

Corporations pride themselves on rational decision-making. But when it comes to something as important as their philanthropic efforts, almost everything is left to chance.

Philanthropy:

Still the Corporate Stepchild

FRANK KOCH

TODAY'S CORPORATION has become a full-fledged participant in community development—from sponsoring “camperships” for kids to underwriting low-cost housing. Although the average annual corporate contribution fund is something less than one percent of pretax profits, it has positively influenced many community problems. Unfortunately, compared to most business activities, deciding where to give money is generally done rather haphazardly. Companies often give financial support without setting up any objective criteria, even though they are dealing with problems as severe and complex as any business faces on a day-to-day basis. Corporations have no difficulty shifting funds internally, but setting hard priorities and evaluating the effectiveness of their contributions programs is another matter.

Considering the amount of time and dollars invested in community programs, it's time that management took a more rational approach to its

contributions policy. Neither corporations nor the communities they are trying to help can afford to see this money handled carelessly.

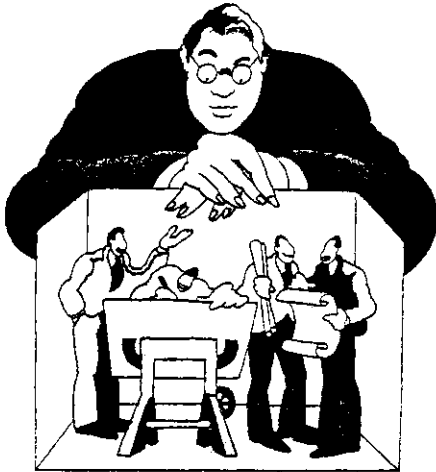
Many donations are made on the basis of personal preference. In fact, this is the way philanthropy began. The criteria too often has remained, “What is my favorite charity?” While this may be sufficient in some instances, it can lead to problems. I suggest more objective criteria for making contributions to community programs:

- (1) Is the organization working in areas of critical social need and importance?
- (2) Can our company contribution significantly affect the success of the organization or one of its major projects?
- (3) Is the approach of the organization innovative or traditional?
- (4) What are other companies, foundations, individuals now contributing?
- (5) Will our contribution stimulate others to provide support? In case of a seed-money contribution, what are the chances that operating funds will be forthcoming from other sources?

Frank Koch is director of public affairs for Syntex Corporation in Palo Alto, California.

- (6) Are employees involved in the organization's efforts?
- (7) Who sits on the board of directors? Is it a working board or a cosmetic one? Do board members participate in fund-raising efforts?
- (8) What is the quality of the organization's staff and volunteer workers?
- (9) Do they understand the scope of the problems they are dealing with? Do they have a specific goal, know what they need, and have a plan for what they need? If they get what they need, can they succeed?
- (10) Can we monitor the success/failure of the organization's efforts?

The first step in a rational selection of places to allocate community funds is to look beyond the United Fund. While it should not be neglected, there are still companies which, unfortunately, think the United Fund is the *only* way. Many social needs cannot be satisfied by United campaigns, no matter how successful; newer, more innovative programs often cannot qualify for its support for lack of a track record.



Don't get locked into a particular giving posture. Look at the alternatives. Innovation can mean either new programs or new ways of giving. For example, the Xerox social-service leave program grants one year's leave at full pay to employees who want to work in the community. First National City Bank of New York has a summer intern program; the bank pays the salaries of ninety-two high school and college students who work with neighborhood agencies for nine weeks as narcotics counselors, tutors, and day care staff. IBM sponsors a number of black-

college faculty loan programs in which selected employees may spend an academic year on paid leave from their jobs to teach at eighteen black colleges in the South. Other employees are on leave teaching computer programming, data processing, and office practices in prisons and urban job centers.

THERE'S MORE THAN MONEY

Remember too that money is not the only contribution you can make. Your company could offer its particular talent or skills—engineering, design, printing, technical assistance, business consulting, job training, etc. Or you could help an organization by encouraging other companies to give money or services. You could donate surplus equipment or supplies or let community groups use your meeting rooms or auditorium. Finally, you could set up a volunteer center so that employees can learn of community volunteer-work needs.

Companies should not overlook what their employees can do for the community as individuals. Every company should provide its employees with opportunities for participation in community life. The possibilities are many—art shows, forums with political candidates, recycling programs, to name a few.

Matching by corporations of employee contributions to educational institutions is a practice which channels millions of dollars to colleges and universities. It results in a double contribution and gives the employee a say about where some of the company's philanthropic funds are going. Matching can take many forms. Why not apply it to educational television, which relies heavily on membership contributions? Matching techniques are very flexible. One firm used it to provide food for volunteers working to clean up the San Francisco oil spill in 1971. The company agreed to match employee cash donations, purchased food at wholesale prices from a sympathetic cooperative supermarket, and delivered it to the beaches in a company truck.

One trap to avoid is getting caught up in fad-dish causes. Yesterday it was drug clinics, today it's ecology, next it's prison reform. Don't just ride the latest wave of popular concern. The causes you support should meet the needs of your community. And that raises another point: Get involved where your roots are. This is just common sense. You're more familiar with your own community, and it's easier to monitor the

progress of local organizations. This doesn't preclude taking part in national efforts; often, these large organizations have regional offices.

Choose specific areas to concentrate on so that your efforts don't become ineffective. It's easier to give a little something to everyone, but when the money runs out and reevaluation begins, very often the buckshot has missed the real target. One of the best investments is in people. Scholarships, educational assistance grants, job training, for example—contributions which give man the knowledge to work—will nearly always provide a good return.

Why not maximize your impact? Your company can sometimes have a greater impact on a small organization. The leverage you gain may enable you to protect your investment and insure the organization a better chance of succeeding. Likewise, increase your donations to groups when they do succeed.

Finally, there must be a change in management thinking about where community affairs belong in the company's organization chart. The management of community programs should be a

separate function. Unfortunately it usually isn't, and the community affairs manager often wears too many hats. It's a full-time job in a corporation of any size, and this must be recognized if the program is to be productive.

The next five years will see many changes in the way corporations view and meet their social responsibilities. There will be substantial recognition for those corporations that help people: shareholders, customers, minority groups, community neighbors, etc. For the corporation that is successful in these efforts, there is the prospect of continued growth and financial success—even greater profitability in some cases. But if we are to achieve positive changes in society, we must become more efficient, more innovative. Even with existing company resources, we can do more good. "One budget can work many wonders" is a good slogan for the contributions program. How it is done will make a difference. It's too big a job to be left to chance. It's time we treated corporate giving with the serious concern we give to the rest of our business—and why not? It's become an integral part of it.

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"A church-sponsored Neighbors in Need program was set up in the city, reminiscent of the food lines during the depression. Between 15,000 and 20,000 people a week were applying for free food at about 40 food banks operated throughout the city. The number of food stamp recipients increased from 93,000 in 1969 to almost 300,000 in 1971. The people of Kobe, Japan, were so touched by the despair in Seattle they sent one-half ton of rice for the starving people in the city. The Japanese overseer of the rice distribution, Mr. Sado Ozawa, did indicate that most Japanese found it rather strange to be giving foreign aid to a city in the United States. Even so, Mr. Ozawa continued to distribute rice to counties in the Pacific Northwest. Continued economic stress eventually manifested itself in a substantial increase in suicides. From 1968 to 1971 suicides increased over 20 percent. Certainly, unemployment is difficult for some people to take—particularly when it lasts so long."

Roger LeRoy Miller,
Economics Today (Canfield Press)

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