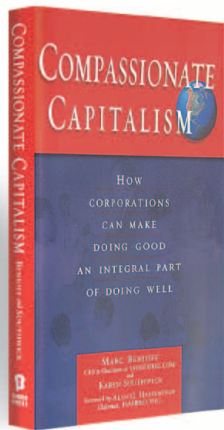




Executive Book Summaries®

FILE: STRATEGIC MANAGEMENT



By Marc Benioff
and Karen Southwick

How Corporations Can Make Doing Good An Integral Part of Doing Well

COMPASSIONATE CAPITALISM

THE SUMMARY IN BRIEF

Businesses have much to contribute beyond dollars and equipment: They have their expertise, their leverage, and the enthusiasm of their employees. In Compassionate Capitalism, Salesforce.com's CEO Marc Benioff and veteran journalist Karen Southwick describe a new model of philanthropy that is so ingrained into every fiber of a company's existence that it becomes integral to the company's culture and a part of what holds the corporation together. Benioff and Southwick explain that corporations that have service as a core value of their culture will see both intrinsic and external returns. To be able to give is simply part of being human, they write, and companies that provide philanthropic community service will find that it energizes employees and executives.

Compassionate Capitalism shows companies, large and small, how they can use all of their resources to help their communities and, in doing so, help themselves and their employees as well. By using real-life examples from dozens of corporations and nonprofits, including Hasbro, IBM and Levi Strauss, the authors show corporate leaders how they can dare to be great by integrating community service within their organizations. They also demonstrate that there is no need to wait to be philanthropic, and describe how many companies have reaped many benefits for themselves and their communities by incorporating service into their businesses.

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What You'll Learn In This Summary

- ✓ The best ways to establish a culture of philanthropy.
- ✓ How you can define your company's mission.
- ✓ Better ways to involve employees in your company's mission.
- ✓ Ways to sustain philanthropy in good times and bad times.
- ✓ How to expand your company's philanthropy globally.
- ✓ How to forge strong partnerships with nonprofits.

COMPASSIONATE CAPITALISM

by Marc Benioff and Karen Southwick

— THE COMPLETE SUMMARY

Establish a Culture of Philanthropy

Hasbro is the maker of such famous toys and games as Mr. Potato Head, Tonka trucks, Monopoly and Scrabble. Chairman Alan Hassenfeld, who stepped down as CEO in mid-2003, is the third generation of his family to lead the 80-year-old company. As chairman, Hassenfeld continues to lead the company's philanthropic endeavors. Hasbro allows employees four hours a month of paid time off to do community service. When it hires senior managers, "we look at what they've done" in areas outside business, says Hassenfeld. "Has their own concern been only for profits, or has there been a sense of caring?"

Hasbro's primary philanthropic mission, both through its charitable trust and its foundation, is to make the world a better place for children. "It's always been kids, because that's where our success as a company has come from," says Hassenfeld. "This is our payback. We're so close to the needs and plight of children that we have to be a force in improving their world." In 18 years of giving, the Hasbro Children's Foundation has awarded more than \$40 million in grants to agencies benefiting disadvantaged families and helped more than a million young children. Employees have racked up thousands of hours volunteering at agencies and helping to build playgrounds and other facilities.

Leadership From the Top

How does a firm establish a culture of philanthropy? As with any company cultural issue, leadership must come from the top. The CEO must make philanthropy a centerpiece of the company's mission, just like manufacturing a great product, earning profits, or giving shareholders a good return. It must be more than just a means to generate PR. The CEO must demonstrate a commitment to philanthropy in good times and bad times by establishing policies and processes that foster corporate service, such as employee time off for charitable work, recognition of employees who do such work, matching gifts, and other incentives.

The CEO's attitude must permeate the company; middle managers must recognize that allowing employees reasonable amounts of time off to perform community

service is not a loss to them, but a gain in overall productivity and balance. Employees must be convinced that senior management is truly dedicated to the notion of philanthropy and will not somehow penalize those who don't spend every waking hour either working or thinking about the company's products and marketing.

Philanthropy can play a vital role in a company's effort to stay viable by attracting the types of employees and customers and other stakeholders who value a whole company and a full life. Community service also builds loyalty to the company, aligns ethical values with business values, allows employees to learn more skills, and fosters interdepartmental bonding. ■

Define a Mission

At most companies, corporate philanthropy typically gets started in one of two ways. The first way occurs when the CEO gets passionate about a particular cause and decides to donate personal and/or corporate money to it. The second way is when the company decides that it needs to do philanthropy for PR/marketing reasons and begins making grants, either through a corporate giving program or a foundation.

There are obvious flaws with both of these approaches. In the first, philanthropy never really becomes part of the culture, but is based on the CEO's whim and can be turned off or on depending on his or her devotion to

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Veteran journalist Karen Southwick has covered Silicon Valley for more than a decade. She has written several books, including *High Noon: The Inside Story of Scott McNealy and the Rise of Sun Microsystems*.

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Define a Mission

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the cause. In the second case, commitment is superficial and easily dislodged in difficult times.

Many companies are finding that, in today's economy, it makes more sense to sit down with senior management (and, perhaps, with customers and community leaders) and work out a defined mission before undertaking a formal giving program. Having a defined mission can save much grief and misunderstanding.

LensCrafters Inc.

LensCrafters, whose 860 stores made it the largest optical retail chain in the United States, practically stumbled onto its mission: giving the gift of sight to needy people by delivering free optical services and recycling used glasses. That mission is one that has worked well, both in involving employees and in drawing extraordinary attention for a company now buried within an Italian multinational, Luxottica Group. Most corporate philanthropy champions would say that it works better to decide on a focus for giving first and then start laying out the money, and indeed that is a more efficient approach in most cases.

LensCrafters' 10 Principles for Making Philanthropy Successful

1. We focus our community service on our product, involving employees in hands-on giving experiences.
2. We keep our program nonpromotional.
3. We brand our program with a strong, single identity — the Gift of Sight (GOS).
4. We push program ownership to the individual store level by empowering stores to choose their own charitable partners and invent their own local variations.
5. We have learned to forge partnerships, especially a long-term relationship with Lions Clubs International.
6. We set and track lofty program goals. Everyone knew the GOS goal was to help 3 million people by 2003. We have treated this as a corporate goal just like sales and profits.
7. We have developed and shared a GOS folklore to give the program emotional legs. We make a point of capturing magic moments and sharing them.
8. We harness our business expertise to fulfill charitable objectives.
9. We have recognized and built upon unexpected program benefits, such as extraordinary team-building and leadership experiences.
10. We weave this into the fabric of the company.

Susan Knobler, vice president of the LensCrafters Foundation, admits that when she was in corporate communications in the mid-1980s, she was “fishing around for how to connect to a cause. My earliest motivation was not pure. I was trying to get ink,” she says. She gave away 25 pairs of glasses from a local store, which earned some ink. The program expanded to a bus load of kids coming to the store to be fitted, and then expanded via a voucher program to other U.S. stores.

Finally, LensCrafters teamed up with Lions Clubs International, which already had a program of collecting used glasses for people who couldn't afford to buy them. Since then, Gift of Sight has become an international program that, in 2002, delivered 39,000 pairs of new glasses to disadvantaged people who needed them; performed 20,000 eye exams for people in need; sent 286,000 employees and physicians into the community to deliver vision screenings, eyeglass adjustments and repairs; sent Vision Vans to deliver optical services to 17,000 children in North America; performed 18,000 vision screenings in its hometown of Cincinnati; and hand-delivered and fitted newly cleaned, recycled glasses to 153,000 people in many poor countries.

LensCrafters' experience shows that you can refine a mission on the fly, and ultimately come up with a satisfying program. LensCrafters' Give the Gift of Sight program has received two awards from the prestigious Points of Light Foundation; in 1994, for volunteer action, and in 1999, for excellence in corporate service.

The operative word today in corporate philanthropy is focus. Defining a mission first of all helps the corporation figure out where it will give, and why, and enables the giving to have greater and more lasting impact. It also helps the nonprofits that might seek grants from the company to determine where they fit and how to structure their proposals.

A Well-Defined Mission

Even with a very well-defined mission, corporations are never going to become entirely proactive in their giving. They'll still listen to their employees and provide funding to causes that inspire workers, customers and other stakeholders. They'll still respond to emergencies in the communities they serve, such as natural disasters or an economic reversal.

Companies with focused philanthropy tend to keep a certain percentage of unallocated funds on hand for such events. Salesforce, for example, devotes 80 percent of its funding to its designated mission — technology and youth — and reserves 20 percent to match employee giving to respond to emergencies. After all, we live in an unpredictable world and companies don't want to become so rigid that they can't respond to the crying needs of that world. ■

Involve Employees

A corporation gains when its employees are engaged in philanthropic endeavors. “There are a range of business benefits for employee involvement, including leadership development, such as taking shop-floor personnel and giving them coordination or management responsibility that sharpens and develops new skills,” says Bob Goodwin, executive director of the Points of Light Foundation. Employees involved in these activities gain increased esteem and better morale. Furthermore, “having people from up and down the organization working side by side in a community project will serve to lessen tensions that might develop between union and management,” Goodwin adds, “diminishing barriers that could confound workplace dynamics and making it easier to relate to one another as peers.”

Involving employees in philanthropic endeavors is a pure win-win for a corporation. There could be slight trade-offs in the hours that employees spend on the job, but four hours a month or so spent in community service — a typical benchmark — is hardly going to impact performance. It might even improve it by giving employees some much needed “time out” to rediscover other aspects of life beyond the job. Even in an economic downturn, people are still motivated to do good, perhaps even more so than during boom years. Offering an opportunity for service may not be sufficient to retain a good employee, but it certainly helps. Such opportunities not only help employees gain new skills in leadership, teamwork, and thinking out of the box, but create a more well-rounded human being. ■

Start Small

Smaller companies have to get real about what they can do in terms of philanthropy. Business for Social Responsibility’s Dinah Waldsmith advises small companies to sit down and decide what they can actually afford to spend on philanthropy. You can either do this on a percentage basis — say, 1 percent of profits or equity — or as a predetermined sum: We’re going to spend \$10,000 this year on philanthropy. However, employee time and in-kind giving may be the most valuable contributions that small companies can make. If you can encourage half of your employees to spend four hours a month at a nonprofit by offering paid time, those hours quickly add up to significant community service. Surveying employees on their own philanthropic interests — and then providing matching dollars for their time or money — builds rapport and loyalty.

Started in 1999 to speed up dial-up access to the Internet, Propel is a company that now has about 35 employees. The main source for Propel’s philanthropy

is employee volunteerism. Propel allows employees to take up to 20 hours a year in paid time off to do volunteer work at schools and other nonprofits. Propel’s chief financial officer Mary Korn says, “Just creating this opportunity has significant impact on the culture.” The company also does concerted volunteer work such as Food Bank drives and a Family Giving Tree, where employees bring a gift for disadvantaged families.

Propel executives have gone into local schools as “principal for a day,” to learn about the issues facing education and so educators can learn about the issues facing business and technology companies as well. “Part of our philosophy is that work is an extension of the community,” Korn says. “You have to make volunteerism accessible to employees.” Another way to aid nonprofits is to allow your facilities to be used for meetings and other activities, she adds. She also says she joined Propel partly because the company’s executives appreciated the importance of her nonprofit work. ■

Maintain Philanthropy Through Tough Times

The real measure of a corporation’s commitment to philanthropy happens when the company runs into trouble: Profits are falling or nonexistent, revenues may be shrinking, layoffs are occurring, employees are demoralized, and management is scrambling to meet financial targets. Philanthropy may be even more important to a corporation during these kinds of times, as a signal to employees, customers, partners and other stakeholders that things will get better, and the company is taking a long-term view of the world that includes community service.

Susan Colby, a partner with the Bridgespan Group, concedes that the inclination, when earnings are dropping, is to go after philanthropy — often a juicy target with high-dollar contributions. She advises many clients to undertake smaller projects that can exist under the radar of financial scrutiny, things like funding a day-care center or supplying books to a community center. Expect the philanthropic budget to take its lumps along with other cost centers, Colby adds, “but you don’t want to just cut willy-nilly if you can help it,” because that sends a message of desperation and panic.

Levi Strauss & Co.

The apparel maker Levi Strauss celebrated its 150th anniversary on May 1, 2003. Its philanthropic tradition is nearly as long-lived. Founder Levi Strauss, a Bavarian immigrant to San Francisco, donated \$5 (the equivalent of \$100 today) to a local orphanage shortly after arriving in 1853. When the Levi Strauss Foundation got started in 1952, “the company immedi-

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Maintain Philanthropy Through Tough Times

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ately started building a reserve,” says Theresa Fay-Bustillos, executive director of the foundation. A privately held company, Levi didn’t endow its foundation with stock, nor does it take outside donations. “It’s only what the company gives us,” she says. “The philosophy is that we’re going to give you this in good times, and you build a reserve against bad times.”

Even as it was forced to close plants worldwide and lay off thousands of workers in the late 1990s, Levi continued to fund its foundation, which established special programs in areas affected by layoffs. Levi’s goal is fighting poverty on a worldwide basis, by focusing on preventing the spread of HIV and AIDS and providing economic development and educational opportunities to socially disadvantaged women and youth.

Fay-Bustillos explains that the company and the foundation contribute directly to communities. The company has donated, annually, about \$3 million to communities in the last few years — far below what it previously gave but still significant. “Our benchmark is 2.5 percent of pretax earnings, for direct corporate giving to communities and for the foundation to build its reserve,” she says. The foundation, with \$70 million in assets, has been giving around \$10 million to \$12 million a year, down from its peak of \$20 million in the late 1990s.

She says the commitment to philanthropy is especially important in tough times. “When we talk to our employees who are getting laid off, they still feel that this was a great company to work for, in part, because of everything we do in the community,” Fay-Bustillos says.

If at all possible, corporations for whom community involvement becomes a part of the culture do not eliminate philanthropy in bad years. They may shift priorities, as Levi Strauss did, but they keep intact the spirit of giving by leveraging their resources, including employee volunteerism and expertise. That sends an important signal that the company stands for long-term values not only to the outside world, but to employees as well. Such a signal can shore up morale and help employees believe that there are better times ahead. ■

The 1-Percent Solution

The *integrated* corporation creates value for its shareholders and its stakeholders alike. Its size and the location of its headquarters do not dictate a centralized return on its value; rather, its value is fully distributed not only to its leadership, but to the communities in which it operates, and the global community as a whole. Integration is a new architecture for globalization.

Under this architecture, globalized corporations can leverage employees, equity, products, alliances and relationships to support stakeholders in a way that smaller, local companies could not, demonstrating the company’s value to the community while turning protesters into advocates. But it will take leadership, creativity, innovation and the investment of resources to make this vision a reality.

How to Leverage Service

A CEO can look at his or her corporation and ask, “Where do I have the most leverage to serve?” Four areas are: corporate value, profits and products, employee time, and government influence. Accordingly, four models have emerged:

- 1. Place a percentage of corporate equity into a public charity.**
- 2. Return a percentage of profits to the global communities served.**
- 3. Encourage a percentage of employee time to be used for community service activities.**
- 4. Use influence with governments to positively affect policies for global communities.**

Forward-looking companies have implemented these models, validating the concept while demonstrating the dramatic results this new architecture of globalization can achieve. In the integrated corporation, successful philanthropy is organic. It meets community needs, responds quickly, partners with other organizations, and is driven by employees. Almost no one has done all of this, which is why the integrated model is unique.

While it was an independent company, Ben & Jerry’s took the idea of integrated service furthest of all, fully integrating philanthropy into its products, marketing and HR practices. Giving away 7.5 percent of its pretax earnings, Ben & Jerry’s funded community service in three ways: through the Ben & Jerry’s Foundation, through employee Community Action Teams at five Vermont sites, and through grants made by the director of social mission development. No other company had such an explicit program for donating profits and time. The foundation, managed by a nine-member employee board, looked at proposals relating to children and families, disadvantaged groups, and the environment.

The 1-1-1 Model

The 1-1-1 model — 1 percent each of equity, employee time, and profits — is now the evolution of the integrated corporation. Corporate leaders can come forward and use their hard-earned leadership skills for a higher purpose — to fully integrate their globalized companies into the systems of which they are already a part. ■

For Additional Information on how Timberland promotes volunteerism, go to: <http://my.summary.com>

Innovative Models

There is no single *right* way to make philanthropy a part of a business. Firms that take chances on their philanthropy, by introducing an unexpected design, leveraging their expertise in unusual ways, or being inventive in tapping into their employees' knowledge and interests, can find themselves amply rewarded. Companies that pride themselves on innovative products or sales techniques should also pride themselves on innovative philanthropy. Ideally, the two go hand-in-hand.

IBM Corp.

Louis Gerstner, a former management consultant for McKinsey & Co., became CEO of IBM in 1993. Under Gerstner's leadership, IBM rebounded from an \$8.1-billion loss in 1993 to \$7.7 billion in profits in 2001, while its share price increased almost tenfold. Gerstner shifted IBM from a "products" company to a "solutions" company, focusing on making things work together for its customers. Although it still supplied hardware and software, IBM also became a major consultant to technology users, utilizing its own and other companies' products to create smoothly functioning IT centers. Gerstner brought the same sensibility to IBM's philanthropy.

The company had a long history of fairly traditional support of cultural and social programs, but Gerstner wanted to enable real change — bringing solutions to large, unmet needs. He seized upon education, long a favored project for technology companies. But Gerstner's thinking went way beyond delivering computers to schools or wiring them for the Internet. He actually wanted to develop tools and solutions for deep, systemic change. He called this endeavor Reinventing Education (RE), threw IBM's formidable resources behind it (\$75 million to date, plus the expertise of the company's product developers and consultants), and tapped a former political aide/educator to run it.

Digital Connections

In one school district in North Carolina, IBM created tools that allowed parents to connect to teachers digitally, letting parents view their children's schoolwork from home or a community center and compare it with the district's academic standard. According to the president of the IBM Foundation, Stan Litow, 45 patents or patent applications have resulted from its work on RE.

What IBM has gained from RE is internal knowledge about how to apply technology tools (some newly developed) and solutions to tackle huge, complex issues in meaningful ways. The RE project has proven that technology is not just a quick fix that boosts productivity or enables people to make prettier presentations with Microsoft PowerPoint, but an important tool for social change. As IBM and the schools with which it worked

refined the approach, IBM was able to transfer that learning to its business customers as well.

Innovation is a tool that can be used anywhere to solve many different kinds of problems. Teach your executives and your employees to innovate in a world of severely constrained resources and large problems, and you've got a better executive or employee for your own needs. At companies for whom philanthropy is a core value, performance of service within the community only enhances performance at the corporation. ■

Go Global

In today's increasingly integrated multicultural world, you lose competitive advantage by not entering every possible market. The same reasoning extends to philanthropy: In defining your community, you can't confine your service merely to the United States, North America or other cultures with which you are comfortable. "Community" expands to encompass locations where you have plants or sales outlets, or maybe where you just have customers.

Extending philanthropy into overseas locations definitely has risks as well as rewards. "Philanthropy" does not mean the same thing in India or Albania as it does in the United States; in Japan, there is no word at all for philanthropy. When companies extend a helping hand in these places, they must be even more careful about communicating expectations up front — to governments, nonprofits and the people they are trying to help. Otherwise, well-meaning intentions, sadly, could backfire, leading to misunderstanding and tension.

Look at the Whole World

Companies must look at the whole world as their potential community, and then thoughtfully select areas where their philanthropy is most needed and can have the greatest impact, based on their mission and program focus areas. Levi Strauss & Co., which operates owned or leased plants in about 60 countries, has not been afraid to teach workers about their rights, even when they may voice complaints about Levi itself. Starbucks Coffee Co. works with farmers to set up buffers around biodiversity preserves in coffee-growing regions. LensCrafters, all of whose retail optical stores are located in North America, nonetheless saw such an opportunity for service in the Third World that it started missions there to deliver glasses. Those missions have now reached 1 million people in about 25 countries.

These companies' efforts demonstrate that, while the idea of formalized philanthropy might not be universal, the willingness to help one's fellow human beings is. Companies can reap goodwill for themselves and their employees by tapping into that powerful sentiment. ■

Strategic Philanthropy (or Not)

How much should a company exploit the public relations benefits of doing good? Some companies prefer to do what they call “pure philanthropy,” which they consider philanthropy that does not have a marketing component built in. Others go to the other extreme with cause-related marketing — backing high-profile, popular events such as the Olympics. And there are gradations in between. Ultimately, corporations do philanthropy because it has benefits to them, whether in making the CEO feel good, in retaining employees and teaching them new skills, or in garnering public admiration. How far should corporations go in combining philanthropy with their own business goals?

To answer that question, Michael Porter, a business strategist and author of *Competitive Advantage*, and Mark Kramer, a former nonprofit fund-raiser turned consultant, wrote an influential article in the *Harvard Business Review* titled “The Competitive Advantage of Corporate Philanthropy.” In the article, they state flatly that corporate philanthropy should be designed to give corporations a leg up on competitors. For example, the authors approvingly describe Cisco’s networking academies, which train young people to be network administrators, giving them needed job skills while, at the same time, enhancing Cisco’s ability to grow by providing essential IT support for users of its technology.

Some corporations have embraced this so-called strategic philanthropy, such as Hewlett-Packard, Microsoft and Coca-Cola, while others, such as General Motors and Adobe Systems, have not. Whether it’s Avon going door to door to raise money for breast cancer or Microsoft putting its software in libraries, companies (or people) don’t do anything out of unadulterated altruism. They do it because they figure it will help them in some way. However, the spirit of helping the community should permeate corporate philanthropy, even when it is predicated on business goals. Considering those goals when drafting a philanthropic mission can be useful in allowing the company to utilize its resources in the most effective manner. Human needs are seemingly endless, so any corporation has to find some method of picking its spots. Going with “strategic philanthropy” can be one of those methods, although it’s not the only one. ■

Tackle the Big Project

Putting corporate expertise and resources behind energetic community leadership has become the new recipe for helping to solve some of society’s biggest problems, such as poverty, unequal education, and homelessness. Most corporate philanthropy programs are reluctant to take on anything too overwhelming out of fear that they won’t be able to make an impact and will just get lost in

the crowd. But a few companies have been willing and able to tackle massive, multiyear projects that require serious commitments of money, people and resources.

Big projects are where big companies can truly shine because they have not only the dollars, but also the in-house people power to make a difference. Thus, HP lends its Digital Village partners full-time personnel for three years to help manage and coordinate the projects aimed at empowering poor communities with technology and training. IBM detaches consultants and programmers to work with school districts in its Reinventing Education program. Levi Strauss & Co. spends a decade working with several rural communities in the United States to combat racism in its Project Change program.

These are not problems that lend themselves to quick solutions. For companies that get involved, they require more than dashing off a check for a single-year grant. These companies’ efforts provide a pattern for how corporations can undertake major, multiyear philanthropic efforts and deliver definitive progress. Some of the commonalities in these efforts include a willingness to devote significant resources over a long-term period; participation of key people within the corporation, both in advocating for the projects and in staffing them; strong partnerships and two-way communication with nonprofits that will be involved in the work; flexibility in readjusting priorities and methods; and, above all, the belief that meaningful change is possible. ■

Good Partners Make Good Philanthropy

The importance of forging good partnerships cannot be overestimated. Corporations that think they can simply dive into the nonprofit world with the same techniques and timetables that they’ve used successfully in the business world can find themselves sadly disillusioned. Many of the issues with which nonprofits are wrestling — homelessness, poverty, discrimination, lack of access to health care or other services — are the biggest challenges facing society. Before corporations can be effective philanthropists, they need to build their own capacity for community service. This means they must hire effective people internally to run the foundation or corporate giving organization; it also means finding effective partners in the nonprofit world. Examples of strong alliances include LensCrafters’ partnership with Lions Clubs International to donate eyeglasses to the Third World, and Starbucks’ partnership with Conservation International to encourage coffee growers to use environmentally sustainable practices.

Typically, the corporation contributes funding, personnel and expertise in planning and prioritizing. The non-

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Good Partners Make Good Philanthropy

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profit partner provides opportunities to do good and advice as to how to apply these corporate resources. The biggest complaint that nonprofits have about corporations is that they rush in thinking they know how to do it all in the nonprofit world. Then they get frustrated when their timetable does not match what is happening in the nonprofit world, and back off. Firms that build up partnerships with nonprofits and listen to their input are far more effective and less likely to run into brick walls.

Few corporate executives understand the many issues

that confront nonprofits — not just the societal problems they try to correct, but also the need to constantly raise money and fund operating expenses along with project-based work. Similarly, nonprofits don't always comprehend the pressures that confront executives of public companies, especially the requirement to balance shareholder demands with community needs. Serving on each other's boards and participating jointly in projects can help corporations and nonprofits to enhance and improve their communities and themselves. ■

For Additional Information on the intermediary's role, go to: <http://my.summary.com>

THE TOP 10 BEST PRACTICES IN CORPORATE PHILANTHROPY

Call to Alms

Here are the 10 “best practices” that make corporate community service do good and do well for the company and the community:

1. Start developing a program today, if you haven't already. No matter how small or strapped you are, helping someone else will raise morale and make you feel like you are in charge of your destiny. If you don't think you have enough people to make a difference, invite others to join you. “Collaboration is a powerful model,” says Jeff Swartz, president of the Timberland Co. “We invite our suppliers to serve with us. We invite other companies. I believe small companies can be big companies by applying this model of leverage and engagement. It's an opportunity to access joy.”

2. Define a mission by establishing priorities and communicating them to executives, employees, customers, nonprofit partners, and others. Have clear guidelines about what you do and don't fund, but be flexible enough to respond to emergencies. Dinah Waldsmith, senior manager for Business for Social Responsibility, says, “Help nonprofits to understand what you want from them, but don't create a process that's too burdensome.”

3. Integrate service with your corporate culture. Make it a part of your “brand.” Many companies have done this successfully, including Timberland, Levi Strauss, Hasbro and LensCrafters.

4. Demonstrate commitment from the top down, and involve employees from the bottom up. Senior managers must show support for community service by doing it themselves, and publicly championing its importance.

5. Define your community broadly, in ways that make sense for the corporation. Don't forget the rest of the world outside of North America, even though local customs and cultural barriers might make it more difficult to reach out.

6. Forge strong partnerships with nonprofits, and give them the respect you would any other business partner. Corporations love to talk about leverage, and community service is an area ideally suited to it. Once you've identified your long-term vision of philanthropy, “use that to select nonprofits that will help you achieve that vision,” advises Bill Shireman, CEO of the Global Futures Foundation. Look at how the nonprofit partners relate to each other and “make sure they're complementary and won't be competing with each other.”

7. Consider your business goals in developing your philanthropy, but don't be too rigid. Treat philanthropy as an investment as important as any other. IBM and Hewlett-Packard have shown how investing in the community reaps value for the corporation in the form of patents, new customers, and positive media coverage.

8. Find ways to measure and celebrate the impact of your philanthropy. LensCrafters' goal was to help 3 million people through its Gift of Sight program by the end of 2003. “Gift of Sight has elevated our daily work and given us an energizing higher purpose,” says Susan Knobler, vice president of the LensCrafters Foundation, which runs the Gift of Sight program.

9. Sustain your philanthropy even when the company is going through tough times. Responsible companies that plan to be around for a long time should pace their philanthropy inversely to the marketplace, advises Global Futures Foundation's Shireman. That is, they should maximize their philanthropic efforts during economic downturns. The worst thing you can do during a layoff period is to reduce service programs, because that will further diminish the morale of the remaining employees.

10. Don't be afraid to change and try new things. You need to continually tweak and improve philanthropic programs, to ensure that they are as impactful as they can be. ■

For Additional Information on measuring philanthropy, go to: <http://my.summary.com>