

# >> trends [4]

The definitive [4] times per year source of philanthropic trends analysis in Canada

## The Corporate Giving Issue

In our ongoing attempt to navigate the challenges that impact our sector, there's no question that change is the only constant. Daily news reports dwell on economic issues, the volatile Euro zone, ongoing unease about global markets and aging, shrinking donor bases. With all this "bad news," one could easily be pessimistic about the Canadian charitable landscape.

And yet, amidst this doom and gloom are some glimmers of hope. Statistics Canada reports that Canadians made charitable donations of almost \$8.3 billion in 2010 – a healthy 6.5 per cent increase over 2009. And, while the ongoing economic volatility undeniably casts a certain degree of uncertainty over corporate Canada, many Canadian companies remained profitable throughout 2011. And, perhaps most importantly, their commitment to support the charitable sector remains strong.

This commitment came through loud and clear at a series of KCI-facilitated roundtables with leading companies from across the country. Wanting to better understand how corporate Canada is now making giving decisions, KCI invited a number of community relations professionals to share their thoughts and insights about a wide variety of topics. And in this issue, we give you a "seat at the boardroom table" by providing details about what corporate donors are looking for in their relationships with their charitable partners.

While some of the trends we've identified may not necessarily seem "new," what is



new is the intensity, frequency and sheer number of companies taking this direction. This tells us that as businesses become more "business-like" with their giving strategies, so too must our sector become more "business-like" in formulating our asking strategies.

Perhaps the most important conclusion we've drawn from our consultations is that corporate Canada wants to be a partner with the charitable sector – not just a source of funds for projects, programs and services. And while some leading charitable organizations have adopted this philosophy, we heard from our corporate partners that far too many charities seeking their support underestimate what corporations can (and want) to bring to the table and, as a result, underestimate the potential to harness it.

On behalf of the entire KCI team across Canada, I applaud the corporate sector for its consistent generosity and commitment to community investment, and sincerely thank the company representatives in Vancouver, Calgary, Montreal, Toronto and Halifax who carved time out of their busy schedules to participate in our conversations. We were not only delighted by their willingness to participate and by the enthusiasm and candor of the insights they shared, but were truly inspired by the passion and desire shared by these company leaders about making a difference.

Wishing you a productive and fulfilling 2012.

Marnie Spears  
President and CEO

KCI >>>

FORWARD THINKING



## The 'new philanthropy' of corporate giving

Our roundtables with representatives of corporate Canada helped us better understand their thinking related to the support of the charitable sector. And one key theme that emerged is that the word "philanthropy" itself is being replaced by new terminology such as 'community investment', 'corporate citizenship' and 'corporate social responsibility'. Barbara Simic, Manager, Community Investment, ConocoPhillips, Calgary, sums up this change by saying, "We see the word 'philanthropy' as describing more of an individual person's engagement and responsibility."

Far from just semantic, this change in vernacular reflects a fundamental shift in how corporations are thinking about charitable support. Corporate giving today is more focused, forward looking, leveraged for effect and targeted to make measurable, tangible differences in

the communities where businesses operate. It has moved from a largely reactive to a strategic posture, with leaders recognizing the value of linking community investment with various aspects of business, such as talent recruitment and retention, customer relations and reputation management.

As we explore the trends that emerged from our discussions, we'll look at some solid examples of how leading companies are supporting charities and how our sector can successfully anticipate, adapt and respond.

### 1) Aligning community relationships to business strategies

The trend of aligning community investment programs with business strategies began to appear a number of years ago. Embraced by a number of "early adopters",

this trend has gained significant momentum over the last several years, and today, the vast majority of companies now seek evidence of business benefits in addition to fulfillment of their charitable goals when making giving decisions – benefits like distinguishing the organization from its competitors, enhancing its corporate reputation and galvanizing its brand.

What this means for charities is that the days of corporations responding positively to "*we're a good organization and we need money*" proposals are long gone. Charities that are successfully attracting corporate support are first doing their homework to understand the business and community investment objectives of their prospective corporate partners and presenting proposals and plans that demonstrate "*why we're a good fit for you*".

When looking at whether or not charities

are a good fit, corporations are looking for answers to the following questions: What is your understanding of the corporation's current realities and future directions? What are its respective goals in responding to community issues and how does your work help to achieve them? How do we each define and value results and impact? Who are our mutual stakeholders? What distinguishes you and the services you provide? And with whom do you partner to achieve your success?

The approach that Teck Resources has taken in its community relations is a good illustration of a corporation that has aligned its business and community interests. With zinc operations in Canada, the United States and Peru, Teck produces approximately 646,000 tonnes of zinc concentrates and 278,000 tonnes of refined zinc. When the company first learned how devastating an impact zinc deficiency has on the lives of people in developing countries (almost half a million children and 800,000 adults die each year), it recognized it had a role to play to find solutions and its Zinc and Health program became part of a signature global citizenship initiative to raise awareness about the dangers of zinc deficiency and help save children's lives.

Teck has also become involved "on the ground" with some charitable and government partners in tackling this issue. One program is the Zinc Alliance for Child Health (ZACH). In partnership with the Micronutrient Initiative and the Government of Canada, Teck will work to develop and sustain zinc treatment programs that help save the lives of children affected by zinc deficiency. The first project will support the Ministry of Health in Senegal to dramatically scale up the use of zinc supplements, along with oral rehydration salts, for the treatment of diarrhea. This partnership demonstrates

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how responsible businesses can take an active role and form working relationships with non-profit organizations to have an impact on an issue of mutual interest.

### *Making a difference in different ways: Small and medium size businesses*

When thinking of corporate support of the charitable sector, we tend to focus on the 'big players'. And while undoubtedly, large corporations are key supporters, it is important not to lose sight of the significant role played by small and medium sized business in supporting charities in Canada. And it is also important to recognize that their approach and philosophy may be different than that of their larger counterparts.

In many cases, small to medium size business community involvement is tied to owners' or management's personal philanthropic interests.

Because small and medium size businesses must focus most of their attention on core business needs, they may not have the time or resources to identify specific community needs or develop strategic long-term partnerships with charitable organizations.

## **2) Creating Shared Value: A Win/Win Proposition**

Some corporations are taking the concept of aligning business interests with community relationships one step further. Described as *creating shared value*, corporations that adopt this approach do not distinguish between "business" and "community" interests, arguing that they are, in fact, one in the same. While shared value is still in its genesis, a growing number of companies have embarked on efforts to animate the philosophy by re-conceiving the intersection between corporate performance and society with a goal of seamlessly integrating the two.

By creating mutual interdependency between their organizations and the

Many charitable organizations are making it easy for companies of any size to participate in fun turnkey fundraising events such as Prostate Cancer Canada's "Movember", offering free promotional posters and donation boxes, a free mobile app for employees to track and solicit donations, and opportunities for prizes and visibility on the fundraising website and social media pages.

Local Board of Trade or Chamber of Commerce organizations offer networking benefits for charities to create brand awareness and identify companies that share an affinity for their cause, and could well be a very interesting platform to help promote giving and volunteerism. As well, Imagine Canada, Volunteer Canada and various community foundations across the country are also taking leadership roles to advance philanthropy and engage the next generation of business leaders at all levels.

causes they support, companies discover that deeper engagement naturally leads to shared value. As companies become more engaged, more opportunities emerge for partnerships that can accelerate and expand the potential for social impact. A Sears Canada charitable partnership effectively illustrates how creating shared value has been a win/win proposition for both it and its charitable partner.

Vincent Power, Sears Canada's Divisional Vice President, Corporate Affairs says that the national retailer's relationship with Boys and Girls Clubs of Canada has endured because it's still seen to be just as relevant and natural a fit for Sears as it was when they first began their association over four decades ago.

"Boys and Girls Clubs provide safe and wholesome after-school programming.

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That 'after school' time-slot has always been worrisome for parents – it's a time when kids can get in with the wrong crowd or engage in unsupervised, unsafe or risky activities. Parents are Sears's customers and associates (employees). Our

partnership resonates with them as well as our other stakeholders, and it's integrated into all aspects of our business."

Point-of-sale "Round Up Your Purchase" giving, converting Sears reward points to cash for a donation (which Sears matches), or the in-store Tree of Wishes (stores partner with Clubs in their communities and ensure needy kids receive Christmas gifts) are all popular and well-received by customers. An annual golf tournament brings Sears associates and suppliers together for a day of fun that culminates with a dinner keynote speaker sharing a personal story about how Boys and Girls Clubs made a difference in his or her life. "It's not only a great way to build and foster relationships," Mr. Power adds, "it also sends a powerful message about what we accomplish as partners." There are also volunteering opportunities for Sears associates, mentoring initiatives, jointly produced surveys, and co-branded publications.

### *The art of the corporate approach: Charitable sectors and don'ts*

**Don't** assume that because you've always received a grant/donation from a particular corporation that you'll automatically receive one this year. Reach out to longtime donors; arm them with real information about the value of your work. (P.S. Budgetary appeals or seeking to replace lost government funding are uninspiring and usually not well received by corporations).

**Do** look for opportunities to remind them why your work – and hence their support – is essential.

**Do** strive to better understand a company through in-depth research of its business goals, areas of focus and community engagement programs. Look beyond corporate giving. Listen, understand, and respect.

**Do** ask for constructive (and perhaps "hard to hear") feedback.

**Do** think broadly about your networks and take advantage of them. Be open to collaboration.

**Do** position your organization as a convener, a partner, a catalyst for change and new ideas.

**Do** look for ways to collaborate and integrate with peer organizations.

**Don't** bypass the corporate charitable giving hierarchy. Instead, work to develop a quality, long term relationship with your key contact and various connectors. It may take time, but the effort is well worth it.

### **3) Looking for partnerships that go beyond the dollars**

The charitable sector has the opportunity to mind-shift how its relationship with Canada's corporate sector is defined. Based on the feedback and input from our roundtable participants, it's time for us to think in a different way – one that is open to exploring the full potential offered by creating deeper, more sustainable relationships with corporate partners. A critical step is to stop thinking of corporations as simply a "pot of money" from which to apply for donations, but rather as a potential partner in the achievement of your goals.

Colin MacDonald, Chairman, Clearwater Seafood Incorporated, Halifax, observes that "It's not business as usual, and it hasn't been for years. Corporations have evolved and want a higher level of engagement with the organizations they



invest in. They seek selective impact and a larger role in finding solutions. Charities that continue to approach the corporate sector the same way they always have will miss opportunities. Corporations have much more than money to bring to the table. They can leverage various resources, and share expertise, services and skills. In other words, they're looking for meaningful, long-term partnerships."

Pierre-Marc Tremblay of Paccini / Comensal, Montreal says, "Community outreach is essential, and all our restaurants adopt a community cause. It's one of the first things we ingrain in our employees. We find it helps strengthen and mobilize our teams because it's a source of pride."

One element of that partnership is the involvement of the corporation's employees. While workplace giving and volunteering isn't new, the dynamic has changed dramatically. A growing number of companies are implementing match-

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ing and volunteering programs, in part because employee engagement has become a proven impetus for attracting and retaining quality talent across all sectors and in companies of all shapes and sizes. All roundtable participants acknowledged that not enough charities are recognizing corporate Canada's desire to engage employees in its charitable activities, and therefore are not taking full advantage of the opportunities presented by this trend.

Manulife Financial, whose employees

have a long tradition of giving back, is a great example. The company supports their efforts in numerous ways: Community Spirit Days offer a paid day off to volunteer at a charity of their choice; the Helping Hands program enables employees who volunteer at a registered charity for 25 hours or more to apply for a \$500 grant for the charity; if an employee raises money for a registered fundraising event, their PowerMatch program will match it up to \$150.

The relationship that World Wildlife Fund (WWF) and Goldcorp have created is a great example of going beyond the dollars and truly leveraging all that a corporate partner can bring to the table.

In addition to being a key financial sponsor of WWF programs and events, John Allen, Goldcorp's Vice President, Sustainable Development, felt there was something more "specific" the company could do. As a leader in monitoring and mini-

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mizing water use and protecting ecosystems, Goldcorp has a business goal to gain deeper knowledge of the most efficient water usage to reduce consumption in every region where it operates. Allen heard about the WWF North American Water Footprint Study on how water use is embedded in goods and services; partnering with WWF seemed ideal.

And the partnership goes well beyond writing a cheque. After some discussions, Goldcorp recently seconded Alicia Sierra, Environmental Engineer at their mine in Mexico, who relocated to Vancouver for 18 months to work as a WWF Freshwater Research Analyst. Her job is to track and measure the mining industry’s cumulative water impact on rivers, lakes and wetlands in Canada, the United States and Mexico.

Christine Marks, Manager, Corporate Communications, further indicates that this type of partnership is a natural for Goldcorp. “There is mutual benefit and shared value for Goldcorp and WWF to partner on such a project; we are actually sharing skills which help with the creation of knowledge. It also supports



Goldcorp goals around corporate positioning and reputation”.

**4) A heightened focus on impact, accountability and performance measurement**

Our Fall 2011 Issue shone the spotlight on impact. In our 2009 Corporate Giving Issue, companies repeatedly told us that the ability of not-for-profits to demonstrate the impact of charitable gifts was becoming more important. Our

roundtable findings not only reinforced the heightened focus on impact, but also revealed that accountability and performance measurement are increasingly hot topics.

Companies specializing in charitable benchmarking and reporting are beginning to dot Canada’s philanthropic landscape. Corporations are joining these benchmarking firms to ensure their community investment results achieve measurable value that can be accurately, cred-

ibly and confidently reported to shareholders, employees and customers. This trend is only expected to increase as companies continue striving to maximize the value of their investments—to the community as well as to their various stakeholders. This ongoing attention to performance measurement is not just because of the economy—it's because corporations and their stakeholders want and need to know how their investment is being used. The bottom line: those that can clearly demonstrate how a contribution achieves measurable outcomes will have a distinct advantage in the corporate giving marketplace.

Our participants resoundingly said "If you are not measuring your results, start now. Don't worry about perfection and keep it simple." As Jim Collins, renowned author of *Good to Great*, says in the *Chronicle of Philanthropy* article "Tips on Coping with the Slow Recovery" (November 4, 2011), "It doesn't really matter whether you quantify your results. What matters is that you rigorously assemble viable evidence to track your progress. It's not about finding the perfect indicator but settling upon a consistent and intelligent method of assessing your results and faithfully tracking your trajectory."

A common observation from our roundtable participants was that many charitable organizations appear to struggle with this. While the general consensus is that more checks and balances are needed, Malcolm Burrows, Head, Philanthropic Advisory Services, Scotiabank Private Client Group believes that "micromanaging is not the direction we want to take. I think we need to sit down with our charitable partners and be clear about what is important to us in terms of measurement."

The majority of our participants commented that they are all exploring how to

## Challenges, change and constructive feedback: "Notable nuggets" from our corporate roundtable discussions

*"We are generally partnering with fewer organizations but at more significant levels."*

*"We want to be open to supporting every size of charitable organization. If their priorities are aligned with our giving focus, no cause is too small."*

*"Greater coordination and collaboration needed among NFPs to ensure collective impact on social issues. Too many are working at cross purposes."*

*"Many organizations still don't do their homework to understand our areas of focus or charitable giving protocol."*

*"Constant mergers, acquisitions and splitting of companies make decision times longer."*

*"NFPs are often unable to support promised deliverables. We welcome the opportunity to bring value through our own resources to gain greater impact – a win-win for both parties."*

*"If a program didn't work well, we want to talk about how we can help to achieve better outcomes."*

*"Charities often come to us after they 'have all the answers'. Why not involve us early on? We could be much more engaged in supporting strategies and proposed plans."*

measure impact, determine their expectations and be sure those expectations are reasonable. It was generally understood that smaller charities do not likely have the capacity to do extensive reporting; in fact, all agreed that story telling continues to be one of the most powerful metrics. It's often more important for both companies and their stakeholders to hear about how a gift is making a difference in people's lives.

Our participants also concurred that charitable organizations that demonstrate a comprehensive understanding of a company's goals and objectives garners enhanced credibility and trust between partners – an invaluable benefit that cannot be measured in dollars or statistics.

### **5) A growing interest on issues...not just organizations**

Watch for more focus on supporting issues, rather than specific organizations.

With many charities performing similar or complementary services, there may be greater likelihood for support if there's a willingness among these organizations to partner to achieve common objectives. It's a trend that involves bridging opportunities, expertise and resources to create integrated services and solutions, wherever appropriate.

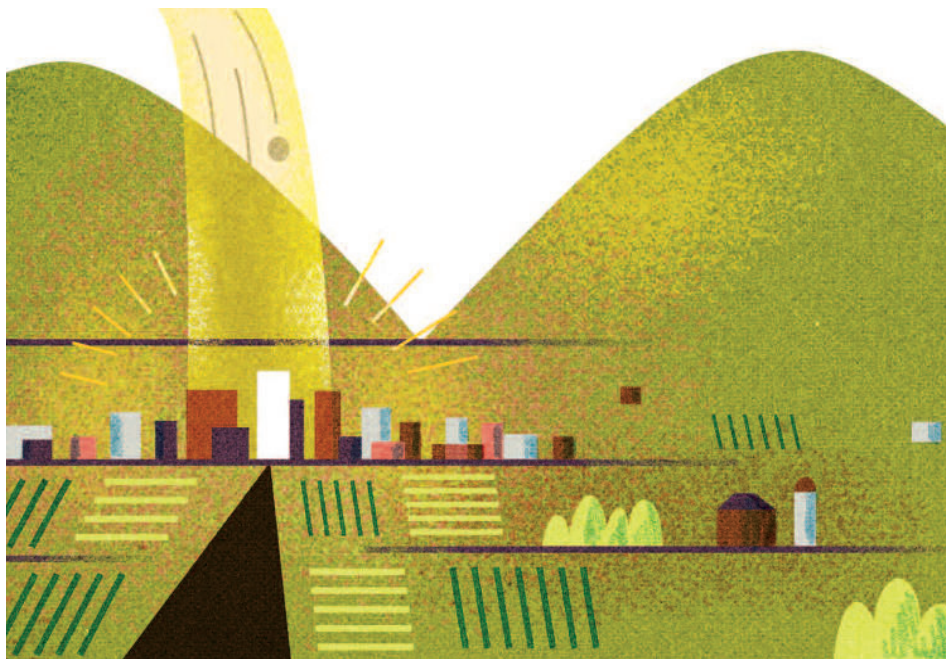
Bell Canada's recently established *Let's Talk*, a multi-year charitable program dedicated to the promotion and support of mental health across Canada, is one example of this trend. Rather than supporting one or two particular organizations in the area of mental health, Bell has rather chosen to establish its own program as a way to associate itself with this issue and achieve its community goals. Recently awarded the 2012 Freeman Philanthropic Services Award for Outstanding Corporation from AFP International as well as 2011 AFP Greater Toronto Chapter Philanthropy Award for

Outstanding Corporation, this five-year \$50 million initiative will support a wide range of programs to enhance awareness, understanding and treatment of mental illness and promote access to care and research across the country.

What this may mean for charities is that the need for collaboration between not-for-profits may become more commonplace. Corporations, particularly those with large and sophisticated community investment departments, often have a knowledge of the charitable work occurring in particular sectors and also possess the know-how to bring different groups together. "More and more, we are looking to work with organizations to address complex issues, such as literacy, poverty, and mental health, to name a few," says Jan Belanger, Assistant Vice-President of Community Affairs, for Great-West Life, London Life and Canada Life. "That means we are seeking opportunities to help optimize the power of people, organizations and collective resources by facilitating partnerships, rather than funding projects in isolation." She notes that in her organization, she and her team are particularly sensitive to funding solutions where new approaches and knowledge will be shared and adapted beyond the organizations involved, thereby enabling greater impact.

### Advancing the culture of corporate giving in Canada

Not only did our roundtables highlight some of the major trends in corporate



community relations, they also illustrated that this is an exciting time for finding ways to work together. Going beyond the traditional financial support, charities are looking for the opportunity to partner with organizations for mutual benefit.

Tanya Oliva, Manager, Corporate Leadership, Coast Capital Savings, Surrey, British Columbia, summed it up best. "There are rising public expectations for business to play its role in addressing social issues such as poverty, homelessness and environmental impact. I believe that Canadian businesses want to step up to the podium alongside the charitable sector and government as society's challenges become more complex and interconnected. As corporations undertake broader roles in addressing community

issues, the boundaries between social and profit motives can become blurred. Making 'profit with purpose' is an increasing expectation."

This desire to work together makes our corporate partners incredibly important allies for both advancing philanthropy as well as the social agenda in this country.

#### > Next issue:

Watch for our Spring 2012 edition that will highlight the latest trends in fundraising and philanthropy

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