

How Giving Helps Grow Your Business – SSWBN – February 28, 2008

Thank you for inviting me to speak at this event this morning.

Speaking at a breakfast meeting sponsored by an Educational Foundation on “How Giving Helps Grow Your Business” seems like talking to the choir.

I am certain that you all know the importance of philanthropy and the benefits of charitable giving. After all, that’s why you are here.

But, what about the folks who aren’t here. What do they know about giving?

The recent television writer’s strike caused a plethora of reality shows to be developed. Here’s one that’s coming up

[<read Oprah’s Big Give>](#) Clearly, the subject of philanthropy is hitting the mainstream.

Did you know that this past Monday - February 25, 2008 - President George W. Bush and Secretary of Commerce Carlos Gutierrez officially recognized National Corporate Philanthropy Day, the fourth Monday in February each year.

And, what is National Corporate Philanthropy Day? According to the proclamation: It’s a day for the business community to celebrate its achievements in corporate giving and pro bono service, building awareness of the benefits of corporate community investment, and inspiring corporate America to engage further in corporate philanthropy and service. This day offers a media platform from which companies may broadcast their message about the importance of corporate community partnerships.

In a 1970 New York Times Magazine article, Milton Friedman, the conservative economist, spoke out against philanthropic giving by public companies, calling it a form of theft against shareholders. How times change. Today, corporate America has gone Friedman one better and is embracing philanthropy as a critical part of its business strategy.

The philanthropic pie is divided up with 80% from individuals, 15% from foundations and 5% from corporations. We are a giving country. When there is a disaster, we reach into our pockets and respond. Just think about 9-11 or Katrina. And, as important, we respond with our time and energy.

The median dollar value of corporate contributions grew last year by nearly 5%, reaching over \$32.6 million. But total giving as a percentage of pretax profits remained below 1%.

As a Jewish kid growing up in New York, my dinner table conversation was often filled with talk about Tzedakah or charity. Each Friday night my mother would bring out a little blue box in which we put some change. Eventually, when the box was filled, it was given to a local non-profit organization that we had heard or read about.

The word Tzedakah or charity encompasses a host of meanings, ranging from compassion to justice. Giving should reflect this range.

There was a time that I thought this was common knowledge.

[<Tell story of Thom’s awareness about how to give>](#) [<Tell story of Catalogue>](#)

I am reminded of a story...

A fundraiser approaches a very rich, high net-worth individual who hadn't donated any money to the fundraiser's charity, despite this individual making over \$1 million that year.

"First of all," says the individual, "my mother is bedridden and gets no help from social services.

Second, I have five kids through three divorce marriages.

Third, my sister's husband recently died and she has no one to support her four children."

"I'm terribly sorry," says the fund raiser, "I feel bad about asking for your money."

So you should," replies the individual. "If I'm not giving them any money, why should I give you any?"

If you run a business, you undoubtedly feel many pressures on your time and money. Why would you want to add "giving to the community" to your "to do" list? Here are six reasons ...

1. It feels good. Making contributions to the community is personally rewarding. Our values are important to us - from helping kids to supporting neighborhood cleanup efforts. Charitable contributions enable us to support these values.
2. It's tradition. Local businesses traditionally have been principal supporters of many community organizations that do good work. Without the support of the local South Shore business community, many programs that serve the South Shore's neediest residents would not exist.
3. It builds company morale. Contributing to organizations that are important to employees enables South Shore business owners to promote a more positive work environment and build shared pride in the company's role in the community. Providing opportunities for employees to contribute, whether financially or volunteering time, improves morale and helps reduce turnover.
4. It's good for business. Support for local causes is a good way for a business to develop a positive image, reinforce relationships with customers, and develop closer relationships with community leaders and officials.
5. It's a sign of leadership. Great business leaders are also leaders in the community. A business owner who stands up for a cause can inspire others to get involved and can create confident optimism.
6. It's good for the community. Studies show that vibrant, healthy communities have a strong network of charitable and educational organizations. These are supported by the volunteer time and financial contributions of private citizens and businesses. Private involvement in the larger community can affect every aspect of a community's vitality, including its economy. The subject of corporate philanthropy has been studied, tested, researched, and chronicled. Corporate philanthropy, once the domain of Fortune 100 companies, is taking on new shapes and new meaning as companies small and large, public and private, learn more about the business value of philanthropy and how to do well by doing good.

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From employee newsletters and community weeklies to The Chronicle of Philanthropy and Harvard Business Review, and from Business Ethics to The Boston Business Journal, examples of philanthropy are cropping up all over and inspiring more companies to evaluate what philanthropy ~ giving money, resources, people, in-kind donations and time for a social cause or a helping hand ~ can do for them, not just in the boardroom or in the press, but in the community, among employees and in the public's perception of value added to the brand.

The word philanthropy is derived from the Greek language, meaning "love for mankind". Corporate philanthropy refers to the giving by a for-profit company directly to charitable organizations from the corporation or to individuals in need with the intention of improving the quality of life.

The expense incurred through voluntary grant-making is typically planned as part of the company's annual budgeting process.

Corporate philanthropy is a key component of a corporation's broader social responsibility and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and the communities it serves.

Today, corporations want to measure value and accomplishment, not based on corporate resources provided to improve society, but by actual outcomes achieved.

Corporations view grants as strategic investments intended to achieve measurable charitable returns.

Many studies show that corporate charitable giving helps improve a company's bottom line.

- 76% of consumers indicate they would switch brands or retailers to one associated with a good cause, when price and quality are equal
- 87% of employees at companies with philanthropic programs feel a stronger sense of loyalty to their employer

External benefits of corporate giving:

- Improved customer loyalty
- Enhanced reputation and standing in the community
- Increased positive name recognition and brand awareness
- New and enhanced relationships with key community leaders and officials
- Beneficial business-to-business relationships with nonprofits
- A reservoir of goodwill within the community
- Healthier, more livable and economically stronger communities

Internal benefits of corporate giving:

- Competitive advantage in attracting and retaining employees
- Leadership and development opportunities for employees
- Exposure of senior staff to new ideas, points of view and important social movements
- Improved internal communication and common purpose

There are four key ingredients to successful corporate philanthropy:

1. Encourage employee participation. Involve employees in the company's charitable giving decisions.

2. Manage the process. Have a rationale for what you are doing, develop guidelines and objectives, budget your giving and stay focused.

3. Keep top management involved. The single most important ingredient for starting a corporate giving program is a strong value and support for corporate giving from top management.

4. Just do it!

A defined charitable giving program can help you:

- Make wise decisions about which community programs to support
- Increase the sense of satisfaction that everyone in the company derives from charitable giving
- Strengthen ties to customers and the community.

Here are the basic steps that can be used to establish a business giving program.

- Clarify your goals — What do you hope to accomplish with your charitable giving program?
- Identify the tax benefits — What can you deduct as a charitable contribution? How much can you deduct?
- Set a budget — How much do you want to give?
- Set up a process — How will you accept solicitations? Who decides? How do you say no?
- Set up criteria for evaluating particular requests — When asked to give more than a small amount of money, you will want to consider certain information about the organization to which you are contributing and the way it intends to use your money.

- Review your program — Set aside some time once each year or each quarter to look at your giving program. How well did it achieve your goals? How much satisfaction did you and your employees receive from your contributions?

Other things to consider:

A direct cash grant is the most common type of contribution companies make. A company can deduct charitable grants from corporate taxes up to 10% of pre-tax net profits.

In addition, there are several techniques you can use to increase the impact of a small charitable giving budget while encouraging giving from other sources, including employees.

- Employee matching gifts
- Dollars for Doers (e.g.; Genzyme)
- Challenge grants

There are several ways your company can support causes and organizations in addition to cash grants. Offering non-cash giving options enables your company to better achieve its program goals and meet more community needs than can be met by cash giving alone.

- In-kind contributions/donations
- Loaned talent
- Employee engagement – United Way, fundraising walks, etc.
- Volunteerism

There are a variety of ways that corporations can create philanthropy programs that benefit their employees, their brand and business, and make a difference in the community. The most effective programs start from a values base and move out to the community for a positive impact on issues and people that make up the social fabric and the marketplace in which businesses operate.

Bottom line: it's good business to give to the community and to be part of the community.

Thank you for listening.