



The Community Partnership Movement
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Stop the Charity and Start the Impact:

How IBM and others have reinvented corporate giving to better serve society and business



The way beyond the self-limiting altruistic corporate charity of the 20th century is business-integrated community involvement, which brings charity to the core of business operations and makes business interests central to community involvement. This 2.0 version of corporate giving synergistically melds commerce and charity to the point of making them indistinguishable.



Corporate charity, collectively, does little to assuage hunger, illness, injustice and other plights plaguing our planet. The culprit is our society's historical insistence on a black-and-white differentiation, a hard line and a safe distance between business pursuit for profit and business charity.

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While business-integrated community involvement might still be novel, pioneering enterprises ranging from the utility serving portions of New Hampshire to the technology company ranked largest in the world are proving its feasibility and demonstrating its impact. It is becoming evident that businesses do more to alleviate societal ills when they stop trying to be altruistic and, instead, support societal causes as the self-interested entities that they are.



ABOUT THE AUTHOR



Bea Bocalandro, advisor to Business4Better, is a strategy consultant, writer and frequent public speaker on business involvement in societal causes. She is president of VeraWorks, a global consulting firm that has helped Aetna, Allstate, Bank of America, FedEx, HP, IBM, Levi Strauss & Co., The Walt Disney Company and many other companies develop and enhance their community involvement programs. She also teaches corporate community involvement at Georgetown University, Boston College, the Points of Light Institute and other organizations and has authored *The End of Employee Volunteering: A Necessary Step to Substantive Employee Engagement in the Community*; *A Helping Hand or a Hijacking? How Nonprofits Can Respond to Ever-Increasing Corporate Involvement in the Community* and many other publications.

While the US corporate sector is 10 times larger than the nonprofit sector, corporate donations amount to no more than one percent of nonprofit operating revenue.



The limits of corporate altruism

Corporate altruism might be noble, but it is also ineffective. Determined to be charitable, early practitioners of corporate involvement in societal causes inadvertently established a model destined to underperform. They housed corporate foundations separately from the donor companies. They delegated corporate charity decisions to individuals who had no direct connection to the business. They gave to causes not even remotely related to the business. They did everything possible to ensure business interests were independent and unenhanced by corporate charity.

Although businesses are moving toward win-win community involvement, prevailing practices remain beholden to the expectation of commerce's disassociation from charity established by a century of traditional corporate giving. Today's customary corporate community involvement continues to be so distant from the causes it supports as to be, arguably, the most superficial form of relationship: a check in the mail. In return for monetary donations, companies customarily receive a public nod of gratitude from the nonprofit, but nothing more. In other words, most businesses continue to pursue altruism and to avoid self-interest, or at least the appearance of it, in their community involvement. Such business benevolence, however, is limiting businesses' contributions to the public good.

When a business insists on making only selfless no-strings-attached monetary gifts to the local soup kitchen, it actually undermines its ability to reduce hunger. Even the most elementary business management textbook states that expenditures that generate zero or near zero return cannot be of any significant magnitude without undermining the company's commercial viability. Corporate giving designed to shun self-interest, then, is logically limited to a scale of insignificance. Relying on cash contributions further dampens a giving program's ability to grow. Cash can be converted into almost anything a business needs — better office space, higher morale, happier shareholders, more efficient equipment. Thus, cash-based giving is up against very serious competition for company resources. In other words, because it avoids business ROI and relies on “extra cash” (as if there were such a thing), traditional corporate charity of any meaningful magnitude is unsustainable. Thus, altruistic corporate charity is forever destined to have at best a modest and at worst an insignificant impact on societal causes.

Corporate Involvement in Society: A Strategic Approach

	TRADITIONAL CORPORATE CHARITY	BUSINESS-INTEGRATED COMMUNITY INVOLVEMENT
Driving principle	Altruism	Impact (both societal and business)
Relationship between the business' everyday operations and its contributions to societal causes	Remote	Integrated
Contribution	Cash	Business capacities, employee skills and other non-cash assets, as well as cash

Good Work Feels Good

Socially meaningful work can pay off big. A Net Impact and Rutgers University study found that almost twice as many people with careers that can make a social contribution say they are very satisfied with their jobs.

WORKERS WHO ARE "VERY SATISFIED"

49%

Those with opportunities for societal contribution at work.

26%

Those with no opportunity for societal contribution at work.

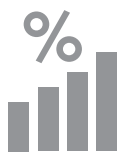
Bringing charity to the heart of business and vice versa

There is a way, however, for companies to contribute substantially to societal causes. It involves eschewing traditional altruistic cash-based corporate charity in favor of the opposite: **business-integrated community involvement**. Instead of separating corporate charitable giving from the business operations, it melds the two. Instead of contributing through a cash transaction, it contributes the guts of business itself – its capacities, its access to real estate assets and its repurposed technical equipment, for example. Increasingly there is evidence that business-integrated community involvement supports the business as well as societal causes. Recent Harvard Business School research, for example, determined that companies with more practices supporting societal causes significantly outperform their counterparts over the long-term, both in terms of stock market and accounting performance.¹ Following are examples business-integrated community involvement practices:



The Public Service of New Hampshire call center helps those in need of access to health and human services.

When New Hampshire was establishing a statewide health and human services phone referral service for anybody who dials 2-1-1, the utility Public Service of New Hampshire (PSNH) offered something more powerful than a check in the mail. It offered its call center and related expertise and capacities. Today, the information and referral specialists who respond to 2-1-1 calls work alongside the utility's own customer service representatives. PSNH provides 2-1-1 space, donates and maintains the technology and trains the staff in customer service. By contributing its operations, PSNH helps a concerned mother needing the poison control center, an unemployed father wanting job training and anybody else needing essential services. Not only would PSNH not be able to match the positive impact of this business-integrated community involvement through checkbook philanthropy alone, it would forego the positive impact to its own business. PSNH internal metrics reveal a statistically significant relationship between community involvement that directly touches employees and employee morale.



Bank of the West's walk-in services increase financial literacy among the economically disadvantaged.

Oakland, California, residents cashing their paycheck now have the opportunity to learn how an interest-bearing financial instrument can help them break the cycle of poverty. Bank of the West accomplishes this charitable feat by hosting a financial literacy nonprofit in its own branch office. By giving the nonprofit highly visible retail space in a high traffic area, Bank of the West helps fight poverty more effectively than it could with monetary contributions alone. The Bank also benefits from the nonprofit's promotion of savings accounts, CD's and other financial products that typically sell sluggishly in impoverished areas.

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Patagonia's sales save the environment. At outdoor clothing manufacturer and retailer Patagonia, every sales representative is required to be involved in environmental causes and to bring this activism to the sales floor. Walk into a Patagonia store and you are offered as many options for doing good – e.g., how to recycle your clothing or leave a light footprint when you hike or carpool – as you are ski pants. Patagonia's sales team seamlessly sells environmental activism as it sells product. This likely gives Patagonia a sales edge over its competitors. Research suggests that 59 percent of Americans are more likely to buy a product associated with a good cause than one that lacks this association, and this figure has been steadily climbing over the last two decades.²



Caesars Entertainment's housekeeping prevents disease in developing countries. When housekeeping staff at Caesars Palace hotel in Las Vegas, Nevada, show up to work, they have the option of helping to build a world in which preventable infections no longer kill 9,000 children every day. Caesars Entertainment's community involvement program encourages housekeeping staff to collect soap from guest rooms. The company then sends the soap to a partner nonprofit to sterilize, recycle and distribute to impoverished families across the globe. By making a small adjustment to his job, an employee of a Las Vegas hotel can help a child in an African village stay healthy. Again, this program not only makes a meaningful difference on a serious global issue, Caesars has data linking it to customer satisfaction.



FedEx's transport rids the environment of invasive species. Interested FedEx drivers in the US state of Florida have been trained to spot and identify invasive snake species that cause extensive damage to the state's sensitive wilderness. FedEx drivers scan trees and branches as they drive. When the driver spots a Burmese Python or other non-native snake, she uses her GPS to notify the local authorities or a nonprofit organization of the snake's precise location so that the partners can remove the snake from the environment. Thus, participating Florida FedEx drivers help rid the environment of a damaging species every time they show up to work. They are also likely to be happier, and thus more productive, employees. Research indicates that employees who are able to make a social or environmental impact while on the job are more satisfied with their jobs by a 2:1 ratio.³

Capitalism is fantastically competent, productive and transformative. It is also largely absent in existing efforts to solve societal issues.



IBM's leadership training promotes international development.

IBM's flagship global leadership development program, Corporate Service Corps, sends teams of employees to a developing country to work on development projects that are similar to IBM's commercial work. In other words, IBM workers promote international development when they participate in leadership training. A single team of IBMers from half a dozen countries, for example, might help an environmental organization in Ghana double its reach or a micro-enterprise in the Philippines thrive. Research supports IBM's contention that community involvement can be an out-of-the-box fresh activity that develops employee skills and company competencies. In a survey conducted in the United Kingdom, the majority of respondents reported that participating in their employer's corporate community involvement program developed their skills and competencies across a broad range of business relevant areas, including communications and teamwork. Their line managers corroborated these findings.⁴

The genius of the above business-integrated community involvement practices is that they solve the two principal limitations of traditional altruistic charity. First, their business return allows them to draw substantial corporate support without endangering the viability of the business. Research confirms that employee community involvement programs that explicitly seek a business return have larger budgets on a per employee basis and higher percentages of employees involved than their purely altruistic counterparts.⁵ Not surprisingly, many of the above businesses have eagerly invested substantial funds in their corporate community involvement as a way to achieve business outcomes from higher employee engagement scores to enhanced employee skills to increased customer loyalty. The above examples also overcome the second weakness of traditional corporate charity: reliance on cash contributions. By contributing call centers, leftover soap, employee skills and other non-cash assets, the above programs do not pit themselves against every business unit seeking a larger budget and can, therefore, make larger contributions to societal causes.

The good inherent in self-serving corporate giving

In the normal course of business, companies fend off hackers, survive spikes in commodity prices, invent previously unimaginable products and deliver goods to the far reaches of all continents. Capitalism is fantastically competent, productive and transformative. It is also largely absent in existing efforts to solve societal issues. If our businesses deliver soft drinks to impoverished towns without paved access, why can't we also deliver vaccinations to resident children? If our businesses convince Americans to watch a new Hollywood movie every week, why can't we also convince them to exercise three times a week? Clearly, if even a fraction of corporate might is repurposed toward societal causes, we might transform the state of our planet. Certainly, it is more charitable to unleash the corporate sector's prowess upon the troubles of the world than it is to conduct a type of corporate altruism that necessarily leaves the bulk of this formidable force for good untapped.



In Partnership with: Nonprofit Partners



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ABOUT BUSINESS4BETTER:

Business4Better's (B4B) mission is to create successful business and nonprofit partnerships that directly impact communities and expand the meaning of being a better business. It is the Business4Better platform – educational conference, nonprofit expo and community movement – that engages mid-sized businesses to explore high-impact corporate and social responsibility (CSR), community engagement and employee involvement like never before.

B4B brings together business, nonprofits, and CSR thought-leaders to thrive, share, inspire, educate and form partnerships that prove Business4Better is truly better for us all.



Be a Business4Better.

Join the movement and learn more about the Conference and Expo, May 1-2, 2013 in Anaheim, CA. Go to Business4Better.org.

¹Eccles, Robert G., Ioannis Ioannou and George Serafeim. "The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance" a Harvard Business School Working Paper. 2011.

²Cone, Inc. "More than three-quarters of Americans say a nonprofit-corporate partnership makes a cause stand out" in Trend Tracker. March, 2010.

³Net Impact and Rutgers University. Talent Report: What Workers Want in 2012. May, 2012.

⁴Corporate Citizenship. Volunteering: the Business Case: The Benefits of Corporate Volunteering Programmes in Education. 2010.

⁵Boccalandro, Bea. The Drivers of Effectiveness for Employee Volunteering and Giving Programs and Fortune 500 Performance. Boston College Center for Corporate Citizenship. 2009.