



Under a New Lens: Corporate Philanthropy in a Changed Economy

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By Elisabeth Anderson, Shannon Bond & Erica Pagano

At this month's 2009 CECF Corporate Philanthropy Summit, attendees from FORTUNE 500 CEOs to corporate foundation presidents rolled up their sleeves to talk frankly about the new realities they face as they continue to engage in their philanthropy.

Far from taking on a somber quality, the two day conference at the Time Warner Center in New York City -- and Excellence Awards Reception and Dinner at the New York Historical Society -- was at once poignantly thoughtful and assertively hopeful. Participants were eager, perhaps more than in the past, to come together to figure out how to both maximize impact now and prepare for stability, and even growth, later. A number of key themes and trends emerged, in keynotes and workshops, and in breakout sessions and networking breaks. Three onPhilanthropy reporters granted access to various parts of the conference explore these below.

Authenticity Builds Trust

Much credence was given to the question of how philanthropy can be used to restore trust without being disingenuous. The key, it seems, is sticking to what companies know is best: building and maintaining programs with an authentic link to the business. The programs that are most often recognized and communicated about are those that produce an "a-ha" moment; the company's interest in the cause is clear, and their contribution particularly well-aligned with what they do best. Philanthropy in times of crisis should be no different. There are no quick-hit tricks; if a company is looking to show its stakeholders it is a good corporate citizen, talk about programs built the right way. Three examples:

- When the Gap Inc. was working to narrow its Foundation focus areas for the developed world, they talked to youth experts who helped them identify the need for job readiness programming in the teenage population -- a need that the Gap Inc., a company that has given hundreds of thousands of people their first job, is uniquely suited to address.
- Johnson & Johnson's commitment to global health is powered worldwide by the company's Credo, which drives the way the business is run and sets the expectation that philanthropy be used to make social impacts; benefits to the business are secondary. "We do have secondary benefits," said Sharon D'Agostino, Vice President, Corporate Contributions and Community Relations. "Our employees are proud and people want to work for us. This is never the goal of our philanthropy, but it is terrific."
- As Deloitte was exploring the concept of its pro bono service program, the program's key developer, Evan Hochberg, proactively socialized the concept throughout the organization. "You have to make it important to the organization," said Mr. Hochberg. "Final decisions should be team decisions. It's everyone agreeing together to move in the same direction." By empowering employees to feel a sense of ownership over a program, it becomes an authentic extension of the business rather than a knee-jerk reaction to wavering levels of stakeholder trust.

A fourth example of a well-aligned authentic program is Western Union's Our World, Our Family program, which was the recipient of CECF's 9th Annual Excellence Award in Corporate Philanthropy (Large Company). Our World, Our Family supports migrant families -- a key customer base for Western Union -- to address the root causes of poverty worldwide. The five-year, \$50 million commitment leverages the company's extensive network to make far-reaching and sustainable impacts on migrants and their families -- which account for nearly 10% of the world's population worldwide.

In an interview with onPhilanthropy, Western Union's president and CEO Christina Gold said: "I'm so proud to be recognized for this program. It represents who we are as a company." Ms. Gold along with Luella Chavez D'Angelo, president of the Western Union Foundation, went on to explain that the program was born out of research -- the Foundation spoke with agents and customers and took a hard look at where the company had the most potential to give back. The Western Union business is built on making connections across the world, so taking this model one step further, to help migrants get settled and have access to economic opportunity makes sense. "We are committed to making migration an option, rather than a necessity," said Ms. Gold, and despite tough economic times, "our commitment is our commitment," she said.

So, how to maintain or strengthen corporate reputation during challenging times? Stay the course. Focus on programs that align with and reflect what your company does best as well as the expectations, ideas and passions of your core constituents.

Blurry Lines, Ever Blurrier

There is a newfound deep interest in the blurring lines between philanthropy, corporate giving and cause marketing. During this period when the public is increasingly distrusting of companies, there is fear among industry practitioners of having cause marketing initiatives look profit-driven and inauthentic. "If it's manipulative and just to drive sales, the public will see through it in a minute," said Shelly Lazarus, Chairman of Ogilvy & Mather Worldwide. Ben & Jerry's CEO Walt Freese also noted that, "a company's overall marketing mission should be separate from its social mission even if they at times join forces. Consumers need to understand that your social mission is coming from a genuine place."

In addition, the explosion of social media as a powerful tool for advancing a "cause" created considerable debate about "best practices" for using this communication medium and its future. Although there doesn't appear to be any easy answers, attendees talked at length about the importance of aligning programs with company values, engaging employees, and promoting transparency at every level.

Small Win Now, Big Windfall Later

"Find winning tactics now, because effective tactics dictate strategy over time," urged CEO panelist Marc Benioff of salesforce.com. Practicing what he preached has turned what was once an easy-to-implement tactic for the company into a gold standard of corporate philanthropy over time. When salesforce.com decided to put a 1-1-1% (that's 1% of each time, equity, and product) donation policy into place, "it was easy," Benioff explained. "We were just a start-up." But that policy has grown with the company, as has its impact. Similar examples abound in other sectors, like that of Target in the retail space; when Target had just a handful of stores in the Minneapolis area, donating 5% of weekly income to its communities was just a drop in the bucket. In 2009, with global reach, it's in excess of \$3 million each week.

The takeaway for attendees? Think about sustainability. Build a program now, or a

piece of it -- and position it to grow as the economy rebounds and companies begin to see new growth. "Companies tend to overestimate what they can do in a year but underestimate what they can do in a decade," Benioff said. "You need to think about the decade," and give careful thought to new models of corporate leadership.

Trends to Take Note of

Collaboration. Systemic change. Advocacy. Sustainability. These are the topics on the tip of practitioners tongues these days, and presenters urged them to proceed with gusto.

- *Collaboration*: "Co-funding does not necessarily mean collaboration," warned panelist Kimberly Davis, President of the JPMorgan Chase Foundation. Still, "Corporations now more than ever need to collaborate. We should connect more often, challenge one another, encourage risk taking and share ideas. In the wake of this crisis, we have the rare opportunity to come together and create transformational change in our industry."
- *Systemic change*: Why scatter funding around to small projects when you could tackle, and eventually solve, a major social ill instead? Strongly correlated with collaboration, systemic change funding is the path du jour for major corporate philanthropists, who seek to work through multiple channels and with numerous partners with a goal of eradicating substantial problems. For example, panelist Bob Corcoran, President of the GE Foundation & Vice President, Corporate Citizenship at GE, discussed a recent project to fund a Canadian organization that created and executed an environmental awareness module for new Chinese mayors, which is now part of mandatory Chinese government training for new mayors. The example was cited as an innovative way of working with the public sector, vis-à-vis collaboration with another partner, to affect change on the all-important climate issue. "Companies that are just writing checks are withholding valuable participation from society," stressed Mr. Corcoran. By educating new leaders now, GE is helping to ensure that they implement environmentally-friendly, long-term impactful policies during their tenures.
- *Advocacy*: With companies increasingly under pressure to do more with less it is important to remember the impact their "voice" can create in shaping policies and legislation about pressing social issues. Panelist Margaret McKenna, President of the Wal-Mart Foundation, discussed her company's unafraid approach toward advocacy projects or using lobbyists to promote hunger relief projects and organizations.
- *Sustainability*: In the wake of shrinking budgets and increased pressure to demonstrate ROI, companies are paying increased attention to finding ways to make their contributions sustainable. Bobbi Silten, Chief Foundation Officer for Gap Inc., recommends thinking creatively about how corporate funders can support partners: "recognize the value of your brand," she advises. "How can you help your partners use your stamp of approval to attract more support? Can our partner afford marketing support? If not can we provide it pro bono?" Sharon D'Agostino from Johnson & Johnson explained how her company takes a long-term approach to giving. "At the end of the day we are looking to help our partners increase their capacity," she said. "We will help them create messaging or videos to promote their work. We will sit with them on panels to spread the word. This is not about us, it's about the issue we are jointly committed to."

The Evolving Landscape of the Philanthropy Field: What Does This Mean for the Profession?

Philanthropy is no longer a siloed, reactive activity but a critical element of a corporation's citizenship. As corporate philanthropy becomes more richly embedded into the overall operations of a company, the roles, responsibilities, and accountability for the professionals spearheading this work has evolved. The traditional view of grant maker is being dispelled to embrace a broader set of competencies and skills required to be successful. "Philanthropy is becoming more corporate. There is increased focus and utilization of traditional 'corporate skills/disciplines' to do good, such as measurement/evaluation, strategic/critical thinking, organizational and communication skills," noted Bob Corcoran, in his session titled, "Strengthening the Profession."

He also pointed out that as society continues to demand change, long term change, "the profession needs to bring the science, scale, and voice of corporations to the philanthropy table in order to create lasting social impact."

Katherine says:

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