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A New Corporate Path To Disaster Relief

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NATURAL disasters have taken many forms in recent years, but the aftermath of each one has looked painfully similar. Houses are flattened or destroyed, sticks of furniture and chunks of roofing litter the ground, and dazed survivors stumble through the wreckage picking up ruined heirlooms or waterlogged photographs.

I have trouble viewing those scenes without thinking of how to help. Luckily, I have plenty of company, in the form of individuals, foundations and charities. And in recent years, businesses have been pitching in more visibly as well.

But devoting corporate resources to disaster aid doesn't ensure that victims will receive the help they truly need. Effective aid takes considerable effort, planning and collaboration.

Companies respond best to natural disasters when they approach them as a business challenge: by analyzing the situation, figuring out where the greatest need is, and responding in a way that reflects the "market" for aid. Above all, managers and executives need to collaborate with outsiders like local officials and charities, ideally on a continuing basis, and not only in the midst of a crisis.

"The private sector is good at tools and technology and preparing for unforeseen things," said Lynn Fritz, chairman of the Fritz Institute, a charity that works with governments, nonprofits and companies to improve responses to natural disasters. "They're extremely good at training. These are enormous attributes for the humanitarian world," But, he said, companies often do best when they work with humanitarian organizations. "The ability to be effective is just such hard work," he said.

Companies typically give away roughly 1 percent of their pretax profits annually, and disaster relief has usually been a tiny part of that, according to research by the Center on Philanthropy at Indiana University. But disaster relief was close to 10 percent of companies' donations in 2005 because of the Asian tsunami, the earthquake in Pakistan and Hurricane Katrina, it found. (Donations have since ebbed as a percentage of corporate giving, along with the pace of truly large-scale disasters.)

But during a calamity, some corporate disaster relief fails to relieve much of anything, as the high volume of donations in 2005 made clear, Mr. Fritz said.

Certainly, many companies supplied essential goods and services that year, and cash donations provided crucial help, he said. Too often, however, there was little communication about what was needed and available, and too many companies donated unneeded goods that clogged runways and storage space.

The good news is that many companies today are more aware of the complexity of disaster relief and are thinking hard about how to maximize effectiveness.

Some companies make it a habit to work with philanthropies that have experience in disaster relief. Toys "R" Us, for example, has partnerships with Save the Children and similar groups, said Kathleen Waugh, a spokeswoman.

For other companies, disaster aid has the advantage of being a natural fit. Caterpillar's corporate foundation donated \$2.3 million in cash to disaster relief in 2005, up from just under \$100,000 in 2004. Its dealer network also donated equipment worth several hundred thousand dollars, said Will Ball, Caterpillar's manager for social responsibility initiatives.

After major wildfires broke out around San Diego last fall, Qualcomm, the wireless technology company based there, pledged \$1.5 million in cash for relief and recovery, said Daniel Sullivan, executive vice president for human resources. The company also sent in volunteers to help the county keep its information hot line running.

"Companies ought to align disaster relief with their business models and their core competencies," said Charles Moore, executive director of the Committee Encouraging Corporate Philanthropy.

Companies can also turn to business groups that offer information on disasters and donations, like the United States Chamber of Commerce and the Business Roundtable.

Understanding when to help is also important. Many companies tend to offer aid in the weeks and months immediately after

a disaster, when public attention is strongest. But research suggests that companies should contribute at least as heavily to long-term aid.

Then there is the matter of companies' other philanthropy. When they ramp up contributions to disaster relief, it is only a matter of time before they have less money available for other causes -- say, arts organizations.

Many large companies have reserves for disaster relief, so they can increase donations for a year without affecting other giving. But even big companies have their limits.

"I have to acknowledge that if there were more of these disasters, we would have some more difficult discussions," said Dr. Sullivan at Qualcomm.

Gary Steuer, vice president for private sector affairs at Americans for the Arts, an advocacy group, says some companies are financing arts groups as one form of long-term recovery aid.

For example, companies of various sizes sponsor the New Orleans Jazz and Heritage Festival, both to support the arts and to promote economic recovery.

Jazz as a tool for economic development? Now that's a post-disaster image I can handle.

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