

2009 & Beyond

Seeing down the road in a round world



Fundraisers, especially those who focus on corporate donations, have surely been rethinking their 2009 plans to compensate for 2008's unexpectedly large declines in the Dow and other economic bad news.

They also might be asking themselves many questions: How do we change course, now that we have been caught by surprise? What other jolting surprises will manifest themselves in the coming years? And, how can we read future tea leaves to effectively plan for fundraising over the long-term?

Professionals seeking donations from for-profit companies will understand that no plans can be foolproof for every contingency. They can take to heart the words of Danish author Isak Dinesen, who said in *Out of Africa*, "God made the world round so we would never be able to see too far down the road."

For now, nonprofits may be wise to scrutinize their efforts more than ever as they peer into the distance while hunting corporate donations, estimated by Giving USA in 2008 at approximately \$14.5 billion, or about 5 percent of total contributions.

WHAT'S IN THEIR WALLETS?

Corporate donations the past few years, according to Giving USA, have "included large numbers of donations for disaster relief...as well as increases in product donations, especially for pharmaceutical firms and technology companies." It also notes, "More than one third (and up to one half in some studies) of corporate giving is in-kind."

But there is indeed a rocky road ahead.

"We project corporate giving to be very flat or even to decrease in total dollars as well as a percentage of all giving. Perhaps once the U.S. and global economies are stronger, this may change but, frankly, I am pessimistic about seeing an upward swing in the foreseeable fu-

ture," says Robert Evans, founder and managing director of the EHL Consulting Group, in Willow Grove, Pa.

Lindsay Siegel, associate director for the New York City-based Committee Encouraging Corporate Philanthropy, said that companies grappling with the economy "will likely grow even more strategic with their giving programs – closely aligning their social and business objectives, further engaging employees, and leveraging additional resources beyond cash."

Organizations "capable of understanding the rapid changes and market forces that companies face 24/7 will succeed," according to Philip Milburn, director of marketing and corporate relations for Ducks Unlimited, based in Memphis, Tenn.

SOME GOOD NEWS

While predictions for the near term seem anything but rosy, a number of industry professionals envision sunnier days on the long-term horizon.

"We'll certainly see some short-term drop-off as a result of the current economic crisis, but we will see more investment in this area long-term as corporate executives continue to see evidence of the positive impact that philanthropy has on their businesses," said Jeff Wilklow, vice president of Campbell and Company operating in Washington, D.C.

"Corporate giving has been flat as a percentage of all giving sources for some time and will dip in the recession. I think overall spending by the corporate community will grow post-recession because of younger company decision makers," said Milburn. "Companies will be more selective about which cause to support and allocate larger commitments to fewer leaders in a respective charitable field."

Nancy Stinson-Harris, managing director of corporate alliances and cause-related marketing of the American Diabetes Asso-

ciation in Alexandria, Va., shares a similar thought. "Companies engaged in sponsorship will continue to grow, although at a slower pace given the economic climate," she said, "because it's one way that brands can really distinguish themselves and connect with consumers in emotional, personal and meaningful ways."

THE NEED FOR PARTNERING

To work effectively with corporate donors in 2009 and the future, nonprofits must examine the specific motivations of a narrower group of corporate decision-makers and what they require from the transaction of a major contribution. No longer are such gifts about simply writing a check to fulfill a public duty and hoping for the best from the charity cashing the check.

"Companies are trying to do a better job lining up their philanthropy with their strategic business interests," emphasized Wilklow. "So you find The Home Depot focusing their attention on building projects, such as shelters or Habitat for Humanity, or Ben and Jerry's launching a new flavor – Imagine Whirled Peace – in partnership with the organization Peace One Day."

Stinson-Harris noted, too, that companies' philanthropic contributions are, more than ever, about helping businesses meet their corporate goals. "The need to develop strong value propositions has never been greater. Companies are increasingly looking at how this is going to impact the business or how working with XYZ nonprofit is going to help."

Corporations are also downsizing their philanthropic focus, said Delphia York Duckens, senior vice president of fund development for Girl Scouts of the USA in New York City. "Rather than giving to multiple causes they are focusing on what causes align with their business and how they can make a difference in those specific areas," Duckens said.

Such focus is necessary because the economic slump is eliciting even more requests for money. "We're noticing grant requests are on the rise, especially as more nonprofits are being impacted by tough economic times. We're also noticing requests for larger amounts of money," explained Kellie Clapper, assistant vice president of community relations for State Farm Insurance Companies, based in Bloomington, Ill., which funds programs that focus on auto safety, home safety, and disaster preparedness and recovery.

Nonprofits, meanwhile, are responding swiftly and cleverly. "We've noticed nonprofits are becoming more strategic in their program efforts. Some are studying the business funder more in depth to see where the nonprofit goals may meet the company's goals," Clapper points out.

BEING RESPONSIBLE

Future corporate donations will be heavily influenced by companies' need to inform consumers of their commitment of

charitable dollars to causes that their target consumers care about most. This is a corporate necessity that not only benefits nonprofits, but also is a unique service that nonprofits alone can provide.

"Certainly, financial capacity will be an issue during a challenged economy, especially for companies that peg giving to annual revenue or profits. However, the positive trend in corporate social responsibility will grow," according to Milburn.

Another trend, explained Wilklow, "is the increasing focus on the 'triple bottom line,' measuring a company's economic, environmental and social impact. Businesses are increasingly being measured, and measuring themselves, on the value they return to the local and global community."

According to State Farm's Clapper, "In the next decade, we believe more focus and attention will be paid to what companies are doing to help others. Consumers expect companies to be good corporate citizens and rightly so." Clapper also suggested that the push to broadcast socially responsible donations will drive the corporation-nonprofit synergy, an increasingly conjoined hybrid that absolutely must show results for the donor.

"As always, we will continue to evaluate our charitable giving to ensure that it aligns with our focus areas and support specific projects that meet our giving goals. Corporations want to be able to accurately track giving amounts, history, trends, and more and have that data available in a timely fashion," said Clapper.

Experts in corporate philanthropy emphasize the role that prudent and nimble nonprofit management will play when trying to obtain companies' donations. The top concerns are openness, accountability, and recognition.

"In the coming years, corporate decision-makers will demand more information from the agencies they support, including more financial transparency. The corporate decisions will also require nonprofits to be more strategic in their acknowledging the support and generosity," said Evans. Some of this acknowledgment, he explained, includes companies that now wish to remain anonymous to avoid criticism and deter a host of other charities soliciting donations.

"Just as much as companies want to make a decision to support a charity to achieve some business objective, it's often more important to not make a bad decision. Many firms are very risk-averse when trying to manage brands. Charities must be transparent and accountable," said Milburn. "Charities that are organization-centric and don't do their homework won't get an audience. The organizations that help companies address their business needs can enjoy sustainable corporate giving." *NPT*

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