

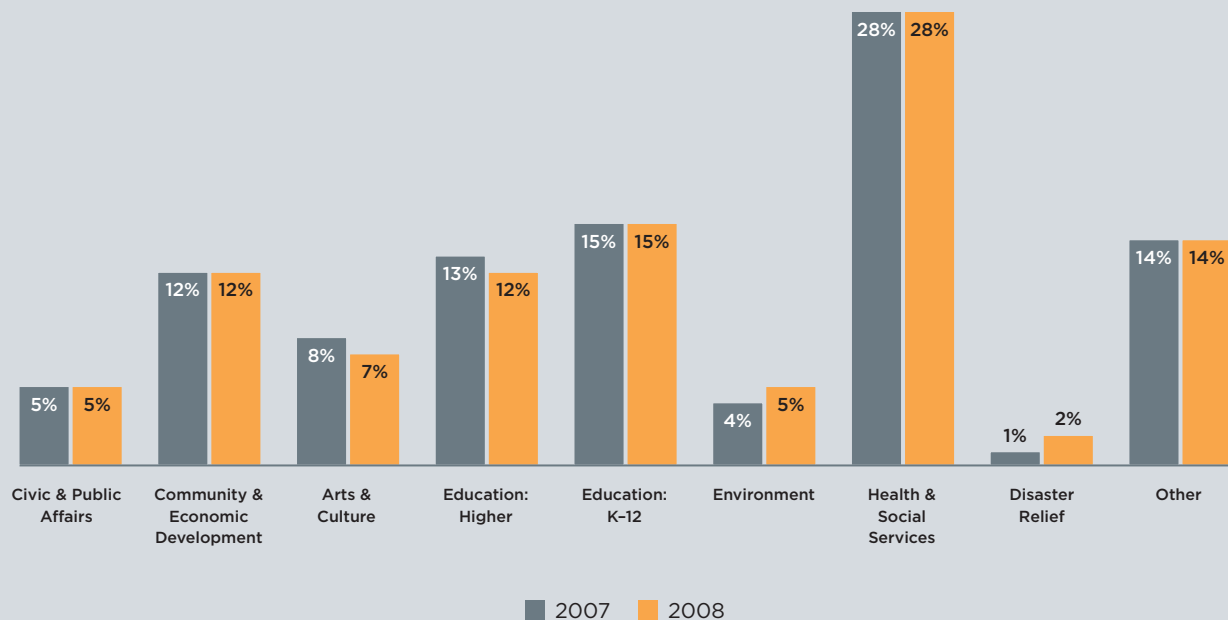
Looking Ahead to 2009

Acknowledging that the global recession has put a strain on nonprofit organizations charged with providing basic services such as food and housing, several companies are re-directing their contributions to help narrow the widening gap between society’s increasing demand for support and decreasing available resources to meet them. As a result, the data for program area giving in 2009 might show a climb in Health & Social Services funding (to be reported by CECP in 2010).

CECP hopes that in future surveys companies will categorize less giving as “Other.” A more nuanced understanding of funding priorities is valuable for proper stewardship of funds and transparency at the individual company level, as well as for tracking evolving funding trends across all companies.

Figure 28 Typical Program Area Allocations, Average Percentages

N=82 MATCHED-SET DATA



Top Funders by Percentage

Figure 29 shows the percentage breakdown of total giving to each program area by industry. This table is made by calculating each individual company’s percentage allocation and then averaging those percentages industry-by-industry (excluding industries for which the sample sizes were too small).

Industries differ widely on the dollar value of their total giving (see the benchmarking table on page 27). Thus, an industry might be the largest funder by percentage but the dollar value of its contributions may not be the highest (see adjacent column). In two instances, the same industry is the highest median dollar value contributor and has the highest percentage of total giving: Health & Social Services and Community & Economic Development.

Top Funders by Dollar Value

The industries with the highest median dollar amounts for each program area are (sample sizes are the same as in Figure 29):

- Civic & Public Affairs = Health Care companies at \$0.71 million.
- Community & Economic Development = Financial companies at \$3.31 million.
- Arts & Culture = Financial companies at \$1.75 million.
- Education: Higher = Industrials companies at \$4.10 million.
- Education: K-12 = Financial companies at \$1.97 million.
- Environment = Utility companies at \$1.42 million.
- Health & Social Services = Health Care companies at \$169.33 million.
- Disaster Relief = Information Technology companies at \$0.63 million.

The above data excludes medians for the Energy, Materials, and Telecommunications Services industries due to small sample sizes.

What Does it Mean?

Financial institutions, particularly retail banks, have a strong local presence in the communities in which they do business; accordingly, they are the largest funders of entities (such as museums and neighborhood groups) that are highly visible to their customers and staff.

Utility companies have a natural business alignment with environmental initiatives and local community affairs. Similarly, Health Care companies, which include pharmaceutical manufacturers and health insurance providers, only nominally fund program areas outside of Health & Social Services.

Information Technology companies are the biggest funders of education, probably because of their dependence on a steady stream of highly trained engineers. They frequently support math and science programs as well as relevant research and development grants.

Figure 29 Program Area Allocations by Industry, 2008, Average Percentages

		Civic & Public Affairs	Community & Economic Development	Arts & Culture	Education: Higher	Education: K-12	Environment	Health & Social Services	Disaster Relief	Other
All Companies	N=108	5%	12%	6%	13%	13%	4%	26%	3%	18%
Consumer Discretionary	N=14	5%	13%	5%	9%	14%	3%	21%	2%	28%
Consumer Staples	N=12	5%	7%	4%	7%	9%	4%	22%	4%	38%
Financials	N=29	3%	19%	11%	14%	17%	1%	18%	2%	15%
Health Care	N=12	1%	2%	2%	2%	2%	0%	81%	4%	6%
Industrials	N=9	3%	5%	4%	15%	7%	9%	29%	9%	19%
Information Technology	N=10	4%	14%	4%	22%	19%	2%	14%	5%	16%
Utilities	N=12	10%	15%	8%	17%	8%	14%	12%	1%	15%

The industry providing the highest percentage to each program area is highlighted.

Giving at Home and Abroad

The Corporate Giving Standard Survey asks companies headquartered in the U.S. to break their giving down into four categories that track the geography of their grant-making. (Companies headquartered outside the U.S. are excluded from this analysis.)

- **U.S. to U.S.:** Funds that originate in the U.S. and go to organizations that serve domestic end-recipients.
- **U.S. to International:** Domestic funds distributed to organizations that serve international end-recipients.
- **International to U.S.:** Contributions from U.S.-based companies that originate outside the U.S. but benefit U.S. end-recipients.
- **International to International:** Contributions from U.S.-based companies that originate abroad and benefit end-recipients abroad.

The matched-set data in Figure 30 show a steady trend from 2005 to 2008 toward increased international giving.

International Revenue and Giving

Figure 31 groups companies into five columns based on the percentage of their total revenue earned abroad, showing that 66% of U.S. companies earn more than a quarter of their revenue internationally (with 29% of companies earning more than half of their annual revenue from international markets).

Of the companies that provided a domestic-international revenue split and also provided data on their international grant-making:

- 23% = average percentage of total giving to international end-recipients by companies that generated 30% or more of 2008 revenue abroad (N=43).
- 8% = average percentage of total giving to international end-recipients by companies that generated less than 30% of 2008 revenue abroad (N=36).

What Does it Mean?

The rough correlation between international giving and revenue in the adjacent column suggests that companies with an on-the-ground presence abroad are finding ways to support the communities where they do business.

However, the data in Figures 30 and 31 also show that while the percentage of total giving serving international end-recipients continues to climb, it is a much lower ratio when compared to the percentage of revenue that U.S. companies earned overseas in 2008.

CECP expects that companies will increase their international giving to reflect more accurately the geographies in which their revenue is generated. This giving will likely come through overall philanthropic budget increases and not by reducing the dollar value of contributions domestically.

Figure 30

N=53 MATCHED-SET DATA

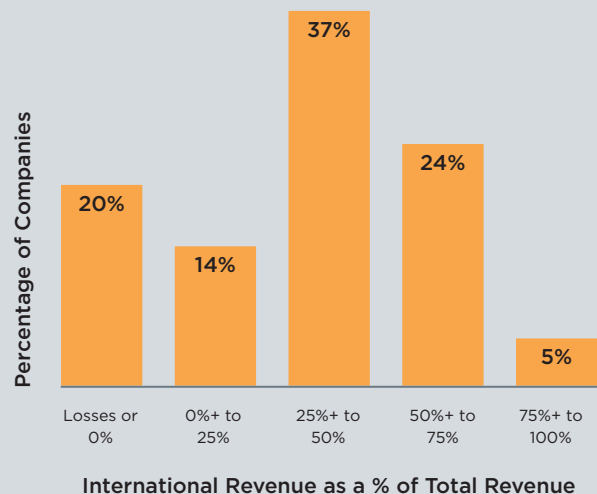
Changes in International Giving, Average Percentages

Year	International Giving as a Percentage of Total Giving
2005	10%
2006	11%
2007	12%
2008	13%

Figure 31

N=91

Distribution of Companies by Percentage of International Revenue, 2008



Manufacturing and Service Companies

Manufacturing companies are leading the way in international giving, dedicating a significantly higher percentage of their 2008 total giving budgets internationally than their Service company counterparts:

- 25.8% = average percentage of total giving abroad by Manufacturing companies (N=46).
- 5.8% = average percentage of total giving abroad by Service companies (N=69).

One reason for this finding may be that Manufacturing companies often have a bigger community footprint than Service companies. Many Manufacturing companies are large consumers of local raw materials or occupy significant real estate for the production and transport of goods. To support community relations efforts, Manufacturing companies are stepping up to implement philanthropic programs in international locations.

Industry Differences

Figure 32 corroborates the finding that Manufacturing companies dedicate a larger percentage of grant-making to international recipients than do Service companies. For example, Health Care companies are predominately Manufacturing companies and are also the largest international givers. While not included in Figure 32 due to a small sample size, Energy companies (also predominately Manufacturing firms) direct 32% of their total giving to international end-recipients (N=5). Utilities and Financials companies are Service providers and their percentage of international giving is lowest.

What Does it Mean?

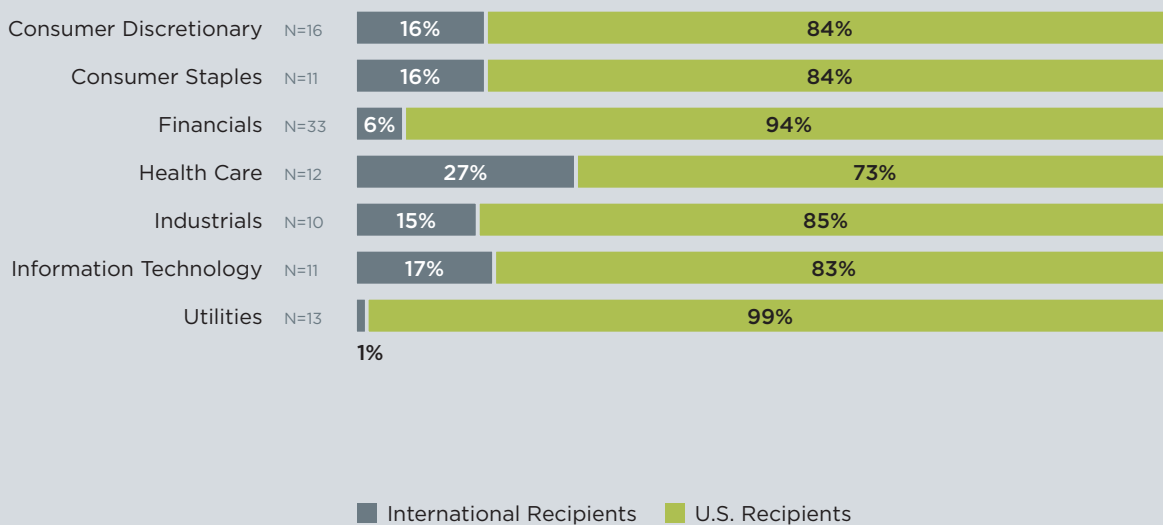
Companies that extract local natural resources around the globe are “expected” to support a give-and-take relationship long-embraced by Energy and Materials companies. Utility companies typically operate regionally within the U.S.; thus, it is appropriate that they give more to domestic communities.

Challenges in International Giving

Frequently cited challenges in expanding global giving include: developing local issue expertise, vetting NGOs, U.S. Patriot Act compliance, and building local community partnerships. The complexity of receiving tax deductions for international donations can be an additional deterrent. Cultural differences among employee attitudes toward volunteerism and charitable giving can also hinder global giving initiatives.

Companies also face hurdles in accurately measuring giving abroad. Pockets of international giving may be unrecognized because the tools and communication channels needed to record them accurately have not matured. Still, international giving is a growing priority as business globalizes. CECF advises companies to create pilot programs, leverage regional employee expertise, and connect with local NGOs and government officials to maximize understanding of international needs and opportunities.

Figure 32 International Giving Allocations, 2008, Average Percentages



Recipient Ethnicity

The Corporate Giving Standard Survey asks respondents to break down their total annual giving across four broad ethnic categories: African American, Hispanic, Native American, and Asian (including Asian Indian and Middle Eastern). Grants and contributions with no ethnic focus are labeled No Ethnic Focus.

Of the 137 surveyed companies, only 26 (19%) provided breakdowns of their total annual contributions by the ethnicity of the primary beneficiary. Figure 33 shows the average percentage of giving specifically targeted at each ethnic group among the companies that did track their grants by ethnicity in 2008.

For the companies that do track giving by ethnicity, they appear to flag grants that support “minorities in general” rather than distinguishing which specific minority groups are funded.

Recipient Gender

As was true for grant-tracking by ethnicity, only 23 companies (17% of all companies who completed the 2008 survey) reported a breakdown of giving by the gender of the primary beneficiary. Figure 34 shows the average percentage breakdown by recipient gender for this subset of companies.

Responses Over Time

The percentage of companies responding to these questions has actually decreased somewhat over the past four years:

GENDER:

- 2005 = 23 of 107 companies (21%).
- 2006 = 26 of 137 companies (19%).
- 2007 = 24 of 154 companies (16%).
- 2008 = 23 of 137 companies (17%).

ETHNICITY:

- 2005 = 25 of 107 companies (23%).
- 2006 = 33 of 137 companies (24%).
- 2007 = 29 of 154 companies (19%).
- 2008 = 26 of 137 companies (19%).

What Does it Mean?

CECP has observed that over time companies have become noticeably better equipped to answer detailed questions about their giving. However, information regarding grants with an ethnic or gender focus remains scant.

CECP advises that companies take a proactive approach to measurement and transparency. While it requires additional effort and cost, doing so enables better program management, communication, and sharing of best practice.

Figure 33 Giving by Recipient Ethnicity, 2008, Average Percentages

N=26

	Average % of Total Giving
No Ethnic Focus	83.2%
African American	5.0%
Hispanic	3.6%
Minorities in General	6.6%
Native American	0.4%
Asian	1.2%

Figure 34 Giving by Recipient Gender, 2008, Average Percentages

N=23

	Average % of Total Giving
No Gender Focus	92.0%
Female End-Recipients	4.8%
Male End-Recipients	3.2%

Types of Volunteer Programs

CECP defines a formal employee volunteer program as a planned, managed effort that seeks to motivate and enable employees to volunteer under their employer's sponsorship and leadership. Ninety-four percent of survey respondents have at least one formal domestic volunteerism program and 49% of respondents have at least one formal international volunteer program (N=129).

Figure 35 shows how many companies offer each program domestically and internationally. Note that the data in the figure are not percentages, but rather the number of companies with each type of program.

Although fewer companies offer international volunteer opportunities, Figure 35 shows there is a loose correlation between the programs implemented most frequently at home and abroad. This implies that companies seek to standardize volunteer offerings in domestic and global markets.

Program Policies and Tracking

CECP distinguishes between two types of offerings:

Paid-Release Time: Employee volunteer hours during the workday for which an employee is being paid:

- 53% of companies have a policy or program (N=106).
- 39% of companies have a formal system in place to track these hours (N=106).
- The median number of paid-release volunteer hours is 18,865 (N=71).

Off-Company Time: Organized volunteer programs during an employee's personal time for which there is no hourly cost incurred by the company:

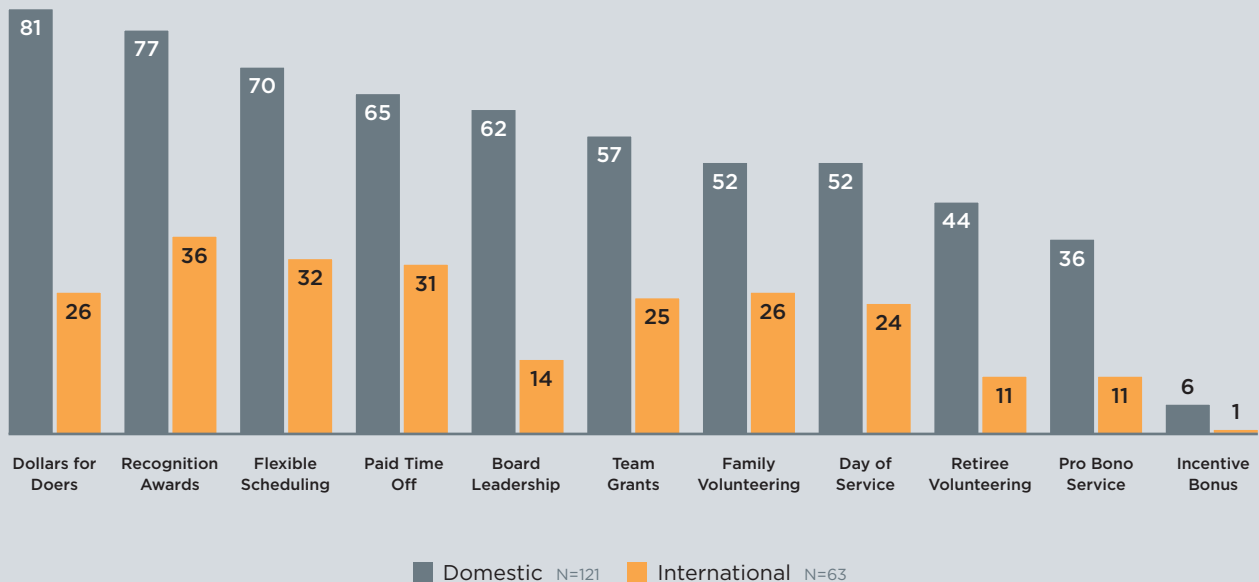
- 48% of companies offer a formal program (N=106).
- 45% of companies have a formal system in place to track these hours (N=106).
- The median number of off-company time hours is 23,824 (N=73).

What Does it Mean?

Historically, Dollars for Doers programs and Employee Volunteer Recognition Awards are the most widely implemented programs among companies participating in the CECP survey. Since 2007, notably more companies are reporting Board Leadership programs and Company-Wide Days of Service.

As community service continues to rise on the government, social, and business agendas, it will be important for companies to support proactively their nonprofit partners' capacity to accept volunteers. CECP advises companies wishing to create or expand their volunteer programs to initiate candid conversations with grantees on the additional financial or staffing support required for the nonprofit to make productive use of contributed employee time.

Figure 35 Corporate Volunteer Opportunities, 2008, Number of Companies Offering Each Program



Staffing and Total Giving Budgets

To determine the personnel resources dedicated to managing corporate philanthropy programs, CECF asked companies to report the number of FTEs (Full Time Equivalent staff) dedicated to corporate contributions and volunteerism initiatives. (FTE contributions staff include only those who spend 20% or more of their time on such activities. Employees who spend a fraction of their time managing giving initiatives are counted at their fractional value.)

The “Contributions FTEs” column in Figure 36 shows a positive relationship between the size of a company’s total giving budget and the number of contributions staff: as budgets increase, staffing also tends to increase.

Industry Differences

The following 2008 data show median contributions FTEs broken down by industry group (a few industries with small sample sizes are not detailed separately):

- 6 FTEs = Consumer Discretionary (N=17).
- 8 FTEs = Consumer Staples (N=13).
- 11 FTEs = Financials (N=35).
- 7 FTEs = Health Care (N=15).
- 12 FTEs = Industrials (N=8).
- 8 FTEs = Information Technology (N=13).
- 7 FTEs = Utilities (N=13).

Across all companies, the median dollar value of giving per contributions FTE in 2008 was \$2.5 million (N=124). This is similar to the 2007 data.

What Does it Mean?

Before benchmarking against the data in Figure 36, giving professionals should first understand whether they are running high-touch or low-touch programs. The answer will greatly influence their assessment of appropriate personnel levels.

For example, low-touch companies may require the nonprofit to report formally how funds were used, but there is minimal corporate involvement during the life of the grant. By contrast, high-touch companies are very involved in the work of their grantees. The company may place staff on the nonprofit’s board of directors, send employee volunteers to assist with the project, or conduct regular check-in meetings. Consequently, proper management of a high-touch approach involves greater staffing requirements.

Figure 36 Corporate Contributions Staffing, 2008, Medians

2008 Total Giving	Contributions FTEs
All Companies N=124	8
Over \$100 million N=22	20
\$50+ to \$100 million N=17	16
\$25+ to \$50 million N=28	13
\$15+ to \$25 million N=22	5
\$5 to \$15 million N=21	5
Under \$5 million N=14	3

Grants per Contributions FTE

CECP asks companies to report the number of grants made annually, including non-cash donations and foundation grants. Checks issued as part of the employee matching-gift program are excluded.

Figure 37 displays the median number of grants per FTE as well as median grant size sorted by the size of a company's total giving budget. In 2008, each contributions FTE made a median of 98 grants (N=100). To break this down:

- 51% = percentage of companies at which each philanthropy FTE makes 100 or fewer grants annually.
- 31% = percentage of companies at which each philanthropy FTE makes 101–250 grants annually.
- 18% = percentage of companies at which each philanthropy FTE makes more than 250 grants annually.

Staffing and Total Giving Budgets

Although companies with larger budgets also have more contributions staff, as shown in Figure 36, Figure 37 illustrates that additional staff do not necessarily reduce the magnitude of financial responsibility entrusted to each grant-maker. At companies with total contributions budgets of over \$100 million, each giving officer is responsible for more than nine times the grant-making dollar value as staff at companies with annual giving budgets of \$5 million or less.

One explanation for this is that companies with larger giving budgets tend to give grants with higher dollar values, making it more likely that an individual staff member is responsible for a larger sum per year than an FTE at a company whose average grant size is much smaller.

What Does it Mean?

From 2006 to 2008, the number of grants per FTE has decreased (N=49, Matched-Set Data):

- 2006 = 144 grants/FTE.
- 2007 = 125 grants/FTE.
- 2008 = 110 grants/FTE.

CECP is encouraged by this downward trend, as it is difficult to imagine that an individual giving professional who manages nearly 150 grants annually will have much time left over for follow-up and analysis. While not all grants require significant grant-maker involvement (e.g., small scholarships), other types of grants do benefit from a more high-touch approach.

Unsurprisingly, as the number of grants per FTE has fallen, the median dollar value of grants has increased over time from \$14,899 in 2006 to \$18,938 in 2008 (N=54).

Figure 37 Workload per Contributions FTE, 2008, Medians

2008 Total Giving	Grants per FTE	\$ Disbursed per FTE	Grant Size
All Companies N=100	98	\$2.5 million	\$20,144
Over \$100 million N=16	112	\$11.1 million	\$51,401
\$50+ to \$100 million N=15	111	\$3.3 million	\$22,856
\$25+ to \$50 million N=22	87	\$2.5 million	\$26,669
\$15+ to \$25 million N=18	166	\$3.9 million	\$14,660
\$5 to \$15 million N=18	109	\$1.6 million	\$11,332
Under \$5 million N=11	53	\$1.2 million	\$18,014

The Costs of Grant-Making

To understand the spending required to maintain a corporate giving program, the Corporate Giving Standard Survey records the management and program costs associated with giving in three categories:

- **Compensation:** The salaries and benefits of all contributions FTEs, including fractional FTEs.
- **Programmatic Expenses:** Additional funds to support the successful execution of a specific grant (in addition to the grant contribution itself). Examples include banners, printing, and catering.
- **Operating/Overhead Expenses:** The cost of day-to-day operations for philanthropy at the company or foundation and not tied to individual grants. Examples include software fees, travel to industry conferences, outside vendors, and membership fees like those for CECP.

Costs as a Percentage of Total Giving

CECP calculates management and program costs as a percentage of total giving in order to standardize amounts across companies with giving budgets of varying sizes.

In 2008, median management and program costs were equivalent to 8.1% of total giving, which is consistent with data from prior years (N=56).

However, CECP believes the true costs of administering a program are higher than 8.1% because:

- Access to confidential compensation data is often restricted to human resource professionals.
- Overhead expenses are challenging to record, particularly when multiple offices in different locations are involved.

Management and program costs are notoriously difficult to capture. In 2008, only 41% of companies reported these expenses.

What Does it Mean?

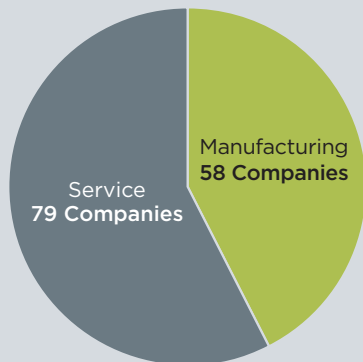
Figure 38 shows that companies with smaller giving budgets have a higher percentage of administrative costs than companies with larger budgets. This trend is likely due to:

- Larger companies sometimes have trouble capturing their full management costs because their giving programs are more complex and geographically dispersed. This is an especially significant factor when estimating compensation and overhead charges.
- Companies with the largest giving budgets are apt to make larger, multi-year funding commitments. One large grant often costs less to administer than many smaller grants with the same cumulative dollar value.
- Companies with high annual giving budgets may be in a better position to invest in technologies such as online grant applications and grant-management software that improve efficiency.

Figure 38 Management and Program Costs as a Percentage of Total Giving, 2008, Medians

2008 Total Giving	Management Costs as a % of Total Giving
All Companies N=56	8.1%
Over \$100 million N=7	5.9%
\$25+ to \$100 million N=19	8.2%
\$10 to \$25 million N=13	5.1%
Under \$10 million N=17	11.3%

Survey Respondent Profile



Classification: Of the 137 companies responding to the 2008 survey, there are more Service companies than Manufacturing companies due in part to the large number of Financials companies participating in the survey.

Total Giving	Number of Companies
Over \$100 million	25
\$50+ to \$100 million	17
\$25+ to \$50 million	31
\$15+ to \$25 million	22
\$10+ to \$15 million	7
\$5 to \$10 million	17
Under \$5 million	18

Giving: Total giving per company ranged from \$600,000 to over \$1.9 billion. Median total giving in the 2008 Corporate Giving Standard Survey sample was \$25.95 million.

Industry	Number of Companies
Consumer Discretionary	19
Consumer Staples	14
Energy	6
Financials	38
Health Care	16
Industrials	10
Information Technology	15
Materials	4
Telecommunication Services	2
Utilities	13

Industry: CECP uses the Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International and Standard & Poor's to classify companies in distinct industry groups. The GICS recognizes ten sectors and all ten are represented in the annual Corporate Giving Standard Survey. Too few companies from the Energy, Telecommunication Services, and Materials industries participated in the 2008 survey for those industries to be included in industry-based analyses.

Revenue	Number of Companies
Over \$100 billion	11
\$50+ to \$100 billion	18
\$25+ to \$50 billion	28
\$15+ to \$25 billion	24
\$10+ to \$15 billion	18
\$5 to \$10 billion	17
Under \$5 billion	18
Not Reported	3

Revenue: Among participants, 2008 revenue ranged from negative to over \$475 billion. Privately held companies were not required to submit revenue data. The median revenue among participants was \$20.1 billion, which is only slightly under the Fortune 100 revenue threshold.

Number of Employees	Number of Companies
Over 100,000	27
50,001 to 100,000	32
30,001 to 50,000	25
20,001 to 30,000	14
10,000 to 20,000	19
Under 10,000	19
Not Reported	1

Employees: The total number of employees at participating companies ranged from under 500 to 2.09 million. The median number of employees in the 2008 CGS sample is 41,322.

Pre-Tax Profit	Number of Companies
Over \$10 billion	10
\$5+ to \$10 billion	15
\$3+ to \$5 billion	19
\$2+ to \$3 billion	15
\$1+ to \$2 billion	20
\$0 to \$1 billion	27
Under \$0	25
Not Reported	6

Pre-Tax Profit: 2008 pre-tax profit ranged from losses to profit of more than \$80 billion. Privately held companies were not required to submit pre-tax profit data. The median pre-tax profit among participants (including those reporting a loss) was \$1.7 billion.

Tools for Using This Report

Assess Your Giving Program

This section is designed to help giving professionals leverage the findings featured in this report. Upon completing these steps, giving professionals will have a contextualized portrait of their company's philanthropy program, including an overview of key metrics as well as an analysis of the significance of those findings.

STEP 1 Collect Basic Facts on Your Company

Many of the tables and figures in *Giving in Numbers* categorize companies based on five descriptive criteria, so it is helpful to have the following data about your company on hand, ideally for both 2007 and 2008:

- Revenue
- Pre-Tax Profit
- Number of Employees
- Industry
- Classification: Manufacturing or Service

STEP 2 Your 2007 and 2008 Contributions

The template on page 49 is intended to serve as a high-level snapshot of year-over-year corporate contributions. Companies that participate in CECP's annual Corporate Giving Standard Survey have free access to an online report pre-filled with this data. The report is titled "My Company – Numbers Snapshot" in the CGS system.

Those not participating may access the Excel template on CECP's website. The CGS Survey, survey guide, and a blank copy of this template are online as a free download: CorporatePhilanthropy.org/measurement.

STEP 3 Identify Internal Trends

Once completed, the giving overview template provides an efficient way to spot changes in your own company's philanthropy from 2007 to 2008.

Many insights can be gleaned by simply looking at which elements of giving rose or fell year-over-year. For example:

Total Giving: *Are some types of giving on the rise while others are steady or declining?* Lines 1–4 of the template address which types of giving are increasing or decreasing at your company. This level of detail is useful because each giving type carries with it a distinct degree of flexibility; direct cash has no limitations on how it can be contributed, while foundation cash is subject to IRS self-dealing regulations and non-cash gifts require logistical coordination.

Revenue & Pre-Tax Profit: *By how much will recent changes in profit affect your philanthropy budget?* Lines 5–6 capture your company's financial performance. Depending on how philanthropy budgets are crafted at your company, a rise or fall in these figures can affect contributions in the current or future years.

International Giving: *Is giving abroad rising as your company expands globally?* Many companies direct a portion of their philanthropy toward international end-recipients. Even those who do not typically direct money abroad may do so when a natural disaster strikes overseas. In broad strokes, lines 19–23 show where giving originates as well as the geographical location of its end-recipients.

STEP 4 Benchmark Against This Report

The results from Step 3 form the basis of a comparison of your company's giving against the findings in *Giving in Numbers*. Use your completed template to answer the following:

Total Giving Lines 1–4

- Where does your company's change in giving from 2007 to 2008 locate it within the larger distribution of companies? See Figure 5.
- Is the total dollar value of your company's giving above or below the median? Is there an opportunity to make the case for a budget increase? See Figure 4.
- What type of giving changed the most and how does that relate to other companies that increased or decreased giving? See Figure 6.

Matching Gifts Line 9

- How does your company's ratio of matching gifts/total giving compare to the median across all companies? Within your industry? See Figure 26.

Program Area Giving Lines 10–18

- How is your company's allocation across program areas similar or different from the allocations in your industry? See Figure 29.
- Do your company's allocations synch with your company's corporate culture?

Motivations for Giving Lines 24–27

- Is your company's giving becoming more or less reactive over time? See Figure 27.
- How has the changing economy affected the mix of giving motivations at your company?

Tools for Using This Report CONTINUED

Use the following template to create a high-level snapshot of your company's year-over-year philanthropic contributions. Download this form as a free Excel template from CECP: CorporatePhilanthropy.org/measurement.

		2007	2008	Change
Total Giving				
1	Direct Cash			
2	Foundation Cash			
3	Non-Cash			
4	TOTAL	\$	\$	
Revenue & Pre-Tax Profit				
5	Revenue			
6	Pre-Tax Profit			
Total Giving Statistics				
7	Total Giving ÷ Revenue	%	%	
8	Total Giving ÷ Pre-Tax Profit	%	%	
Matching Employee Giving				
9	Matching Contributions			
Contributions by Program Area				
10	Civic & Public Affairs			
11	Community & Economic Dev			
12	Culture & Arts			
13	Education: Higher			
14	Education: K-12			
15	Environment			
16	Health & Social Services			
17	Other			
18	TOTAL	\$	\$	
International Giving				
19	U.S. to U.S.			
20	U.S. to International			
21	International to U.S.			
22	International to International			
23	TOTAL	\$	\$	
Giving by Motivation				
24	Charitable			
25	Community Investment / Strategic			
26	Commercial			
27	TOTAL	\$	\$	

Respondent Listing by Industry

2006 to 2008 Matched-Set Companies are in **Boldface**

Consumer Discretionary N=19

ArvinMeritor, Inc.
Best Buy Co., Inc.
Carlson
DIRECTV, Inc.
Gap Inc.
Hasbro, Inc.
The Home Depot, Inc.
J. C. Penney Company, Inc.
Macy's, Inc.
Mattel, Inc.
The McGraw-Hill Companies
Ogilvy & Mather Worldwide
Pearson plc
Philip Morris International
Target Corporation
Time Warner Inc.
Toyota Motor North America, Inc.
Toys“R”Us, Inc.
The Walt Disney Company

Consumer Staples N=14

Alberto Culver Company
Altria Group, Inc.
Cargill, Incorporated
The Coca-Cola Company
Colgate-Palmolive Company
ConAgra Foods, Inc.
CVS Caremark Corporation
General Mills, Inc.
The Hershey Company
Kimberly-Clark Corporation
Kraft Foods
Pepsi Bottling Group
PepsiCo
Wal-Mart Stores, Inc.

Energy N=6

Chevron Corporation
ConocoPhillips
Exxon Mobil Corporation
Halliburton
Hess Corporation
Shell Oil Company

Financials N=38

Allstate Insurance Company
American Express
AXA Equitable
Bank of America Corporation
BNY Mellon
Capital One Financial Corporation
Citigroup Inc.
Citizens Financial Group, Inc.
Credit Suisse
Deloitte LLP
Deutsche Bank
FBR Capital Markets
Genworth Financial, Inc.
The Goldman Sachs Group, Inc.
The Hartford Financial
Services Group, Inc.
HSBC Bank USA, N.A.
ING Americas
JPMorgan Chase & Co.
KPMG LLP
Legg Mason, Inc.
Massachusetts Mutual Life
Insurance Company
MasterCard Worldwide
MBIA Inc.
MetLife, Inc.
Moody's Corporation
Morgan Stanley
New York Life Insurance Company
NYSE Euronext
The PNC Financial Services
Group, Inc.
Principal Financial Group
Prudential Financial, Inc.
State Farm Mutual Automobile
Insurance Company
State Street Corporation
The Travelers Companies, Inc.
UBS
Wachovia Corporation
Wells Fargo & Company
The Western Union Company

Respondent Listing by Industry CONTINUED

Health Care N=16

Abbott Laboratories
Aetna Inc.
BD
Bristol-Myers Squibb Company
Cardinal Health, Inc.
Eli Lilly and Company
GlaxoSmithKline plc
HCA Inc.
Johnson & Johnson
McKesson Corporation
Merck & Co., Inc.
Pfizer Inc
Schering-Plough Corporation
UnitedHealth Group
WellPoint, Inc.
Wyeth

Industrials N=10

3M
Crane Co.
Emerson Electric Co.
FedEx Corporation
General Electric Company
Illinois Tool Works Inc.
ITT Corporation
Mitsubishi International
Corporation
Northrop Grumman Corporation
United Technologies Corporation

Information Technology N=15

Accenture
Adobe Systems Incorporated
Agilent Technologies, Inc.
BMC Software, Inc.
Cisco
Dell Inc.
Hewlett-Packard Company
IBM Corporation
Intel Corporation
Microsoft Corporation
Pitney Bowes Inc.
Qualcomm Incorporated
salesforce.com, inc.
Texas Instruments Incorporated
Xerox Corporation

Materials N=4

Alcoa Inc.
Arch Chemicals, Inc.
The Dow Chemical Company
DuPont

Telecommunication Services N=2

Sprint Nextel Corporation
Verizon Communications Inc.

Utilities N=13

Consolidated Edison, Inc.
Constellation Energy Group, Inc.
Duke Energy Corporation
Entergy Corporation
Exelon Corporation
FPL Group, Inc.
National Grid
OGE Energy Corp.
PG&E Corporation
PNM Resources, Inc.
Progress Energy, Inc.
Public Service Enterprise
Group Incorporated
Sempra Energy

Calculations

Sample Size Matters

Throughout the report, the convention “N=” indicates the number of companies used in each calculation. The selection of a set of companies often depends on whether the calculation is intended to illustrate a finding for a particular year or for a series of years.

In order to analyze specific trends from one year to the next, CECP relies on matched-set data, which is the data from companies that participate in CGS Surveys over multiple consecutive years. The sample sizes for figures based on matched sets are always lower than the total number of companies responding in 2008 because companies completing the survey for the first time in 2008 cannot be used to identify year-over-year trends.

In some cases, identifying specific trends requires the exclusion of certain data, resulting in different outcomes for the same data point. For example, median total giving across all companies in 2008 was \$25.95 million (based on 137 surveys), while the same data point across the 2007 to 2008 matched set was \$28.02 million (based on 120 surveys). For this reason, it is helpful to note which years (and how many surveys) are included in the computations behind each figure.

Aggregate data for “all companies” is shown in several figures throughout the report along with an industry breakdown. While some underrepresented industries are excluded from the breakdown (such as the Energy, Telecommunication Services, and Materials), the companies within these industries are included in the “all companies” aggregate. This causes the sample sizes for the breakdown to sum to a lower number than the sample size for the “all companies” aggregate.

Regression Analyses

In the case study, “Do Changes in Profit Dictate Changes in Giving?” on page 10, CECP ran 24 separate regression analyses to determine whether a statistical relationship exists between financial performance and giving.

The following elements were tested:

- 2 Independent Variables (tested separately): Year-over-year percentage changes in individual company revenue and in pre-tax profit.
- 4 Dependent Variables (tested separately): Year-over-year percentage changes in total giving, direct cash, foundation cash, and non-cash giving.

These variables were tested under the following three budgeting scenarios:

No Time Delay:

- 2006 to 2007 percentage changes used for the financial and giving variables.
- 2007 to 2008 percentage changes used for the financial and giving variables.

One-Year Time Delay:

- 2006 to 2007 percentage changes used for the financial variables; 2007 to 2008 percentage changes used for the giving variables.

Distributions

Figures 2, 5, and 17 in this report show companies grouped into categories based on how much their pre-tax profit or total giving changed from one year to the next. To precisely sort companies into these categories, CECP calculates percentage changes to six decimal points to be sure that each company is placed in the correct range. It is extremely rare that a company falls exactly on the threshold between one category and the next. In the rare instances in which this does occur, CECP takes the conservative approach and lists the company in the lower range.

Definitions

What’s In, What’s Out?

Only giving to 501(c)(3) organizations or the international equivalent is recorded in the Corporate Giving Standard Survey. The company or corporate foundation can have no expectation of repayment. Contributions to public schools are included. Giving to Patient Assistance Programs (PAPs) by pharmaceutical companies and Public Service Announcements by media companies are included. Giving to political action committees, individuals, or any other non-501(c)(3) organization is not recorded.

In the CGS Survey, corporate giving does not include contributions from employees, vendors, or customers. While many companies solicit funds from customers or employees, the survey only includes giving tied directly to a company’s financial assets. For multi-year grants, only the portion of the grant actually paid in the fiscal year being examined in the survey is included, not its total multi-year value.

Aggregate Values

An aggregate value is the straight sum of all of the values in a calculation. For example, aggregate total giving is the sum of the total giving of all companies participating in the survey. In the 2008 CGS Survey, this amounted to over \$11.2 billion.

Download a free CGS Survey Guide:

CorporatePhilanthropy.org/surveyguide.

Definitions CONTINUED

Average Percentage

An average percentage is used in place of an aggregate percentage to preserve the relative proportions of giving for each company. To calculate average percentage, each individual company's giving is first translated into percentages. Then, percentages across all companies are averaged.

Fair Market Value (FMV)

The Corporate Giving Standard Survey values non-cash gifts, also known as in-kind or product donations, at Fair Market Value. IRS publication 561 defines Fair Market Value as “the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.” If the direct customer for the product is a wholesaler, FMV is the price at which the item sold to the wholesaler (as FMV is based upon the next point of sale). Reference the CGS Survey Guide for further detail on special circumstances affecting FMV valuations.

Fortune 100 (F100)

Compiled and published by *Fortune* Magazine, the Fortune 100 (F100) is an annual ranking of the top 100 American public corporations as measured by gross revenue.

Full-Time Equivalent (FTE) Staff

CECP defines contributions FTE staff as those who contribute, through oversight or direct involvement, to at least one of the following initiatives or programs:

- Corporate or foundation giving (including workplace giving campaigns, matching, and in-kind giving).
- Employee volunteering.
- Community or nonprofit relationships.
- Community and economic development.
- Communications, media relations, sponsorships, administration, or public relations focused on community affairs, contributions, or volunteering.
- Sponsorships related to corporate giving.
- Administration related to community affairs, contributions, and volunteering.

To be counted, a contributions FTE must spend at least 20% of his or her time working directly in Corporate Community Affairs or a similarly named department; working for the Corporate Foundation(s); or working in a branch office, retail store, local or regional business unit, or other non-headquarter/non-foundation location but having corporate giving or volunteer coordination included in his or her job definition.

A staff member spending a fraction of his or her time in such a capacity is recorded as the decimal equivalent of that fraction. For example, someone who spends 50% of his or her working time on corporate giving is 0.5 of a contributions FTE.

Matched-Set Data

To investigate year-over-year trends in corporate giving, CECP relies upon matched-set data—the reported figures from companies that participated in Corporate Giving Standard Surveys across multiple years—to identify which data points are on the rise and which are on the decline. See the “Calculations” section of this report for further clarification.

Median

When a group of numbers is sorted from the highest number to the lowest number, the median value is the number in the middle of the list. If the list has an even number of entries, the median is the average of the middle two figures. Medians are used in CGS calculations because they are less sensitive to extreme values than averages, which can be skewed by very high or very low values.

Motivations

To determine which motivation label suits a grant, ask: “What was the primary anticipated outcome?” Each category is simply a way of categorizing grant-making intent so that a company may determine whether its giving goals are being met.

Charitable: Reactive or input-driven giving. A company expects little or no business benefit in return for its giving, except perhaps in acknowledgement that the business is responsive and cares about its community. The money is not aligned with a particular giving objective, the results of the giving are rarely tracked, and frequently this giving is distributed to a local group. In Charitable giving, the company is not seeking to play any kind of advisory or management role; once the gift is delivered, the transaction is over. Short-term, one-off grants typically fall into this category.

Definitions CONTINUED

Community Investment: Proactive and primarily output-driven giving in which a corporation makes gifts that are simultaneously important to the long-term success of the business and serve a critical community need. Establishing a meaningful, long-term relationship with nonprofit partners that have mission statements in line with a company's philanthropic priority areas distinguishes Community Investment from Charitable giving. Often the company seeks to measure the outcome or positive result achieved and also likes to participate in the design and execution of the initiative or program. Multi-year grants typically have a Community Investment motivation.

Commercial: Philanthropy in which benefit to the corporation is the primary reason for giving; the good it does the cause or community is secondary. The goal may be to entertain a client or donate to a cause that is important to a key vendor or customer. Unless initiated by a client, typically this giving is proactive on the company's part and justified by a clear tie to business success. Cause marketing falls into this category.

N=137

This notation refers to the number of responses upon which each figure throughout the report is based. The number will vary from one figure or data point to the next because respondents do not necessarily answer every question in the survey. This happens when a company either does not participate in the type of philanthropy in question (for example, if a company does not have an employee volunteer program) or the company does not have the data needed to respond.

Program Areas

As some gifts might touch upon multiple categories, CECP counsels respondents to determine into which category the ultimate end-recipient of the contribution primarily fits.

Civic & Public Affairs: Includes contributions to justice and law, state or local government agencies, regional clubs and fraternal orders, and grants to public policy research organizations (such as American Enterprise Institute and The Brookings Institution).

Community & Economic Development: Includes contributions to community development (aid to minority businesses and economic development councils), housing and urban renewal, and grants to neighborhood or community-based groups.

Culture & Arts: Includes contributions to museums, arts funds or councils, theaters, halls of fame, cultural centers, dance groups, music groups, heritage foundations, zoos, aquariums, and non-academic libraries.

Education, Higher: Includes contributions to higher educational institutions (including departmental, special project, and research grants); education-related organizations (e.g., associations for professors and administrators, literacy organizations, and economic education organizations); and scholarship and fellowship funds for higher education students through intermediary organizations and other education centers, foundations, organizations, and partnerships.

Education, K-12: Includes contributions to K-12 institutions (including departmental, special projects, and research grants); education-related organizations (e.g., associations for teachers and administrators, literacy organizations, and economic education organizations); and scholarship and

fellowship funds for K-12 students through intermediary organizations and other education centers, foundations, organizations, and partnerships.

Environment: Includes contributions to environmental and ecological groups or causes including parks and conservancies.

Health & Social Services: Includes contributions to United Way and other workplace giving campaigns and grants to local and national health and human services agencies (e.g., Red Cross, American Cancer Society); hospitals; agencies for youth (excluding K-12); senior citizens; and any other health and human services agencies, including those concerned with safety, family planning, and drug abuse.

Disaster Relief: Contributions that support preparedness or relief, recovery, and/or rebuilding efforts in the wake of a natural or civil disaster or other emergency hardship situation.

Other: Contributions that do not fall into any of the main beneficiary categories or for which the recipient is unknown.

Total Giving

CECP defines total giving as the sum of three types of giving:

- **Direct Cash:** Corporate giving from either headquarters or regional offices.
- **Foundation Cash:** Corporate foundation giving, which often includes the corporate side of employee matching gifts.
- **Non-Cash:** Product or pro bono services assessed at Fair Market Value.

Total giving does not include management and program costs or the value of volunteer hours.

About the Corporate Giving Standard

What Makes the CGS Unique?

The Corporate Giving Standard (CGS) is a peer benchmarking tool for corporate giving professionals. Through its annual survey, CECIP collects and reports data on numerous aspects of corporate giving programs internationally. Launched in 2001, the CGS now accounts for over \$60 billion in corporate giving data.

Actionable Data

CECIP takes great care to ensure that survey questions and results are interpreted consistently across companies. In addition to providing training sessions, documentation, and one-on-one support, CECIP reviews each survey to ensure accurate reporting. The result is a reliable data repository that serves as a solid foundation for strategy development and program evaluation.

Depth of Research

The CGS is unrivaled in its granularity and its targeted, robust participation. CECIP's detailed corporate survey embraces the full scope and scale of leading companies' community involvement.

Giving in Numbers Report

Understanding the impact of the significant flow of resources from the private sector to areas of social need requires an assessment of what *precisely* companies have contributed. Toward that end, CECIP offers its annual *Giving in Numbers* report as a free resource containing the most comprehensive and up-to-date analyses of trends in corporate giving. Readers are further encouraged to review the survey and survey guide, also available as free downloads, and to contact the authors with any questions or comments about the findings in this and past editions of the report.

Unlimited Custom Analysis

The Corporate Giving Standard reporting web site provides 24/7 access to peer-to-peer company comparisons, aggregated industry benchmarks, and internal year-over-year spending analyses. Giving professionals define their own peer groups to create online customized reports, which are particularly valuable in planning giving strategies and presenting the business case for corporate philanthropy to senior management.

The CGS data can be calculated in myriad ways, producing more than 40 reporting options with the click of a button. A list of available CGS reports can be previewed online at CorporatePhilanthropy.org/cgs.

This resource is unsurpassed as corporate philanthropy's most comprehensive measurement initiative. No other tool in the industry offers immediate, on-demand reporting and benchmarking while preserving the anonymity of each company's giving data.

Join Us!

Interested companies are invited to join this groundbreaking campaign. To schedule an online demonstration of the Corporate Giving Standard, contact:

Committee Encouraging Corporate Philanthropy

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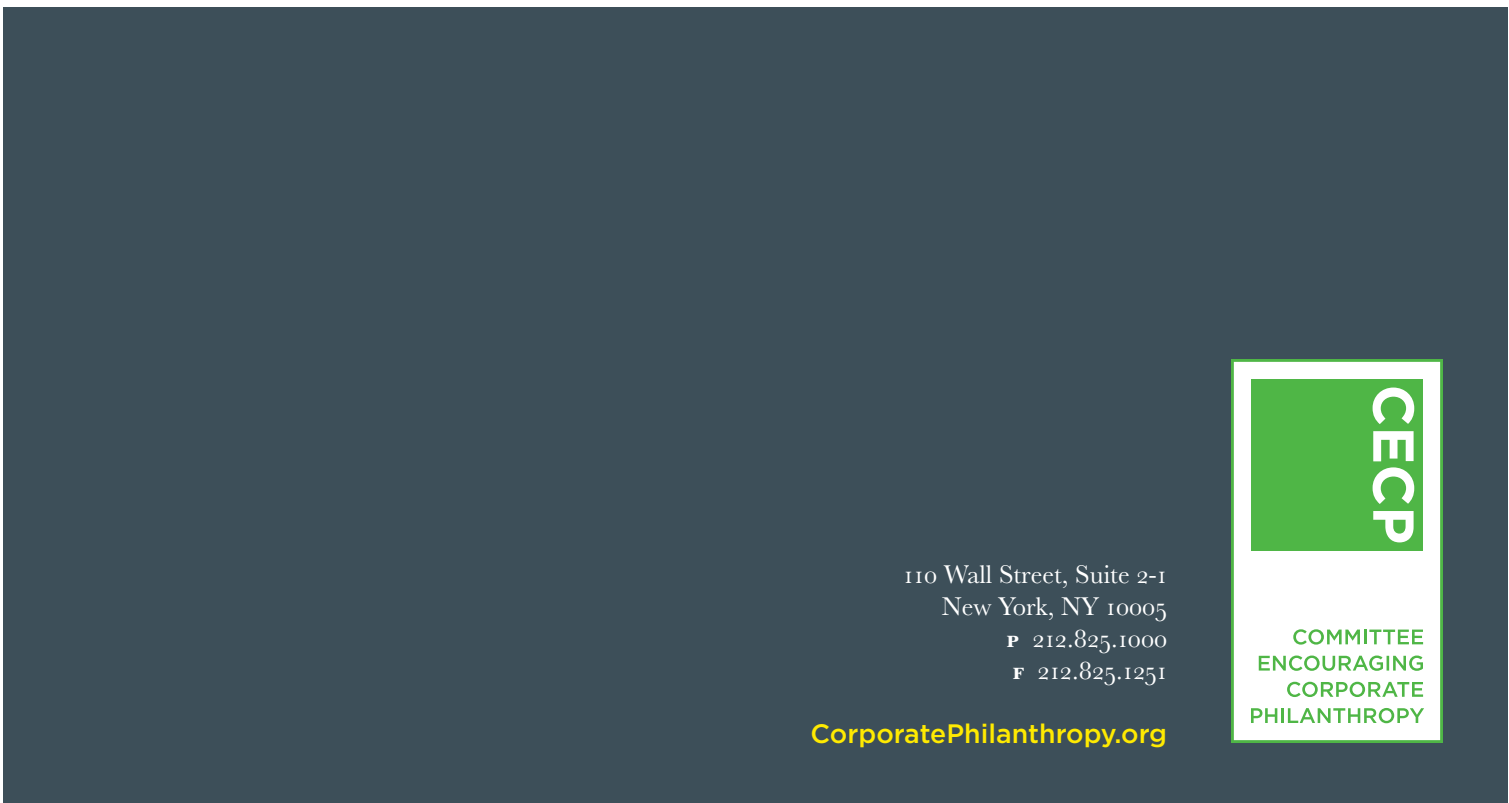
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