

Brand Distinction Through Strategic Philanthropy Corporate Social Responsibility

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Overview

Build brand distinction through strategic philanthropy. Through this article, find out how focused brand philanthropy can benefit your business and society. You will learn new ways to use corporate contributions to connect emotionally with stakeholders. At the same time, your corporate giving will help people in need.

Corporate philanthropy is most effective in brand development when funds and in-kind contributions are concentrated on issues related to your business interests. I believe in directing corporate philanthropy where it has the potential do the most good. The emphasis of this article is on strategic brand corporate philanthropy.

Advance Social Progress & Demonstrate Social Responsibility

Philanthropy helps to advance social progress. It is a relatively easy and rewarding way to demonstrate that your business is acting in a socially responsible manner.

Charitable gifts need not be limited to cash and in-kind contributions. Corporate giving can be expanded to become an element of a bigger corporate commitment, one that includes community relations, cause marketing, and environmental stewardship.

A growing number of companies are designating a specific percentage of their earnings to charity, a practice that our family business began years ago. A pledge of one to three percent of annual revenue is not uncommon. Of course, any amount is better than none at all.

According to "Giving USA 2011: The Annual Report on Philanthropy for the Year 2010" (retrieved from Giving USA Foundation at www.givingusareports.org), within the United States corporate contributions make up only about 5% of total charitable contributions. In 2010, corporations accounted for \$15.29 billion. This was up 10.6% from the prior year after adjusting for inflation. These figures don't include cause-marketing, advertising and other commitments given to individuals and organizations as business expenses.

Companies that make substantial commitments to charity do so because it's good for business and for society. Under federal tax laws, the company or its owners (depending on how the business is structured), could realize certain tax benefits from their donations. However, this is not the only reason American businesses donate to charities.

Strategically Target Corporate Philanthropy

Corporate contributions directed in a strategic manner advance business interests without detracting from their "feel good" value. When used strategically, brand philanthropy becomes an effective marketing and public relations tool. This is why it is advantageous to make focused strategic brand philanthropy part of the overall business plan and brand marketing strategy.

Strategic brand philanthropy has the potential to generate corporate goodwill. By associating your brand with a worthwhile charitable mission, you can draw attention to the brand and the cause.

I recommend linking brands to social and environmental causes that are important to stakeholders and relevant to your business. Strategic brand philanthropy can be intentionally designed to engage key decision-makers within the business and supply chain, and across different stakeholder groups. Building emotional connections and strengthening relationships are important aspects of strategic brand philanthropy. So too is designing the program so it appeals to customers and prospects.

There is a wide range of benefits that can be realized when corporate giving is directed strategically. For a list of potential benefits, please refer to Addendum A "Potential Benefits For Corporate Donors" and Addendum B "Potential Benefits For Nonprofit Recipients."

Identify Philanthropic Opportunities Appropriate for Your Business

Identify charitable opportunities that fit well with your brand's image, personality and message. Affiliate your brand name and reputation with community partners and charitable causes where there is a natural fit between the cause and the supporting brand.

Regardless of the size of your charitable fund and the other available discretionary resources at your disposal; it is advantageous to identify an overriding issue, one that is a logical fit with your brand(s). Then support it on multiple fronts.

Consider affiliating with like-minded businesses and community partners to pool talents and leverage resources. This will help extend your reach and impact in the community. The relationships you develop could lead to new business opportunities as well.

Focus Your Brand Philanthropy

It is more effective to be a significant player in a small project than to spread funds around so that the impact is not felt. Your branding efforts will then go unnoticed by all but a handful of people. This is fine for individuals and anonymous contributors, but it doesn't work well as a brand strategy. If charitable funds are in short supply, then give your time and talent and encourage others to do the same. If you have product samples, excess inventory or unused equipment, make use of these as well. Your expertise and the strength of your brand name and reputation are of value to many charities.

Established brands in large companies have many resources at their disposal. They may have the luxury of aligning brands with multiple community partners in support of more than one social or environmental concern. It's different for those operating small businesses or managing emerging brands with limited resources. A focused approach will enable you to accomplish more. Used strategically, your charitable contributions and brand marketing efforts will have a much greater impact. I suggest

identifying your brand with a single cause and supporting it with multiple initiatives. These initiatives might include charitable contributions, cause marketing, community outreach, special events, corporate sponsorships, educational initiatives and grassroots programs.

It will take time to establish relationships within communities served by your business. Long-term commitments to community partners afford corporate donors an opportunity to be more generous and more strategic. A long-term commitment will work to strengthen your brand's position and reputation. A focused approach will afford your business an opportunity to have a powerful impact. I suggest a concentrated multi-year effort narrowly focused on key issues within specific market segments.

Private-Public Partnerships

By forming a symbiotic relationship, nonprofit and for-profit businesses can work collaboratively through strategic alliances. Well-known and respected brands are able to draw attention to social and environmental issues. Strategic alliances with commercial companies help nonprofit partners achieve their charitable missions.

The key to a successful private-public marketing partnership is a shared sense of purpose. Participants should take care not to allow personal agendas to get in the way of their shared mission. Stay focused on shared goals that ignite a strong sense of purpose. This will help sustain your commitment.

When choosing a nonprofit organization with whom to partner, do your homework. Due diligence is just as important for private-public partnerships as for any strategic alliance. Team up with the wrong partner and it could cause more harm than good for your brand image and reputation. Be sure partnering organizations share similar goals and have the ability to carry out their missions and execute on their commitments.

Charitable Mission

If you have not done so already, I recommend identifying a charitable mission before choosing community partners and causes to support. The mission statement for corporate philanthropy should stem from the nature of your business and the customers it serves. Consider your company's core competencies and look at the audiences served by your business. Revisit your corporate mission, vision and value statements. Now take a closer look at the brand objectives and business goals. What stands out? Is there a logical fit between your brand and the community investments you are considering?

For example, if your company serves the education marketplace like our family business, then logically it would be in the best interest of the business to choose education as a leading cause. Education, therefore, would become a major part of the company's charitable mission statement, especially in a business like ours where facilitating learning is already part of the company's stated mission.

A mission-driven business involved in education could advance learning opportunities within communities served by the company. It could also advance learning opportunities in new and emerging markets. Establishing trust by developing working relationships with local community partners in untapped markets may pave the way for future business growth and expansion. This could be a conscious strategy embraced by such a business.

Whatever your charitable mission statement, use it as a basis for screening charitable requests and prospective community partners. Decline requests for philanthropy that are not in keeping with your corporate charitable mission and those that are not an appropriate fit for your business. If you feel strongly about supporting a particular charity unrelated to your core business, consider funding it privately.

Strategies to Avoid

Many companies do not fully appreciate how the interests of both the company and community can be served with strategic brand philanthropy. Corporate contributions should not be used to garner favors. Nor should donations be made as a condition to gain business or customers. I do not recommend corporate philanthropy become a smoke screen to deflect or cover bad behavior. People will see through this.

As a general guideline, corporate philanthropy should not be reserved for pet projects. Avoid the temptation to sprinkle money around in support of special interests embraced by only a few decision-makers. This approach may satisfy their personal interests and may even elevate their social standing within the community. But it will have relatively little positive measurable impact on the brand and the business. When corporate philanthropy is managed for the “feel good” value of owners and top management, it doesn't do any good for other stakeholders or the bottom-line.

When managed strategically, charitable giving can be truly generous in nature and still fulfill brand objectives. Learn how to use targeted strategic brand philanthropy pro-actively to strengthen relations, distinguish brands, garner trust, generate goodwill and address community concerns.

Competitive Advantage With Brand Philanthropy

Brands perceived as socially responsible are gaining in popularity among socially minded consumers, investors and employees. When all else is equal (e.g., price, quality, service), socially responsible brands have distinct competitive advantages. Emphasizing social impact over traditional brand attributes allows socially conscious companies to distinguish their brands.

There are distinct competitive advantages for products associated with social benefits. In a “2010 Corporate Social Responsibility Branding Survey” conducted by Penn Schoen Berland in partnership with Burston-Marsteller and Landor, several interesting findings were revealed.

1. When choosing between similar products, a majority were much more likely to purchase products with added social benefits.

2. Over one-third of the respondents were willing to pay more for products and services with added social benefits.
3. Two-thirds indicated a willingness to make some changes in behavior for social responsibility.

(Source: <http://www.slideshare.net/BMGlobalNews/csr-branding-survey-2010-final>)

Gain hearts and minds with brand philanthropy. Exhibit true concern and empathy. Champion causes of genuine interest to stakeholders, not just shareholders. People support brands they trust. Strategic brand philanthropy builds trust when the business making the contributions operates in a socially responsible manner.

Potential Limitations & Restrictions

Corporate directors and top management have a fiduciary responsibility to shareholders. Additionally, they have a duty to consider broad stakeholder needs and concerns related to the growth and development of the business. In order to carry out these obligations, I suggest management consider strategically directing discretionary resources - such as the distribution of charitable funds and in-kind contributions - to support the company's stated mission and purpose.

Privately held businesses may have more latitude in this area. If necessary, they can seek board and shareholder approval to add a provision into their corporate bylaws acknowledging a charitable mission as an accepted part of the stated business purpose.

If strategic brand philanthropy is already included in a business mission statement, a change in bylaws should not be necessary. This assumes that the distribution of corporate funds for charitable purposes is in keeping with the stated business purpose and goals. When in doubt, consult with corporate counsel to learn about governing laws pertinent to your business.

Summary

There are many worthwhile causes that warrant support, especially in today's tough economic climate. Your company might not be able to support all of the charitable requests it receives. Be selective. Invest wisely in community projects. Concentrate corporate philanthropy on areas of business competency. Support charities that fit your corporate culture, core values and brand positioning.

Choose projects that address business needs while serving the needs and concerns of society. Support those that have the potential to offer the greatest return on community investments. Consider the social, environmental and economic impacts.

Partner with like-minded nonprofit organizations or invest in Benefit Corporations and/or Low Profit Limited Liability businesses whose missions and purposes complement your business interests and brand positioning. Work together toward a shared purpose to contribute to society and help make the world a better place.

Give generously whenever possible. Merge profit goals with social purpose.
Compassionate companies build trust and generate goodwill connecting their brands
with causes that resonate with coworkers, customers and community.

Addendum A
Potential Benefits For Corporate Donors

- Do social good through corporate giving
- Respond to a growing concern about corporate social ethics
- Demonstrate genuine concern for the community and the environment
- Earn public trust and corporate goodwill by demonstrating corporate social responsibility
- Raise awareness for social, environmental and economic issues and help change public perceptions
- Connect your brand with worthwhile causes with shared values
- Engage stakeholders emotionally
- Build brand loyalty among socially conscious customers
- Facilitate involvement with shareholders and coworkers
- Boost employee morale by creating a sense of purpose beyond profit
- Strengthen bonds within the supply chain by involving suppliers, distributors and retailers
- Create brand distinction
- Show community leadership and build grassroots community support
- Improve the quality of life within the community
- Gain knowledge of social issues from community partners
- Build strategic alliances with other donors
- Gain access to investment funds directed toward socially responsible companies
- Realize potential tax benefits
- Advance business goals and brand objectives

Addendum B
Potential Benefits For Nonprofit Recipients

- Advance social progress and/or environmental stewardship
- Raise awareness and support for important social issues with real potential to make a difference in society
- Gain an association with well-known and trusted brands to help advance the mission
- Gain clout by linking social or environmental causes to a commercial brand's image and reputation
- Solidify long-term relationships with corporate partners who have potential to provide predictable and reliable support
- Diversify funding sources
- Receive financial aid
- Receive value in-kind contributions
- Gain volunteer workforce support
- Gain access to management expertise and knowledge of business issues
- Gain access to technical support
- Track social impact

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