

Corporate Philanthropy

THINGS TO CONSIDER WHEN GIVING

SPINNING OFF THE November 2002 issue of *Competitive Edge* special section on nonprofits, *Competitive Edge* and The North Highland Company sponsored a breakfast roundtable discussion for local businesses on corporate philanthropy.

- **Karen Beavor**, executive director of Georgia Center for Nonprofits, served as moderator of the panel, which featured:
- **Rhen Cain**, president & CEO, *Entrepreneurs Foundation of the Southeast (EFSE)*. EFSE works primarily with early-stage companies, helping them develop their community involvement and volunteer programs and donor-advised philanthropic funds using pre-IPO stock options.
- **Lee Ann Stone**, principal, *The North Highland Company*, a management and technology consulting firm. Stone said North Highland is unique in that its consultants don't travel, but rather work in the cities where they live. This enables employees to spend more time in their community. Of their 225 employees, each is able to work an average of 100 hours in a volunteer capacity annually. North Highland supports nonprofits in three specific areas—the arts, technology and education.
- **Zoe Hicks**, principal & founder of *Hicks & Hicks law firm* and a nationally recognized estate planner. The law firm focuses on charitable estate planning, helping clients establish charitable giving programs.



Karen Beavor, Georgia Center for Nonprofits, led the roundtable discussion.

“Nonprofits shouldn't just focus on the top corporations for money. Atlanta has a dynamic business community, and many small and new companies will be successful in the future, and will have a lot of potential to give volunteer time and dollars.”



“As you can see, nonprofits employ a significant number of people and purchase from the community, making them an economic force to recognize,” said Beavor. “What's more, the sector is becoming more professional by developing marketing and branding strategies. Now, we're seeing more marriage between business objectives and corporate philanthropy objectives.”

“As a result, nonprofits have the potential to open a distribution channel or economic opportunity for businesses that a company may not have thought to explore,” she said.

For example, Beavor cited a nonprofit law firm that created a proposal for MARTA, in which it negotiated a special deal of half-fare tokens for the homeless to help them find jobs. Once they became employed, they became full-fare riders, and MARTA gained revenue.

Following are some other points that were covered:

Question: How is the current, tough economy affecting corporate philanthropy?

Stone: “At North Highland, we're trying not to decrease the amount of giving, but are becoming much more specific about which areas we support. We want to see a greater impact where we're giving. This also gives our employees a focus, and they are stepping up to the plate in terms of more individual giving.”

Cain: “Pro-bono work and products and services can supplement dollars when a company doesn't have the financial resources to give.”

Question: How does a company bring all of its interests together and develop a corporate strategy for giving so that it sees a greater impact and is able to measure its charitable work against business objectives?

Stone: “Often, a company selects an area of philanthropy because a CEO gets employees interested in their cause. We

took a different approach. We looked at our employee demographics and our business focus. Since we are a technology company, technology was a natural area of interest. Then, we saw that we had a lot of new children among our employees, which meant there would be many young people going through the educational system, so education was our next choice. Finally, we felt the arts were a huge contributor to education and the community as a whole.”

Question: As small companies think about corporate giving, what are some motivating factors to consider in prompting them to get involved?

Cain: “The downside to a small company is that anyone who is struggling to survive doesn't want any distractions from the company's mission. However, companies need to realize the benefits of community service and philanthropy, which include:

- When a company is involved in the community, it raises its visibility and enhances its image.
- Community service increases employee pride and morale, which in turn, increases employee loyalty.

“In some cases, venture capitalists (VCs) require companies seeking funding to have philanthropic activities as part of their business plan, since VCs know the benefits of corporate giving.”



Rhen Cain, Lee Ann Stone and Zoe Hicks participated in the roundtable discussion at the Ashford Club.

Question: When a nonprofit approaches a company for pro-bono work, how does a company select its nonprofit partners?

Stone: “First, we screen to see if the nonprofit fits one of our three categories of focus. Second, it depends on someone within the company championing a specif-

ic cause and how effective they are in presenting their case. Third, will it require a large commitment on our part? Fourth, what's the outcome of our involvement and the benefit of participating?”

Cain: Nonprofits shouldn't just focus on the top corporations for money. Atlanta has a dynamic business community, and many small and new companies will be successful in the future, and will have a lot of potential to give volunteer time and dollars.

Question: How can a nonprofit generate a value proposition—in which involvement with a nonprofit demonstrates value for the company?

Beavor: “First, a nonprofit should present their programs and ask if there is a particular one that a company might connect with. Second, nonprofits should consider what visibility they can bring a company through participating in their event. Third, nonprofits should see if there are connections and partnerships that can result in a joint venture for the nonprofit and company.”

Question: How does executive leadership play a role in fostering a company's interest in philanthropy?

Hicks: “I've worked with a number of executives who have put corporate philanthropy in practice for so long that it filters down to other layers of management and communicates to employees that it is part of the corporate culture.”

Question: How does involvement on a nonprofit board of directors impact both the nonprofit and the participating company?

Beavor: “Mid-level managers engaged in board ser-

vice develop professional skills that can't be matched by any formal training program a company can offer. The new skills they acquire are unlikely to occur naturally in a company with layers of management. People involved in boards develop leadership skills and meet potential new customers who are also serving on the board. It elevates them to a social status they may not have otherwise, which gives personal and corporate visibility. It's a great networking tool. In addition, nonprofits should think of specific skill sets that their organization lacks, and find board members who can offer their talents.”

Stone: “Many of our employees are serving, or have served, on nonprofit boards. By serving, they have gained vast experience they can apply to the company. For example, as a consultant, I help many companies resolve problems locally. However, on a board on which I serve, I am helping the nonprofit develop a strategy to take their cause to the national level. I rarely get the opportunity to work with a local organization that wants to expand nationally. In this way, I'm able to bring expertise to the nonprofit and, at the same time, gain experience so that I will be better for my business clients in the long run.”

Question: How do you measure the value of corporate philanthropy, showing value back to the company for all the time and money it has spent?

Cain: “Nonprofits are now expected to present a business case when applying for grants and funding that shows the value and return on investment to the company. Studies have shown that companies that give philanthropically have a higher return on assets, a higher return on invested capital, a higher level of productivity and higher employee morale.”

Question: How important is a nonprofit's accountability to a company?

Hicks: “Nonprofits have to use resources wisely to make their dollars go a long way. Executives want to see accountability and expect a nonprofit to run like a business.” ■

