*eCourse*

# "Do Good and Do Well"
# The Four Business Benefits of Strategic Giving

## Your Business is NEVER "Too Small" To Make A Difference

Welcome to this eCourse written to tweak your interest in business giving and getting more strategically involved in your community. You are probably already giving back in some way because of your values and desire to support what is happening in the world around you. However, you may be defaulting to the "shotgun approach" to spread your available resources around with the intention of helping as many groups as possible.

Remember, one pack of hotdog buns to every nonprofit that hits you up doesn't REALLY help anyone in the long run. You would be much better served to think more strategically about focusing your gifts to make a BIGGER and more LASTING impact – both for the community organizations you are supporting AND for your company.

I have been working with both business and nonprofit clients for more than ten years on how to engage with each other in ways that help both organizations reach their goals. Along the way, what has become clear to me is that most entrepreneurs and smaller businesses want to give back. Ultimately, they know their success is tied directly to the health of the communities where they do business and they know that they are an integral part of those communities.

However, some mistakenly think they are too small and cash-poor to get involved right now. Could this be you? Are you waiting…having shelved the commitment to give back until some point in the future when your cash flow is steadier and heading into the black? If you have the mindset of "later", you are missing some great opportunities for win-win results: for the community AND your company.

You're NEVER too small to make a difference. Heart-felt, authentic, strategic giving by your business (even if on a very small scale) can be personally rewarding, guerilla marketing, employee teambuilding, and reputation enhancing – all at the same time.

Don't be one of those that mistakenly believe business giving "should" be totally altruistic. I am in no way suggesting you become totally self-serving in your giving approach. What I am saying though is that it's more than OK to do "double duty" with your scarce resources –it's SMART!! You are not greedy if you expect a benefit for your company from your giving. All great relationships need to be win/win and add value for all concerned.

There are many worthy causes out there but no company, no matter how large and profitable, can help them all. Focus and multiple inputs to fewer groups is the name of the game for making a real difference.


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Here's what you need to think about:

(1) Which cause(s) matters most to you?

(2) What unique business savvy, skills or other attributes does your business have to share? and

(3) What's up for your company right now – what are your business goals?

- Are you looking to increase your visibility in the community?
- Do you want to enhance customer loyalty and increase sales volume?
- Do you want to support your employees and strengthen their commitment to your company?
- Are you looking to attract financing to grow your company?

Then you need to consider how to weave these three things together to create a win-win relationship with a community organization. Which nonprofit(s) offers you a way to address business goals at the same time you are helping with their mission? What mix of types of giving (cash, time, in-kind products and services) make the most sense given your current business situation? Maybe cash is not an option right now but don't let that worry you or minimize the potential good you can do without dollars - there are many other ways to give back.

Are you with me? Great!! Want to know more so you can get started? Each of the lessons that follow in this eCourse will highlight one of the four major business benefits of strategic giving:

1. Giving Makes a Difference in How You're Viewed
2. Giving Increases Your Sales
3. Employees Want to Work for Companies That Give
4. Giving Attracts Money to Grow

Each lesson will provide you statistics and food for thought questions to help you tailor the approaches and results used successfully by the Fortune 500 to "Do Good and Do Well" to grow your business. Especially in tough economic times, it is ESSENTIAL to focus and be strategic – resources are too tight to not know they are making a REAL difference for the community and ultimately your own bottom line!

## GIVING MAKES A DIFFERENCE IN HOW YOU'RE VIEWED

Companies associated with philanthropic activity experience an enhanced reputation with a wide range of stakeholders, including employees, customers, communities, investors, advocacy groups and government agencies. 89% seek to improve their image and reputation – so why not you? Are you looking for ways to get your name out into the community and beyond to improve the visibility of your company? Then read on and think about how to be more strategic in your giving. You too can "Do Good AND Do Well."


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**The Stats**

Check out these stats I have pulled together for you that clearly show strategic giving can improve your business image and brand.

- 92% of Americans have a more positive image of a company that supports a cause they care about. *(Cone, 2007)*

- A Points of Light Foundation and Allstate Foundation corporate survey found that 100% of respondents thought employee volunteering improves the company's image. *(Points of Light Foundation and Allstate Foundation, 2000)*

- During the 1992 Los Angeles riots following the Rodney King acquittal, looters spared all 31 McDonald's restaurants in the looted and vandalized area because of their relationship to the community. *(Burke, 1999)*

- Forty-five percent of Americans consider corporate community service a key indicator of corporate citizenship. *(Nihon Keizei Shimbum / Bozell Worldwide as cited in Weeden, 1998)*

- A three-year study of Target Stores' "Family Matters" volunteer program found that 90 % of store managers believed their store image was enhanced through the corporate volunteer program. *(www.bsr.org)*

- 95% of Americans believe that companies owe responsibility to communities and employees, as well as to stockholders. *(Business Week, 1996)*

According to the 2004 Corporate Giving Standard Survey conducted by the Boston College Center for Corporate Citizenship:

- *48.8% = charitable* In charitable giving, the company anticipates no business benefit.
- *35.9% = strategic* In giving strategically, companies expect that that the community and the business will each benefit from the contribution.
- *15.2% = commercial* Commercially-motivated giving prioritizes business benefit above community benefit.

Increasingly, businesses are moving from strictly charitable giving to strategic giving. Your resources are not unlimited so it only makes good business sense to focus your giving on a small number of causes or nonprofits to make a bigger potential impact. By adding a little bit of focus and strategy to your giving, there are many great business benefits that companies like yours can gain while you are out there doing good in the community.


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Business philanthropy (also called community involvement) is becoming more widely recognized as an essential component of business strategy for companies of all sizes – not just the Fortune 500. Americans' expectations of companies are at an all-time high. Supporting causes is no longer a "nice to do," it is a "have to do."

There has been a major shift in the value equation: good business used to be primarily about providing quality products/services at a fair value. However, this is no longer sufficient for you to be truly competitive in today's marketplace. Your company must develop deep and meaningful emotional connections with your stakeholders by taking a stand on issues that are relevant to both your business and target audiences. Sharing your resources including time, expertise, products/services, dollars, and networks is one way to be a "good business citizen" and show your commitment to being part of the solution to issues of our time.

In addition to the heartfelt, intrinsic rewards you feel from giving back and making a difference, there are also many business benefits available to any philanthropic company that engages with communities in authentic, meaningful, and strategic ways. Especially during difficult economic times such as these, the need for doing "double duty" with your scarce resources has never been greater. You need to be able to "Do Good AND Do Well."

**From the Trenches**

BitWise Solutions is an Indiana web design and development company with a history of partnering with clients to provide measurable results through Web-based technology. I interviewed their co-founder Ron Baumbarger for my forthcoming book, "***Strategic Business Giving."***

> *"We know we receive brand recognition and good will from our community investments. These are two items that we can't quantify on our balance sheet but which differentiate us from the other players in the marketplace. If we are in a competitive situation with a firm that wants to use a company that has a presence in the local community, we are going to win every time as a result. I think businesses buy based on name recognition and if you can see that the firm you are working with has a lot at stake in their community, then they are probably a better fit, a better corporate citizen, and also probably a better provider of goods and services than the competitor."*
>
> *-- Ron Baumbarger, cofounder of BitWise Solutions, http://bitwisesolutions.com*

**Food for Thought**

Is one of your business goals enhancing your company's reputation and brand? Not sure…then think about the following questions.

- How well known are you? Could being involved strategically in the community help improve your visibility?

- How is your company or brand perceived? In the community? By customers?


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- Do people associate your company with your community involvement? Are you missing opportunities to strengthen your reputation?

- Do you wonder how to differentiate your brand or company from your competitors to existing and potential customers?

How can you tweak your giving to help you get more visibility?

## INCREASE YOUR SALES BY GIVING

Increasingly, today's consumers want to buy from companies that are active in communities and are good citizens. 93% of companies say they give to improve customer relations and 50% expect donations to improve sales – so why not you? Are you looking for an added edge to help you retain your existing sales base while attracting new customers? Then read on and think about how to be more strategic in your giving.

**The Stats**

- 87% of Americans are likely to switch from one product to another (price and quality being equal) if the other product is associated with a good cause, an increase from 66% since 1993. *(Cone, 2007)*

- 75% of men and 84% of women say they consider a company's commitment to social issues when deciding what to buy or where to shop in 2007, compared to 58% of men and 68% of women in 2004. *(Cone, 2007)*

- During the 1992 Los Angeles riots following the Rodney King acquittal, looters spared all 31 McDonald's restaurants in the looted and vandalized area because of their relationship to the community. *(Burke, 1999, p. 25)*

- According to *Fast Company*, "Brands that engage people emotionally command prices as much as 20 to 200 percent higher than competitors' and sell in far higher volumes."

- A three-year study of Target Stores' "Family Matters" volunteer program found that 90 % of store managers believed their store image was enhanced through the corporate volunteer program. *(www.bsr.org)*

**From the Trenches**

Sears, Roebuck offers its wide range of home merchandise, apparel and automotive products and services through more than 2,400 Sears-branded and affiliated stores in the United States and Canada, which includes approximately 926 full-line and 1,100 specialty stores in the U.S. OK…so Sears is a BIG


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company with many more resources that either your company or mine, but check this out. You could do something like this!

> *"Sears created a partnership with Gilda's Club (a nonprofit providing meeting places where people living with cancer can come together for emotional support, social events, and laughter) to promote specialties, scarves, and Levi's 550 jeans. During the promotion, Sears sold 100,000 ties and 30,000 scarves and sales of 550 jeans increased in-store by 56% in Gilda's Club cities as compared to 16% in non-Gilda's cities."*

**Food for Thought**

Is one of your business goals enhancing your company's customer loyalty and improve sales? Not sure…then think about the following questions.

- Are you seeking access to new groups of people who are potential customers?
- How could you use your community involvement to strengthen your sales and enhance customer loyalty?
- Which causes and nonprofits could your company support to leverage sales from your key markets?
- Is there a partnership/strategic alliance you could engage in using cause marketing or a commerce model that could boost revenue for both you and the nonprofit?

If you are interested in enhancing customer loyalty, then be sure to share what you do in the community with your current (and/or prospective) customers. They want to know that you are a good business citizen so if you are not letting them know about your community involvement, you are missing the boat. Do you have a page on your website that talks about your giving strategy? Think you're too small for that? Wrong answer! All businesses (that actually do something) need to get the word out and multiple ways are best. I have one a page on my website for my company's giving. Check it out, http://www.xxxxxxx. You'll see it does not have to be elaborate and you don't have to give dollar figures either.

Remember, people WANT to support companies that give back. Buying from you gives customers a way to double duty with THEIR resources as they know they are indirectly supporting your efforts in the community while buying something they need. How can you tweak your giving to help you get and keep customers?

## EMPLOYEE WANT TO WORK FOR COMPANIES THAT GIVE

American employees' expectations of the companies they work for are at an all-time high. Supporting causes is no longer a "nice to do," it is a "have to do." One way your company can develop deep and


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meaningful emotional connections with your employees is by taking a stand on issues that are relevant to them.

**The Stats**

Check out these stats I have pulled together for you that clearly show strategic giving can positively affect current and potential employees.

- 94% of businesses thought employee volunteering provided a way to help employee morale. (Points of Light Foundation and Allstate Foundation, 2000)

- 90% of employees who work for a company with a cause are proud of their employer. (Roper/Starch Worldwide, 1999)

- 85% of corporations support charitable causes as a way of strengthening employee loyalty. 82% say they align themselves with various social issues to improve their image in the eyes of potential employees. (www.coneinc.com)

- Employee morale is up to three times higher in firms actively involved in the community as compared to their uninvolved counterparts. (Lewin, 1991)

- Businesses increasingly recognize the benefits of volunteerism on workplace skill development. The Wall Street Journal reports: Carefully selected volunteer experience is a new fast track for high-potential managers. It can be both a training ground and proving ground for a company's best people. Three to five years of volunteer work can provide management experience most corporations couldn't provide in over 20 years, if at all."

- A Topeka, Kansas, financial security firm, Security Benefit Group, found that formalizing its volunteer program lead to a fall in its turnover from 22 % to 7 % in five years and a leap in income generated per employee from $49,700 in 1990 to $79,000 three years later. (www.bsr.org)

In addition to fostering goodwill among consumers and communities, business giving can have a strong positive impact on how companies are viewed by their employees. A variety of studies show that when employees positively perceive their companies as having an organizational commitment to philanthropic or other community-involvement activities, they are more motivated, productive and committed to the companies' overall goals. Are you looking to enhance employee recruitment/retention, loyalty, productivity, and/or skills?

**From the Trenches**

Aveda™, The Art and Science of Pure Flower and Plant Essences™, was founded in 1978 with the goal of providing beauty industry professionals with high performance, botanically based products that would


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be better for service providers and their guests, as well as for the planet. I interviewed Mary TKach, AVEDA's Executive Director for Environmental Sustainability for my forthcoming book, "***Strategic Business Giving."*** She had this to say about the impact of AVEDA's community involvement on their employees.

> *"I think the biggest benefit to Aveda from our community involvement to date has been internal - with our employees and our network of spas, as they hear the stories about all the things that we are doing. It helps with employee recruitment – "Everybody wants to work for Aveda." People are really proud to be employees at Aveda because they know we are doing such great stuff. Employee retention is also great. People see it in their promotion and bonus opportunities -- if they are serving the mission of the company, that's recognized as a good thing. So it's a very positive reinforcement."*
>
> *-- Mary TKach, Executive Director of Environmental Sustainability (www.aveda.com)*

At a Denver Chamber of Commerce networking event, I spoke with Sharon Hendricks, a small business owner, about her community involvement. Her company is a franchise of Express Personnel Services provides jobs, and short and long-term staffing solutions. She explained to me that she promotes volunteering for the Children's Miracle Network with their job seeking clients as a way as to strengthen their work skills and employability, as well as to increase the visibility of the company with prospective employers and the community in general.

**Food for Thought**

Is one of your business goals enhancing your company's employee loyalty and productivity? Not sure…then think about the following questions.

- Do you have any challenges hiring, retaining or promoting employees?
- Any challenges with productivity or commitment to the company?
- Do you have any need to inexpensively support ongoing skills development?
- How could you use community involvement as one strategy to address these challenges?
- Do you actively encourage and reward employee volunteering? Offer paid time off or flextime? How could this improve loyalty to your company? Increase skills?

One way to engage your employees in the community is to encourage volunteering through paid leave, company service days, or "on the side" on their own time. But getting your folks out into the community is only one thing to do. You also need to remember to share what you are doing with them – it is VERY important. If they don't know what management or other business units might be doing in the community that they may not have had a role in, they can't support it, get involved, or feel proud.


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Giving back is a great way to build an internal company culture of teamwork and pride -- not to mention skills. How can you tweak your giving to help you with employee loyalty?

## GIVING ATTRACTS MONEY TO GROW

**The Stats**

This final eCourse lesson offers selected stats I have pulled together for you that clearly show strategic giving can improve your investor relations and access to capital.

- Firms with higher giving levels had higher ROI on assets or financial investments. *(UCLA, 1995, commissioned by IBM)*

- A 2005 study of public firms on Fortune's list of the "100 Best Companies to Work For" examined how well they rewarded shareholders: between 1998 and 2004, they returned 176 percent, compared to only 39% for the S&P 500. *(Christian Science Monitor, 2005)*

- A study of 25 forms that excel in stakeholder relationships showed a return of 43% in total shareholder value compared with 19% for the S&P 500. *(Towers Perrin, 2005)*

- 26% of potential investors said a company's social responsibility was "extremely important" in making investment decisions. (*Walker, 1994)*

- U.S. Socially Responsible Investing (SRI) assets grew four percent faster than the entire universe of U.S. managed assets between 1995 and 2005 (from $639 billion to $2.29 trillion) *(SRI, 2006)*

- A company's social, ethical, and environmental practices can make or break a brand name and affect share prices. (*Financial Times, 6/2/2000)*

- One of ten investment dollars under professional management is invested in companies that pass ethics, environment, and social responsibility screens - an 82% increase over last year. *(www.sriconf.com, 2006)*

- As much as two-thirds of shareholder value comes from intangible assets. *(IEG Sponsorship Report, 2000)*

- 2/3 of Americans say "doing well by doing good" is a savvy business strategy. Good corporate citizenship should be approached as an investment, asset, and competitive advantage for business that contributes to the company's success. *(GolinHarris Change, 2006)*


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Companies committed to being good citizens and supporting communities are increasingly understood to have a greater return on investment than that the national averages. Are you looking to attract new resources to grow your company? If you are not looking for investors or to sell your company at this time, you may think this does not apply to you. However, strategic business giving will provide you an added edge down the road so don't be too quick to discount this potential benefit to your company. Store this away as food for thought and start getting your ducks lined up now!

**From the Trenches**

"Signature Accents provides a complete line of luxury fashion accessories designed to make the people wearing them look good and feel good. We are committed to making a positive difference in the lives of our customers and the communities where we do business. At Signature Accents, everything we do reflects our commitment to honor others and ourselves with absolute integrity."
I interviewed their CEO, Maria Simone for my forthcoming book, "***Strategic Business Giving."***

> *"One of the draws for the people that came on board to invest in our company was not just the beautiful products we were selling and the great returns we offer, but also our perpetual giving model where a percentage of our profits goes to support local nonprofits. Our investors liked the fact that by investing in our company, their money also was leveraging support for community groups. We invite our investors to be advisors selecting which nonprofits we will support."*
> *-- Maria Simone, CEO of Signature Accents, http://www.cityscarves.com*

**Food for Thought**

Is one of your business goals looking to get investment dollars to grow your business? Not sure…then think about the following questions.

- Are you seeking investors to start/grow your company?

- Have you included any language in your business plan and financials about your current or planned community involvement? Cash? Stock? Other?

- Is it possible this could add value to your pitch and/or an investor's return? How? Through:
  - Your reputational capital?
  - Sales generation?

Do you have a section in your business plan that talks about your company's strategic giving? If not, you should! It might be the hook you're looking for to show investors not only do you have a great product or service but your company is committed to being a good citizen. You can leverage your giving plans to "Do Good AND Do Well."


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