Corporate Philanthropy in Silicon Valley

October 2007
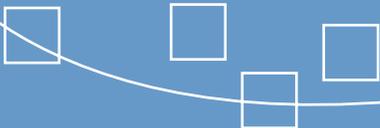
Introduction

At their best, community foundations bring people together to share ideas and build consensus to drive individuals and institutions to collective action.

This holds true for Silicon Valley's most successful companies. They have transformed the world and revolutionized the way business is done. Many contribute generously to important causes and to their communities, fighting world poverty and building libraries at home.

The name "Silicon Valley" is synonymous with innovation, in business and in philanthropy. Companies large and small have contributed generously to make the community where we live and work a better place. Despite these invaluable good works, though, most businesses have not come to be known for transforming their own communities and back yards.

Contributions are measured in dollars and hours. Those clearly are important, but too often that's the only measuring stick.

Silicon Valley Community Foundation wanted to learn more about the impact companies make in our community and the opportunities and challenges that remain.

This study delivers both a salute and a challenge. Many employers and employees are truly generous. At Silicon Valley Community Foundation, we are proud to work with more than 35 companies, including Adobe, Cisco Systems, Electronic Arts, eBay, Microsoft and Shutterfly. But many opportunities remain. Companies and their leaders can inspire—and encourage—employees not just to vote, but to serve on commissions and task forces. Not just to join the PTA, but to attend and speak up at school board meetings, even if their children have left the fold. They can show they value their employees by taking cues from them and supporting causes that reflect their passions.

Companies can make sure to support and applaud employees who go the extra mile. They can be more proactive by encouraging employees who have options that are vesting to consider charitable options. They can provide time for community service. They can encourage service on nonprofit boards or other volunteer efforts by including them among professional development goals to be considered during reviews.

We recognize that many corporations are international actors and that encouraging corporate citizenship at home and abroad reinforces the reality that we are all in this world together. If the great minds behind the innovations that have changed the world are unleashed in our back yard, just imagine the possibilities for our community.

Emmett D. Carson, Ph.D.
CEO and President, Silicon Valley Community Foundation

Table of Contents

I.
Corporate Giving in Silicon Valley

What You Will Find In This Report

This report will be informative to anyone interested in understanding more about the contributions that firms make to the vitality of Silicon Valley communities. It will be particularly useful to companies who are interested in finding out what type and amount of giving their peer companies are undertaking. It also shows how firms have taken steps along the pathway to make corporate giving a key part of their operations and compiles advice from experienced voices on how to start and grow a program. In addition, throughout the report are "program spotlights" which highlight creative approaches to giving taken by Silicon Valley firms.

Business leaders are problem solvers. Perhaps it's that very drive that moves many corporations to seek ways to give back to the communities where they do business and where their employees live and work. Some make cash contributions, while others provide volunteer time, conduct fundraisers and drives, and partner with nonprofits, and still others pursue several of these options.

As these programs have gained in popularity and as the field has become more professional, there has been a growing interest in knowing more about the corporate giving landscape. What do the actual giving programs look like? How much do firms give? How much time do employees spend volunteering? What are the benefits of corporate philanthropy?

The Center for Corporate Citizenship at Boston College surveys corporate giving nationally and produces annual reports that provide benchmarks to the field and to companies. While this information is useful on a broad scale, Silicon Valley Community Foundation wanted to provide a more in-depth look at how Bay Area businesses give, at additional challenges and opportunities and at some creative approaches that other companies in the Bay Area and in other regions could explore.

Silicon Valley has become synonymous with innovation and leadership. Silicon Valley Community Foundation, which serves all of San Mateo and Santa Clara counties, partners with leading corporations, private foundations and nonprofit organizations that are striving to create innovative solutions to meet needs and support the common good. It commissioned LFA, a Bay Area-based research and evaluation firm, to examine philanthropy among the variety of companies—large and small, traditional and high-tech—doing business in the region. LFA collected survey data from 100 firms and conducted key informant interviews with philanthropy professionals from 10 of these firms. We hope the results, which reveal some important trends about companies' financial and human resources dedicated to corporate philanthropy, will inspire even more participation, creativity and success in the business of giving in Silicon Valley.

What Types of Firms are Included in the Sample?

LFA, in collaboration with the community foundation, developed a list of more than 2,000 firms designated to receive surveys. For each firm, the appropriate contact person was identified, and all firms for which the contact person had a valid email address received an online survey. For those that could not be reached through email, LFA sent out paper surveys. LFA and community foundation staff made every effort to maximize the response rate:

* Contacts received an email ahead of the survey from the community foundation's president, urging their participation.

* The survey was sent in successive rounds, each time with a tailored email.

* The community foundation put incentives for survey completion in place, entering participating firms in a raffle, the winners of which could choose a nonprofit to receive a $1,000 grant from the community foundation.

* Follow-up calls were made to firms to urge them to participate.

As a result of these efforts, 100 Silicon Valley firms participated in the survey. What do these firms look like? They are quite evenly distributed in terms of age, they are split roughly down the middle in terms of ownership form and the largest percentage of firms is made up of IT firms.

Because this is a relatively small sample, the research team cannot generalize from these 100 firms to all of the firms in Silicon Valley. However, participating firms represent companies in a range of industries, from small to large, from young to mature, and private and public ownership. And the amount of giving from each firm ran the gamut from hundreds to millions of dollars. The fact that the types of firms are so wide-ranging suggests that the sample is not biased toward only firms with large and mature programs or that one particular type of firm tended to respond to the survey. Thus the study most likely reflects the diversity of corporate giving in Silicon Valley.

Exhibit 1
Characteristics of Firms in the Sample

	Firm Characteristics	Frequencies
AGE Mean Age = 26.4 Median Age = 20 n=94	Less than 5 Years 6–10 Years 11–25 Years 26–50 Years 51–100 Years Over 100 Years	7% 18% 43% 20% 9% 3%
OWNERSHIP FORM* n=98	Privately-held Publicly Traded Family-owned Sole Prorietorship Affiliate of Publicly Traded Company 100% Employee Owned	44% 43% 10% 2% 1% 1%
INDUSTRY CLASSIFICATION n=99	Information Technology Professional and Business Services Financials Leisure and Hospitatality Manufacturing Health Care Wholesale and Retail Trade Transportation Construction	31% 21% 20% 8% 8% 5% 4% 1% 1%

*Numbers do not sum to 100% because companies may be both "family-owned" and "privately held"

Dollars and Hours: An Accounting of Corporate Giving in Silicon Valley

Corporate philanthropy is a multifaceted endeavor, involving direct giving of corporate dollars, giving through corporate foundations or donor advised funds, non-cash giving such as products or services and providing a way for employees to give cash and volunteer hours. This section provides insight into the dollar value of corporate philanthropy as well as the volunteer time that corporate employees spend.

Overall Value of Silicon Valley Firms' Giving

While the impact of corporate involvement in the social sector cannot be boiled down to dollars, the amount of giving provides an important first look at the profile of giving in Silicon Valley. What are the patterns in how much companies are giving?

This sample of firms (Exhibit 2) varies widely in terms of giving amounts. Looking at individual giving modalities (corporate cash, foundation cash and non-cash), we see that there are some firms who give nothing and some firms that give very small amounts. The large difference between mean and median reveals the fact that some firms give amounts that are far above the median: for all firms, median cash giving is less than $40,000, but mean giving is over $2 million —and one quarter of firms give over $1 million in cash.

Exhibit 2 also shows the way in which dollars are concentrated in different giving modalities: the median figures show that firms tend to give more in cash than in non-cash, and—within their cash giving—they tend to give much more through direct corporate cash than through corporate foundations or donor advised funds. Another perspective is revealed by grouping firms by the modality in which each firm concentrates its giving. Exhibit 3 shows that nearly half do

Exhibit 2
Value of Annual Corporate Giving from Study Sample of Firms

		Corporate Cash	Total Cash: Corporate & Foundation Cash	Non-Cash	Total Giving: Corporate Cash + Foundation Cash + Non-Cash
FOR ALL FIRMS	N	68	68	68	73
	Mean	$2,072,702	$2,411,008	$4,515,169	$6,524,630
	Median	$30,080	$36,580	$10,000	$80,000
	Minimum	$—	$—	$—	$—
	Maximum	$66,838,682	$66,838,682	$200,000,000	$213,621,757
	% > $1M	19%	25%	9%	27%
FOR FIRMS GIVING MORE THAN ZERO	N	62	62	52	70
	Mean	$2,273,286	$2,644,331	$5,904,451	$6,804,257
	Median	$49,871	$65,000	$27,500	$88,750
	Minimum	$131	$131	$1,000	$625
	Maximum	$66,838,682	$66,838,682	$200,000,000	$213,621,757
	% > $1M	21%	27%	12%	29%

14%
Foundation
Cash

41%
Non-Cash

46%
Cash

most of their giving through corporate cash but that the proportion of firms that concentrate the dollar value of their giving in non-cash is not far behind (at 41 percent). Reflecting the information in Exhibit 3 above, only 14 percent of firms do most of their giving through foundation cash. This is true even though 30 percent of firms have corporate foundations or donor advised funds; and in fact , firms that have a foundation often give most of their cash directly through the corporation.

The value1 of non-cash giving (including products and services but excluding employee volunteer hours) is also very wide-ranging. Again, for all firms the mean is much higher than the median, indicating that there are a small number of firms giving non-cash the aggregate value of which is extremely high (and indeed one firm valued its non-cash giving at $200 million). Mean giving is about $4.5 million, but the median comes in at $10,000.
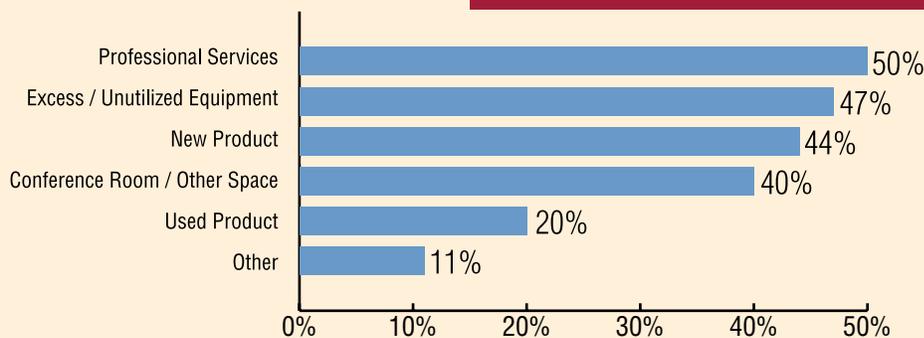
Another important indicator of corporate giving is the percent of profit and revenue that giving represent. For the firms in the sample providing these data, the median percent of revenue is one percent, and the median percent of pre-tax profit is three percent. By national standards, these percentages are very high (see sidebar), suggesting a strong commitment to corporate philanthropy in Silicon Valley even for small firms.

It's Not Just the Money: Giving Goods, Services and Employee Time

In philanthropy, it is easy to focus on cash and on grant size. However, as the table showing the value of different types of giving illustrates, an important part of corporate giving comes from non-cash sources. Indeed, firms are uniquely positioned to give to the social sector in a variety of creative ways. This is because they function as "clearinghouses" for goods and services. They can offer new and used product, the use of their assets (such as space for fundraisers or other convenings for nonprofits), and excess or used office equipment. They can also bring together and coordinate services and time of groups of employees, and often the volunteer expertise of employees can be extremely valuable.

What are the giving patterns for goods, services and employee time? Firms in the sample reported the goods and services that comprise their non-cash gifts. While Exhibit 4 shows that firms most commonly reported donating professional services, in fact product is probably the most common type of non-cash donation—44 percent report giving new product and 20 percent report giving used product. (Even with overlap between firms giving new and used product, the proportion of firms giving products totals to over 51 percent). Almost half of the sample also reports passing on equipment that the firm does not need. All of these donations, as well as the use of space, can be extremely valuable to cash-strapped nonprofits and groups.

Exhibit 4
Types of Non-Cash Gifts n=70

Professional Services	50%
Excess / Unutilized Equipment	47%
New Product	44%
Conference Room / Other Space	40%
Used Product	20%
Other	11%

0%   10%   20%   30%   40%   50%

How Does Giving in Silicon Valley Compare with Giving Nationally?

According to the Corporate Giving Standard's 2006 national study of corporate philanthropy of about 100 firms, median total giving was $29 million. This is many times greater than the giving represented by companies in this sample. Does this mean that Silicon Valley firms are less generous that the typical U.S. company? Probably not. The CGS study is likely to have included much larger companies (and indeed 40 Fortune 100 companies were included). This sample includes many smaller firms.

And in fact, firms in this sample give far more than the typical national firm, when giving is measured as percentages of revenue and pre-tax profit. Median giving as percentage of revenue nationally was reported as 0.1 percent and as a percentage of pre-tax profit it was reported as 0.9 percent—both of these are much lower than the figures reported here: one percent for median percent of revenue and three percent for median percent of profit.

Firms report on the hours their employees spend in volunteer activities and 20 firms reported the total employee hours that were donated during the year. The average of this total donation of volunteer hours is between 12 and 13 thousand hours. Of course, the total number of employee hours scales with the number of employees, so some of the larger firms in the sample skewed the mean upwards. A more typical number is the median value: the "typical" firm donates a little under 900 hours total in a year.

We also see that there is wide variability in the number of hours the average employee donates—the average is 21 hours and the median is two hours, indicating that the per-employee average is very high at a small number of firms.

What Types of Firms Give the Most?

According to what the firms in this sample reported, the amount of giving varies greatly by industry. (Exhibit 6 separates IT, Financials and Professional and Business Services in the top three rows from Leisure and Hospitality, Manufacturing and Health Care in the bottom three rows. This is because the "bottom" three industries have very small numbers of firms reporting, and so it is hard to extrapolate from these tiny samples.) Information technology firms have by far the highest averages in both cash and non-cash giving. Average cash giving (including foundation cash) for IT firms is over twice the average for financial firms (IT's nearest competitor). In terms of non-cash, on average, IT firms in the sample give about 43 times what financial firms give.

It is possible that the very high value of non-cash giving for IT firms—especially relative to other firms in the sample (excluding Health Care)—is due to the fact that many of these firms may be giving away software. Often for IT firms, this is a convenient and low-cost way to do their corporate giving, and their product has a high fair market value.

Ownership form also makes a large difference in average amount given: publicly traded firms tend to have much larger budgets for corporate giving than do privately held firms—this is partly due to the fact that privately held firms also tend to be much smaller.

Exhibit 5
Employee Volunteer Hours

Employee Hours	
N	20
Mean Value of Total Employee Hours	12,599
Median Value of Total Employee Hours	888
Mean Value of Hours per Employee for Each Firm	21
Median Value of Hours per Employee for Each Firm	2

Program Spotlight

Making every season the season of giving.

During the holiday season, piles of toys are a common sight in many offices as employees bring in donations for Toys for Tots. Offices are excellent venues for drives that raise stockpiles of toys, food, clothing, backpacks, etc. And for firms in Silicon Valley, this doesn't happen just during the holiday season. It happens all year round, as corporate programs find creative ways to involve employees in giving. Some of the drives that firms hold include those for books, food, cell phones, coats, blankets, backpacks and school supplies.

Exhibit 6
Average Value of Giving by Industry

	Corporate Cash	Corporate & Foundation Cash	Non-Cash
Information Technology (n=22)	$4,502,000	$5,349,000	$4,689,000
Financials (n=15)	$1,869,000	$1,957,000	$110,000
Professional and Business Services (n=14)	$36,000	$36,000	$71,000
Leisure and Hospitatlity (n=6)	$64,000	$64,000	$119,000
Manufacturing (n=5)	$365,000	$375,000	$92,000
Health Care (n=3)	$3,672,000	$4,548,000	$66,670,000

Exhibit 7
Average Value of Giving by Ownership Forms

	Corporate Cash	Corporate & Foundation Cash	Non-Cash
Privately-Held (n=29)	$50,000	$86,000	$78,000
Publicly-Traded (n=28)	$4,028,000	$4,813,000	$10,866,000

Program Spotlight

Conspicuous volunteerism.

Ireland San Filippo's Community Counts program sponsors a volunteer event every few weeks. To encourage employees to participate, volunteers are awarded points for their participation. They can then "spend" these points at a company store, which redeems the points for sought-after items such as fleeces and totes with their Community Counts logo.

III.
Where Firms Concentrate their Giving: the Causes and Geographic Areas that Benefit from Corporate Philanthropy
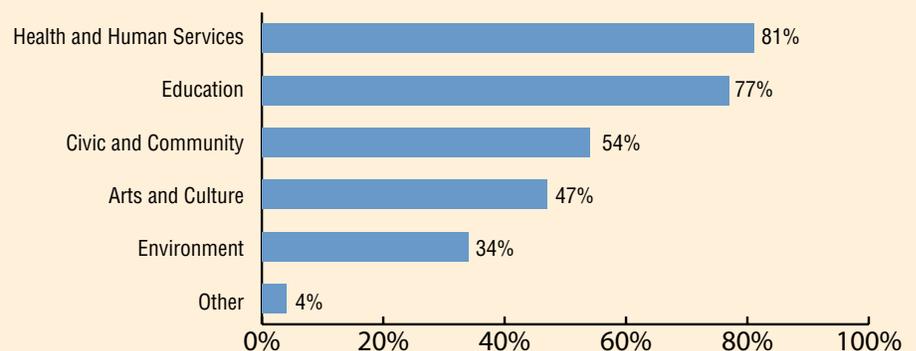
Snapshot of Trends in How Firms Focus their Giving

* Health & Human Services and Education are the most popular issue areas for corporate giving.

* Firms report less growth in giving to the Environment and Arts & Culture over the last two years than to Health & Human Services, Education and Civic & Community.

* Firms predict that giving to Education and to the Environment will grow more over the next two years than it has over the past two years.

* 72 percent of firms give locally (in Silicon Valley).

* Firms predict trends for future growth in local and international giving that are similar to growth over the past two years.

* Firms predict less growth for national giving over the next two years.

The focus of corporate giving varies by issue-area and geographic concentration (local vs. national vs. international giving). This section of the report describes where and on what issues giving currently focuses, as well as trends and corporate responses to recent natural disasters.

The Issue-Areas that Benefit from Corporate Giving

Firms give to groups and nonprofits that focus on a variety of issue-areas. The survey asked respondents to indicate all issue-areas that their firms had made donations to during the most recent 12-month period for which they had data, and Exhibit 8 shows the compiled results. The most popular issue-area is Health & Human Services, with 81 percent of firms indicating that this is a focus of giving—and education is not far behind at 77 percent of firms. The popularity of these causes makes sense within the context of corporate motives for giving. When asked about reasons for their firms' involvement in philanthropy, philanthropy professionals whom LFA interviewed spoke of the firm's obligation to be good citizens by supporting the surrounding community. Their narratives emphasized the importance of making the lives of individual people better—and it is easiest to see the impact on people through supporting organizations that directly serve people. While civic, arts and environmental causes also certainly have an impact on individuals, these may be seen as less immediate—or less immediately vital.

Exhibit 8
The Issue Areas that Benefit from Corporate Giving n=79

Issue Area	Percentage
Health and Human Services	81%
Education	77%
Civic and Community	54%
Arts and Culture	47%
Environment	34%
Other	4%

What are the trends in the issue-areas in which firms focus their giving? Firms reported on changes in the focus of giving over the past two years, as well as any predicted change in focus over the next two years. Data on trends over the past two years show that for all issue-areas, a large majority of firms report that giving has either held steady or increased. Only Arts & Culture deviates from this trend somewhat, with 16 percent of firms reporting a decrease, compared with 4 percent to 7 percent for the other four areas. The Environment and Arts & Culture also differ from the other three issue areas in terms of how many firms report an increase in funding—about one quarter report increases for these two issue areas, compared with 44 percent–45 percent for the other three. These trends probably reflect—once again—the emphasis on those issues that most directly impact individuals in the community in an immediate way.

What did firms report about their expectations of changes in giving over the next two years? Only a tiny minority of firms reported any planning decreases. Education was the big winner, with the largest proportion—over half—of firms reporting that they planned to increase their giving in this area. Furthermore, the proportion of firms reporting planned increases for the future is 12 percentage points higher than the proportion that reported increases in the past (56 percent vs. 44 percent), which suggests an increased rate of growth in giving to this issue-area.

The future trends for Health & Human Services, Civic & Community and Arts & Culture are similar to past trends, with the proportion of firms predicting increases in giving similar to the proportion of firms reporting past increases. Again, the Environment and Arts & Culture stand out as the issue-areas that benefit the least from corporate philanthropy, although there are still firms that plan increased giving in these areas. However, there may be a faster pace of growth for giving to environmental causes: 36 percent of firms report they plan to increase giving in this area, compared with 25 percent that reported increased giving over the past two years.

Exhibit 9
What Firms Say about Changes in the Issue Focus of their Giving Over the Past Two Years

Issue Area	Increased	Stayed the Same	Decreased
Civic and Community (n=58)	45%	48%	7%
Education (n=68)	44%	52%	4%
Health and Human Services (n=66)	44%	50%	6%
Environment (n=49)	25%	71%	4%
Arts & Culture (n=58)	24%	60%	16%
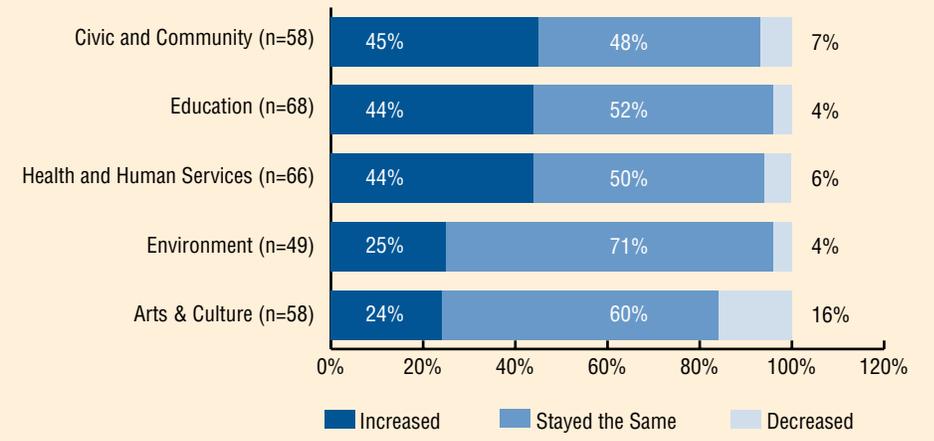
Exhibit 10
What Firms Predict about Future Changes in the Issue Focus of their Giving Over the Next Two Years

Issue Area	Will Increase	Will Stay the Same	Will Decreased
Civic and Community (n=59)	44%	51%	5%
Education (n=68)	56%	42%	2%
Health and Human Services (n=64)	41%	57%	2%
Environment (n=56)	36%	59%	5%
Arts & Culture (n=58)	21%	76%	3%
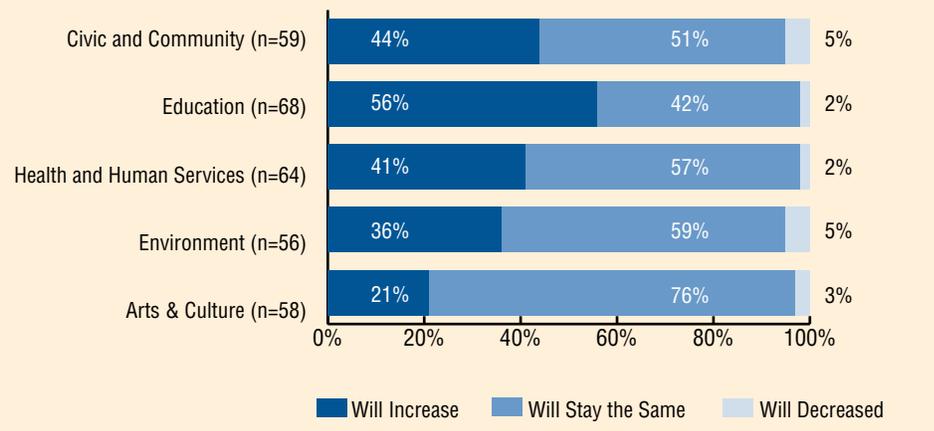
Program Spotlight

A local company supports local education.

Xilinx is devoting considerable resources to a very focused community relations initiative to support a local elementary, middle and high school. The firm works with community partners who bring youth development and educational services to the schools, has employees who volunteer at the schools, and provides intern and work opportunities to students from these schools. Xilinx not only wants to give back to the community but is strategically investing in the workforce of the future and focusing most of its support of academic programs on science and technology.

Giving Locally, Giving Globally: Where Do the Dollars Go?

The issue of where giving happens is not straightforward because the term "local" has two meanings. For Silicon Valley firms, it means giving in Silicon Valley (dollars and hours benefit people and communities in Santa Clara and San Mateo Counties). But it also means that any giving (even it the giving happens overseas), benefits local communities—for example, if a firm has an office in Dublin, Ireland, giving is local in that giving from that office goes to local Dublin causes. Using the second definition, it is likely that 100 percent (or nearly 100 percent) give "locally" (see sidebar). However, using the first definition, 72 percent of firms give locally within the Silicon Valley region. This high percentage of firms giving in Silicon Valley, as well as the second definition of "local" that emerged during interviews with corporate philanthropy professionals from a sub-sample of firms, once again reflect the high commitment that firms have in using corporate giving to "give back to the community."

In responding to the survey, firms reported about past and future trends in local, national and international giving. Despite the emphasis on the importance of the local community (whether that is in Redwood City, California or Dublin, Ireland), large proportions of firms report increases in national and international giving as well. It is likely that sometimes these reports represent giving to organizations with a national or international reach, and other times they represented giving that the firm made (or will make) to communities that are local to offices elsewhere in the country or in the world.

Exhibit 11
What Firms Say about Changes in the Geographic Focus of their Giving Over the Past Two Years

Legend: Increased | Stayed the Same | Decreased
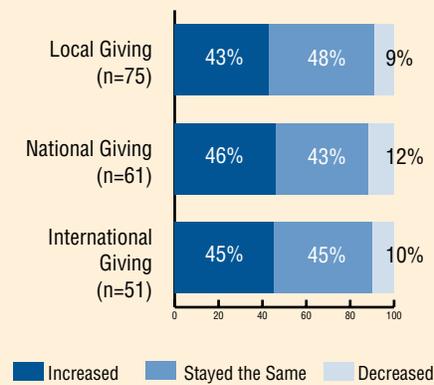
Exhibit 12
What Firms Predict about Future Changes in the Geographic Focus of their Giving Over the Next Two Years

Legend: Will Increase | Will Stay the Same | Will Decrease
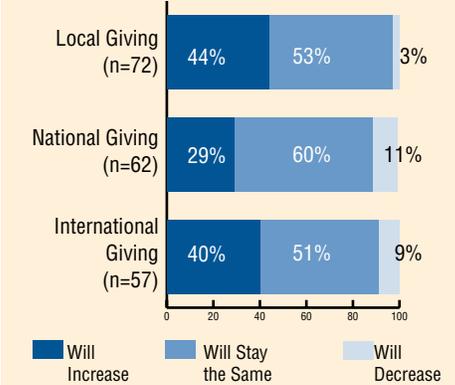
Exhibit 13
How Firms Responded to Natural Disasters n=57
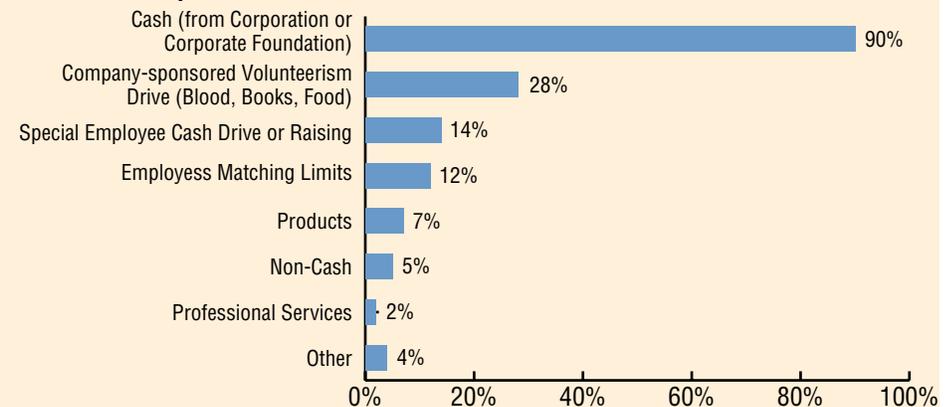
The overall message of reporting on trends in geographic focus is that future trends will reflect past trends, with the exception of national giving. For national giving, the proportion of firms predicting increases is 29 percent, compared with 46 percent who reported increases over the past two years.

Corporate Response to Natural Disasters

An example of issue and geographic focus would be a corporate giving program benefiting the victims of natural disasters. The havoc that natural disasters can wreak in human lives came to the forefront of the national consciousness with the Southeast Asian tsunami and the Gulf Coast hurricanes Katrina and Rita, and

corporations across the county mobilized their giving programs to respond. Firms in the sample reported that they responded to natural disasters in a variety of ways, with the most common response being targeted cash giving for disaster relief.

One company, many causes.

Joie de Vivre Hotels marks the passing of the year by focusing its corporate philanthropy program on a different cause each quarter: the Environment, Youth & Education, Health & Wellness and Arts & Culture. Each quarter the company chooses an organization to be the primary beneficiary—during the first quarter, the focus was the environment; Joie de Vivre worked with the Surfrider Foundation. Focusing their volunteer efforts, 91 employees came with their families to clean up a local beach. Second quarter efforts benefited ROCK SF (Real Options For City Kids), a nonprofit based in the Visitacion Valley. Joie de Vivre Hotels participated in the Go For Good event, a digital scavenger hunt, organized by ROCK to raise money for this wonderful organization. Also in 2006, 50 members of the company formed a team for AIDS Walk SF, and the company raised $20,000 for the cause.

Examples of Changes Made to Giving Programs as a Result of the Corporate Response to Natural Disasters

* Creation of formal guidelines around emergency funds.

* Creation of a reserve fund for future disasters.

* Raising limits of employee matching funds.

* Giving employees an option to donate paid time off, which is then converted to cash.

* Development of a local community response team for needs such as fires, earthquakes, and floods.

In addition, the prominence of several natural disasters happening within a short time span appeared also to have brought about more permanent changes in giving programs. A large proportion of the firms (71 percent) report that initial actions taken in response to the natural disasters in the short-term led to changes in their giving programs and sometimes created more formal policies for future disaster giving.

IV.
Why Give?
The Benefits
of Corporate
Philanthropy
Programs

It is generally understood in the field that there are four main reasons that a firm would engage in corporate philanthropy:

* **Direct impact:** To promote social good.

* **Market reputation**: To build the company's reputation and goodwill with customers and potential customers.

* **Recruitment & retention:** To aid in recruiting and retaining employees.

* **Strategy:** To improve the competitive context of the firm.

Over the past few years, articles on corporate philanthropy have claimed that firms are increasingly aligning their giving with corporate strategy. And even if firms do not purposefully align giving with strategy, they can certainly be expected to have business motivations such as market reputation and recruitment high on their list. They are businesses after all.

[When we participate in community events] it's good for our reputation—it's great to get the press and it helps with brand recognition, but it's just an added benefit—it's not the primary reason we believe in corporate social responsibility.

Corporate Philanthropy Professional

This study investigated motivations by asking firms to rate each of these motivations from 1 to 5 on a scale of importance, with 1 being "no importance" and 5 being "great importance." The results were surprising: firms tended to rate strategic motivations as having the least importance of any of the motivations, and direct impact motivations to have the most importance of all the motivations (see Exhibit 14). Answers given during interviews bolstered these results: firm representatives said that while benefits to the company were valued, they did not constitute the underlying reasons for giving.

We have all been very blessed—we have food and jobs and there are a lot of people in the community who don't. We believe that corporate giving is part of being a good corporate citizen.

[Our corporate giving program] is an important part of our culture—we want to be a great company but also do good works. Our philosophy is that it's more important to give for the sake of giving. We want to be a good community partner—that's more important than a tax write-off and looking good.

Corporate Philanthropy Professional

Exhibit 14
The Importance that Firms Ascribe to a Range of Motivations for Corporate Giving

Motivation	Great Importance	Substantial Importance	Moderate Importance	Some Importance	No Importance
Direct Impact on Issues Funded (n=76)	61%	26%	12%	3%	
Building the Company's Reputation and Goodwill with Key External Stakeholders (n=76)	32%	26%	28%	12%	3%
Helping to Recruit and Retain Employees (n=74)	19%	27%	26%	16%	12%
Improving the Competitive Context of the Business (n=72)	10%	14%	28%	24%	25%

Legend: Great Importance · Substantial Importance · Moderate Importance · Some Importance · No Importance

Data collected through key informant interviews reinforces the survey findings—people tended to feel most strongly about the fact that corporate philanthropy is simply the right thing to do and that it is important to "give back." At the same time, they recognized that this community-mindedness—even though it was an end in itself—was also something that could differentiate them in the market. One key informant remarked that "[Our motives] are not all altruistic. We're interested in people all over the Bay Area knowing who we are—knowing the type of community citizen that we are."
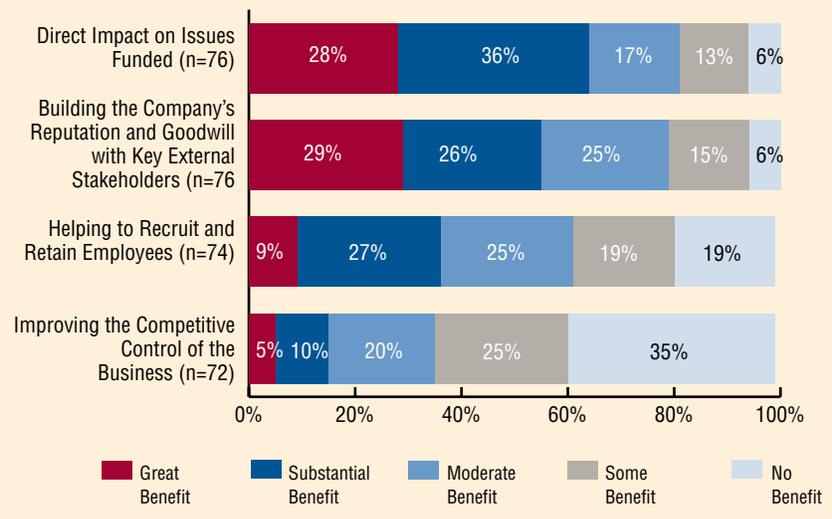
Almost every recruit we talk with, especially the new graduates, asks about our involvement in the community. Being able to answer those questions with a strong story keeps us competitive and allows us to differentiate ourselves.

Corporate Philanthropy Professional

With regard to differentiating themselves in the eyes of employees, several philanthropy professionals pointed to the fact that young employees are looking to work for companies that bring value to their communities and will provide them with opportunities to contribute.

"Perception of benefit" is another way to view motivation, since people are motivated by what they perceive to be the benefit of making a particular choice. The survey also asked respondents about what they perceived the benefits of corporate giving to be and the answers to these questions followed the same pattern: respondents view the greatest benefits of corporate giving to be the direct impact on the issues, and the least benefit to be the strategic context of business.

Exhibit 15
Firms' Perceptions of the Benefits of Corporate Giving

Category	Great Benefit	Substantial Benefit	Moderate Benefit	Some Benefit	No Benefit
Direct Impact on Issues Funded (n=76)	28%	36%	17%	13%	6%
Building the Company's Reputation and Goodwill with Key External Stakeholders (n=76)	29%	26%	25%	15%	6%
Helping to Recruit and Retain Employees (n=74)	9%	27%	25%	19%	19%
Improving the Competitive Control of the Business (n=72)	5%	10%	20%	25%	35%

Is the giving of firms in Silicon Valley less strategic and less aligned with business goals than firms in other areas? This is doubtful. Much of the discrepancy can probably be traced to whom is asked about motivation. There are several internal stakeholders for corporate philanthropy and they are likely to have different perspectives on the issue. Those who are Human Resources employees are likely to look at giving from the perspective of employee recruitment and retention; those who are Marketing employees are likely to use the perspective of creating goodwill among customers. Employees who invested in the formulation of corporate strategy are likely to focus on the alignment between giving objectives and strategic goals. However, some professionals in the field will have the perspective similar to that of a foundation program officer: the ultimate goal is to promote social good.

V.
The Diversity and Formalization of Giving Programs

The practice of corporate philanthropy has experienced remarkable growth and transformation over the past several decades. Giving within firms used to be informal, but it has evolved into a dedicated staff function and the field itself has professionalized.[2] Despite the field's growth, approaches to corporate philanthropy are not so standardized that they provide a strict blueprint for how a firm should structure their corporate giving function. This could be for a variety of reasons (among them the fact that the field is still young), but most likely it is due to the fact that this function is not critical to daily operations the way that—say—the finance and human resources functions are. This gives firms very wide latitude and the freedom to develop their programs in a way that best fits their own goals, corporate culture, and executive and employee interests.

This freedom is reflected in the fact that diversity characterizes giving programs. They vary— among other ways—in primary giving modality (a concentration in corporate cash, foundation cash, or non-cash); in the degree of emphasis on employee volunteering; and in the issue-areas they concentrate in. However, the survey and interview data collected as a part of this study also reveal a formalization trajectory which programs commonly follow. This section of the report both describes this common formalization process and also celebrates the diversity of forms that programs take on despite a common evolutionary trajectory. It is the hope that this dual story encourages Silicon Valley firms that are interested in either starting or expanding their own corporate philanthropy programs: the story may give them a sense of a pathway they can follow, and also the "many right ways" in which to tread that path.

From Grassroots Volunteer Effort to Formalized Corporate Function: The Evolution of Philanthropy Programs within Firms

In the 10 in-depth interviews conducted as a part of this study, philanthropy professionals often told stories about their programs that had remarkable structural similarities to one another. Although stories vary greatly in the details and in the degree to which certain "stages" of evolution may actually overlap rather than occur sequentially, there appears to be one basic structure that describes how programs evolve over time.

Grassroots Beginnings

It really grew out of a very grassroots-level effort. There was a handful of employees who were active in the local community, and began representing [our firm] at local events. Then one woman organized it … she did that out of the goodness of her heart, in addition to her day job.

Corporate Philanthropy Professional

Corporate giving programs do not arrive as fully formed programs within firms, but instead begin with the enthusiasm of employees who have a special interest in philanthropy and want to promote it within the workplace. This usually means that some employees volunteer their time to organize their colleagues to volunteer with local nonprofits or to participate in drives (for food, books, clothing, etc). Some may also make requests to executives to approve corporate donations or to match employee charitable gifts. At this stage the giving is fairly ad hoc and not routinized. To the extent that any corporate cash is used for grants to nonprofits, employees volunteer to administer the grants. There are minimal or no rules about how organizations soliciting funds should apply for grants or for how firms should prioritize giving: those who take this task on simply make their own judgments about which organizations should receive money.

Our CAREs teams started with grassroots giving and employee volunteers. Our founder was also very big into philanthropy. He was a key donor in the community and that helped to spread enthusiasm for philanthropy throughout the employee population.

There is a commitment from the CEO that part of being a great company is not just doing business but also doing good in the communities where you are doing business. It was the CEO's interest. But it didn't start with him—it was employee-driven.

Corporate Philanthropy Professional

The term "grassroots" comes from several professionals interviewed as a part of this study who all used that term to describe the beginnings of the program. Those that used this term mostly referred to a story in which the origins were not with executive management or a founder but rather with mid-level or front-line employees. However, even when the cause was championed from the beginning by executives, the role of executives was to provide a guiding vision and inspiration. For most firms, the work still got off the ground with employees lower down within the hierarchy. The one exception is a firm in which a partner took the lead early on.

Transition and Routinization

[One person] started what they called, at the time, the "charity committee." People who were interested got together every so often and organized events. They would do donation drives two or three times a year. Events happened each year and the organizers worked hard to not let the events drop. The events became ingrained in the company—they became routine and expected, and that formed the basis of our expanded community support efforts today.

Corporate Philanthropy Professional

The second stage in the story of formalization is one in which the efforts made a transition from something ad hoc and relatively informal to something more routinized. This is generally a group that came together at regular times to make decisions and plans about corporate giving. The transition resulted either from an executive that championed the cause or from someone within human resources or marketing who made the business case for philanthropy. If the argument came from a human resources professional, this person would highlight giving programs and community involvement as an employee benefit; if the argument came from a marketing profession, this person would highlight the fact that corporate giving can enhance the firm's reputation with key stakeholders.

In either case, during this transition phase, corporate resources begin to be dedicated in a more formal way. The function may be established as part of an employee's official job description, or a budget may be established for giving corporate cash, or a program to match small employee gifts may be established, etc. During this transition, a firm's giving practices become expected and more widely known within a company, and certain activities (such as meetings to decide how to allocate philanthropic gifts) become a routine part of the corporate calendar.

We are still learning and growing as we embark on the process. We are creating protocols and testing them. We test in small environments to see if the processes work—we're growing slow and steady.

Corporate Philanthropy Professional

The program has evolved during the last 2 1/2 years I was hired into the corporate philanthropy management position. There were goals I had to achieve, and the goals given to me required a structure which has now been put in place globally.

Corporate Philanthropy Professional

Dedication of Personnel

A milestone in the formalization of giving programs is the point when the firm formally dedicates full-time employees (FTE) to this function. This actually often happens during the routinization stage—at least in a small way. This is because, in order to routinize any corporate practice, someone needs to take charge. When someone is taking charge on a volunteer basis, as the function becomes routine, it may gradually evolve to be part of that person's job. However, it is also sometimes the case that there is a more abrupt transition, and executive management makes a formal decision to write this function into an existing employee's job description or else to create an entirely new role devoted to corporate giving. Once an actual role is dedicated to this function, it takes on a life of its own and is no longer subject to the whim of people who may or may not be able to fit it into their busy schedules.

It is important to note that instead of dedicating personnel internally to philanthropy, a firm may also "outsource" its giving by establishing a corporate foundation or a donor advised fund at a community foundation. Often it is the case however, especially with donor advised funds, that corporate giving still requires personnel for administration. For example, someone needs to be in charge of working with the community foundation in order to make decisions about how to allocate corporate dollars to organizations.

Implementation of Systems to Track Giving

When we were small and grassroots driven we didn't have a need for rules or structure. As the company has grown and become more global we need to have business rules, process flows, accountability and transparency. I like to be able to provide documentation and metrics so that we can better understand our long term impact.

Corporate Philanthropy Professional

Once FTE are dedicated to this function, corporate philanthropy truly becomes "something to manage," and—as a result—formalization begins to really take hold. At this point, three stages may be embarked upon at more or less the same time (although they are separated out conceptually here): implementing systems to track the giving of dollars or employee volunteer hours (discussed in this section); the elaboration of corporate philanthropy programs; and the codification of rules for giving.

The management of activity in any kind of organization entails identifying ends and means and also reporting to stakeholders up the hierarchy. This is no less true in the case of corporate philanthropy. To connect ends with means, as well as to report to managers on giving activity, professionals need to be able to track giving first. Here this entails tracking the giving of cash, non-cash (such as product or equipment) or volunteer hours. Firms don't necessarily introduce tracking systems for everything all at once, but they do begin to do some formal accounting of giving at this stage.

Elaboration of Corporate Philanthropy Programs

The elaboration of corporate philanthropy programs can actually happen at any time—even during the grassroots stage—because new programs can grow simply out of the creativity and energy of the entrepreneurs who get things moving. However, it is easier to put new programs in place (such as those designed to encourage employee giving or employee volunteerism) after a specific employee (or group of employees) has been assigned to this role.

Codification of Rules for Giving

We make it a point to donate to what our employees are involved in. We're indiscriminate in terms of what we give to—we're not so concerned with the type of charity that we're supporting—we're more concerned that someone from our organization has taken an active interest in that charity.

Corporate Philanthropy Professional

When giving programs are relatively informal and mostly or completely run on a volunteer basis, any fundraising or corporate cash designated for charitable giving does not usually follow rules for giving—that is, there are no issue-areas that are specified targets for giving. There is an exception: when a CEO or founder has strong interests in a particular issue focus, this may provide a de facto guide to giving. However, even in this case the guide to giving is usually not a formal written policy.

It used to be that there were no giving categories. Solicitations came in the mail and they said: "Yeah, that sounds good—let's give them $1,000." But I put giving categories in place, and now we only give in those areas.

Corporate Philanthropy Professional

When a firm has made the transition to a more formal system in which giving is something to be managed by dedicated personnel, corporate philanthropy managers and other executives within the firm begin to codify rules for giving. With a formal program it no longer makes sense for giving to be ad hoc—in reporting on what the philanthropy has accomplished, it is necessary to tie giving to objectives. These objectives sometimes reflect thinking on where the firm intends to make the greatest impact on the community, and other times reflect thinking on how to tie giving to corporate strategy. In either case, the firm establishes rules around giving—for example, the size of grants, criteria for grantees, and especially the specification of issue-areas that will be the focus of giving (e.g. education, youth development, etc).

Assessment of Impact

From interviews with corporate giving professionals, it emerged that the assessment of the impact of corporate philanthropy is a clear indicator of a highly formalized program. While management of a function requires identifying ends and means, it is another step to connect ends to means. As programs formalize, at first they track the means (dollars, goods/services, volunteer hours) while taking it on faith that these means will contribute to the ability of an organization to bring about increased social good. This characterization is not meant to be pejorative—far from it: the nonprofit sector is as diverse and vibrant as it is partly because donors give simply because they derive satisfaction from giving and do not hold nonprofits accountable for each dollar.

We're just starting to delve into assessment. It's part of how the programs develop in stages. We're thinking now: "how can we tell our story? How can we quantify the impact we're having?" [...] Up until now [a grantee] doing a report hasn't made a difference to whether [the grantee] got a grant again—coming up that will make a difference.

We seek to build long-lasting programs with a systemic impact. This means we need to ask ourselves, where's the report, where's the measurement? What did our funds really achieve?

Corporate Philanthropy Professional

However, corporate programs may eventually reach the stage of actually wanting to connect means to ends—to be able to report on ultimate objectives accomplished: not just cans of food donated, but the extent to which hunger is reduced in the community. To assess impact, firms go beyond counting and move into evaluation of their giving and requiring additional accountability from grantees.

A Thousand Flowers Blooming: The Diversity of Giving Programs

Despite the fact that companies tend to reach a fairly well-defined set of milestones along the road to formalization, exactly what they do at each milestone, and how they do it, varies widely. This section describes the different ways in which firms institutionalize their program at each stage (the more formal stages—after transition and routinization—are focused on here).

Dedicated Personnel: Where and How Many?

There is no one model for the department in which the corporate giving function is housed. The most common departments are usually the office of the CEO, human resources, marketing, and community relations/affairs. The office where the function is housed tends to be a result both of size (in smaller firms corporate philanthropy is often run out of the CEO's office) and institutional history (personnel from a given department spearheaded the original grassroots effort). Exhibit 16 below shows where corporate philanthropy personnel are housed in the sample of Silicon Valley firms. The predominance of firms which locate the function with the CEO is due to the fact that many of the firms in the sample are relatively small: 61 percent have 25 employees or fewer; and 86 percent have 100 employees or fewer. Firms that have dedicated personnel in the office of the CEO tend to be much smaller than firms that do not—an average of 88 employees (and median of 21) compared with an average of 10,795 (and median of 1,150).

Whether firms house their dedicated philanthropy personnel in marketing/branding departments or in human resources also appears to relate to whether the function is understood more as

Exhibit 16
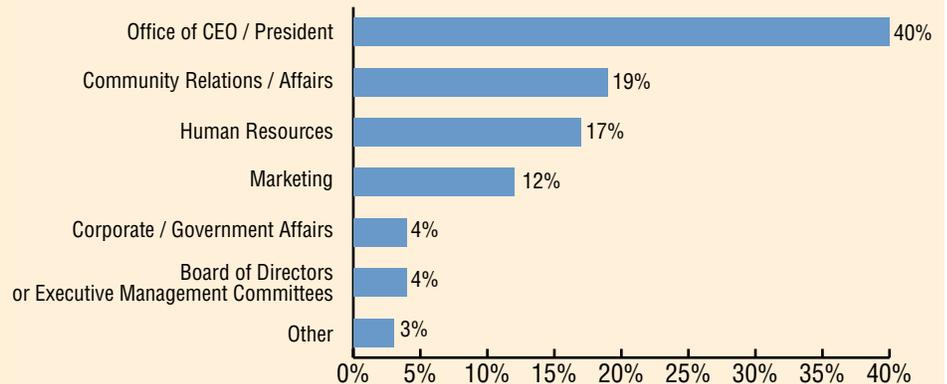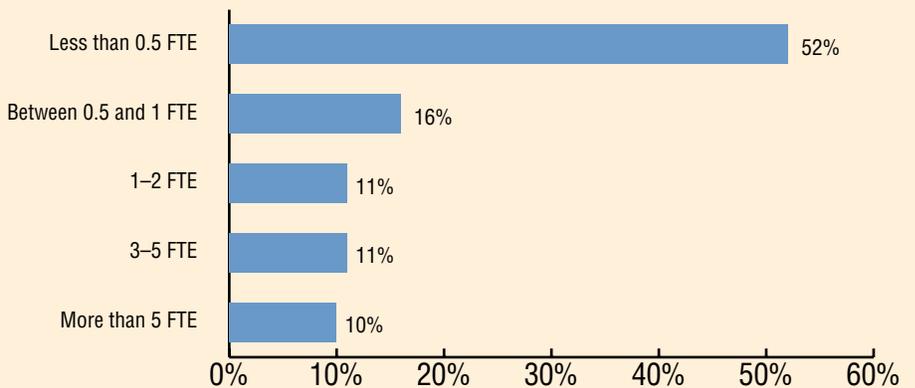**The Department in which Firms House their Giving Program** n=92

Department	Percentage
Office of CEO / President	40%
Community Relations / Affairs	19%
Human Resources	17%
Marketing	12%
Corporate / Government Affairs	4%
Board of Directors or Executive Management Committees	4%
Other	3%

Exhibit 17
FTE the Firms Dedicate to Corporate Philanthropy n=73

FTE	Percentage
Less than 0.5 FTE	52%
Between 0.5 and 1 FTE	16%
1–2 FTE	11%
3–5 FTE	11%
More than 5 FTE	10%

something that helps to position the firm in the market or as an employee benefit. It is often understood as both, of course—but one view can predominate over the other.

The firms in sample also vary in the number of FTEs they dedicate to the function of corporate giving. More than half devote only less than .5 FTEs, but there are some that have more than five dedicated FTEs for this function. The greater the number of total employees in the firm, the more FTEs are dedicated to administer corporate giving programs.

[The corporate philanthropy function] is based on the firm's corporate value of community involvement. Our work really helps build on the brand and we find it important to be strategically aligned with our branding and marketing efforts.

Corporate Philanthropy Professional

Exhibit 18
Type of Giving Tracked n=79

Cash Giving	61%
Employee Volunteerism	39%
Non-Cash / In-kind Giving	38%

Percent of Firms Tracking
Each Type of Giving

Exhibit 19
The Programs that Firms Use to Encourage Employee Giving n=52

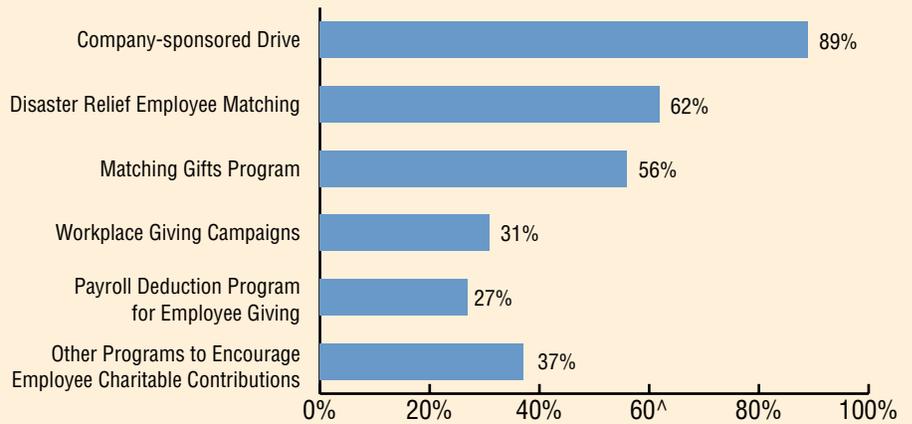|	
Company-sponsored Drive	89%
Disaster Relief Employee Matching	62%
Matching Gifts Program	56%
Workplace Giving Campaigns	31%
Payroll Deduction Program for Employee Giving	27%
Other Programs to Encourage Employee Charitable Contributions	37%

Tracking the Currencies of Giving

Just as firms can concentrate in various types of giving (cash, non-cash, volunteer hours), they can also concentrate on tracking various types of giving. In filling out the survey, firms reported the ways in which they tracked corporate giving. Fewer than expected reported that they track cash giving—after all, this should be part of standard accounting. However, it is likely that when people filled out the survey they were thinking not only of corporate cash, but also of cash given by employees through corporate-sponsored fundraisers or of gifts given as part of matching gift programs.

If more tracking were an indicator of more highly formalized programs, we would expect that firms would tend to "cluster" on these tracking systems —in other words, tracking one type of giving would increase the probability of tracking both of the other types. However, this is not the case; the overlap in type of tracking does not show any clear pattern. Rather, some firms may simply be more interested in tracking volunteerism; others in tracking non-cash.

Elaborating a Range of Corporate Philanthropy Programs

Every corporate philanthropy program is unique —each has its own emphasis and practices. Discussed here is the variety of ways that firms approach a few aspects of corporate giving: programs to encourage employee giving; programs to encourage employee volunteerism; and collaborative approaches to philanthropy.

Eighty firms responded to the question about whether they had any programs specifically aimed at encouraging employees to make donations; 65 percent of these said that they did. Exhibit 19 shows—for these firms— how many firms had a specific type of program. By far the most popular program to encourage employee giving is a company-sponsored drive, which includes food, clothing, toys, school supplies, etc. A little over half of the firms have matching gift programs, with a higher percentage of firms having these programs designated specifically for disaster relief. Here are just a few descriptions of some of the creative ways that firms encourage their employees to make financial contributions:

❖ *We have a high match (with a $2,500 limit), and that's a good incentive, and from time to time we've done special 2 for 1 matches when we really want to get people motivated.*

❖ *Jean Fridays: each month an employee selects a cause or a nonprofit of the month. Employees are allowed to wear jeans on Fridays if they make a five-dollar contribution to the cause or nonprofit. The donations are matched by [the firm] and donated to the nonprofit at the end of each month.*

❖ *Upon each closed real estate transaction, an agent may elect to have a certain amount donated to our corporate foundation.*

Seventy-six firms responded to the question about whether they had programs to encourage employee volunteerism; 63 percent of these reported that they did. Exhibit 20 below shows the range of ways that firms encourage their employees to give their time to local social benefit organizations.

Again, Silicon Valley firms took creative approaches to encourage employee participation —this time in donating their time:

❖ *Every year, we have a special Community Involvement Week. There are lots of volunteer activities offered to get employees involved and during that time we also promote matching and dollars for doers.*

❖ *[Our firm] encourages employees to serve on boards. We have sent two employees each year for the past 12 years [to a] …program that prepares people to serve on nonprofit boards. Out of 145 employees we have approximately 30 percent who are active board members of human-service, civic-and-arts-oriented organizations.*

Exhibit 20
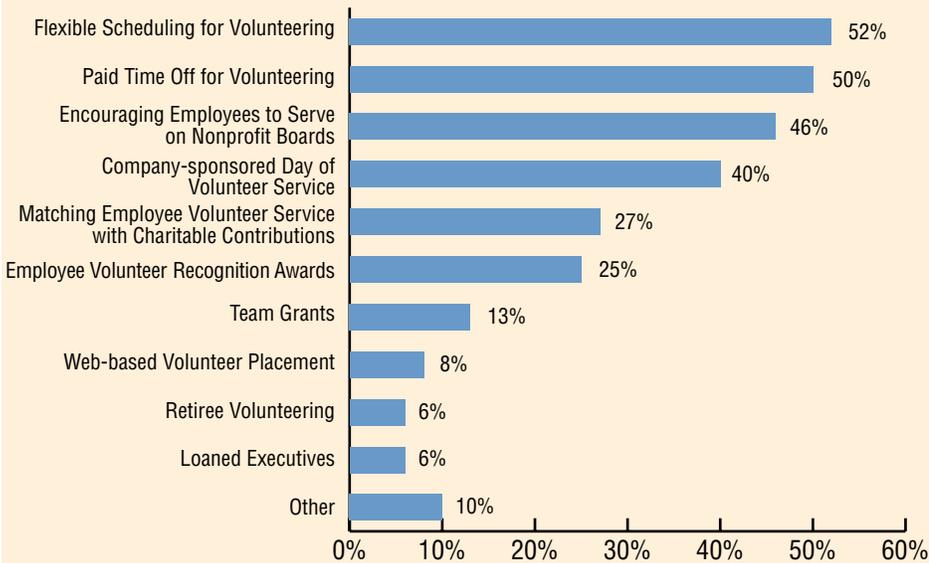**The Programs that Firms Use to Encourage Employee Volunteerism** n=48

Program	Percentage
Flexible Scheduling for Volunteering	52%
Paid Time Off for Volunteering	50%
Encouraging Employees to Serve on Nonprofit Boards	46%
Company-sponsored Day of Volunteer Service	40%
Matching Employee Volunteer Service with Charitable Contributions	27%
Employee Volunteer Recognition Awards	25%
Team Grants	13%
Web-based Volunteer Placement	8%
Retiree Volunteering	6%
Loaned Executives	6%
Other	10%

Exhibit 21
Proportion of Firms Reporting that they Engage in Partnerships as Part of their Corporate Giving n=78

54% Firms Engaging in Partnerships

46% Firms Not Engaging in Partnerships

❖ *[Our firm] offers a number of opportunities for employees to become involved in their local community. In San José we have a number of employee-driven programs—Team in Training, Junior Achievement, Rebuilding Together, AIDS Walk and Gala...these are just to name a few; we are continually encouraging employees by supporting grassroots efforts that promote employee team-building opportunities while helping the community.*

❖ *Individual employees who volunteer for a charity can help that organization receive a grant [from our corporate foundation]. Up to $500 per employee per calendar year is donated to eligible organizations.*

A little over half of the firms in the sample report that they use partnerships in their corporate giving. Examples of collaborative partners for participating firms include:

❖ *The Entrepreneurs Foundation makes recommendations for programs and assists us in setting up with organizations.*

❖ *We took a look at our local community and based on what we know and where our heart is, we asked where our time could be best spent. With [a nonprofit that serves at-risk youth and families]…we love their values and their mission and we've had an ongoing relationship for almost three years.*

❖ *We have launched our Science in Action Initiative. The goal of the initiative is to provide teachers the professional development and tools needed to implement hands-on, inquiry-based science in their classrooms. Locally, we partner with the Santa Clara County Office of Education and RAFT, who provide the professional development. We also partner with them to promote our Science in Action teacher awards which provide grants and stipends to teachers to help them bring science exploration into the classroom.*

Different Approaches to Codifying Rules for Giving

The codification of rules for giving should be a straightforward indicator of formalization—either the rules exist or they don't. However, even here there is not one model for how firms should codify these rules. There are generally two ways to do this: have a written statement of giving priorities or a set of corporate philanthropy guidelines.

It might be expected either that one starts with a statement of giving priorities and moves to the more formal guidelines, or that as a firm formalizes its program it moves from having neither to having both. However, neither pattern holds. For the firms in this group with a foundation or a donor advised fund, there is a great deal of overlap (firms tend to have both). For the firms that do not give through a foundation, they tend to have either one or the other.

Exhibit 22
Proportion of Firms with Formal Documentation Providing Corporate Direction to Giving Programs   n=79
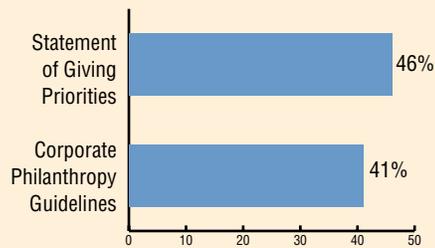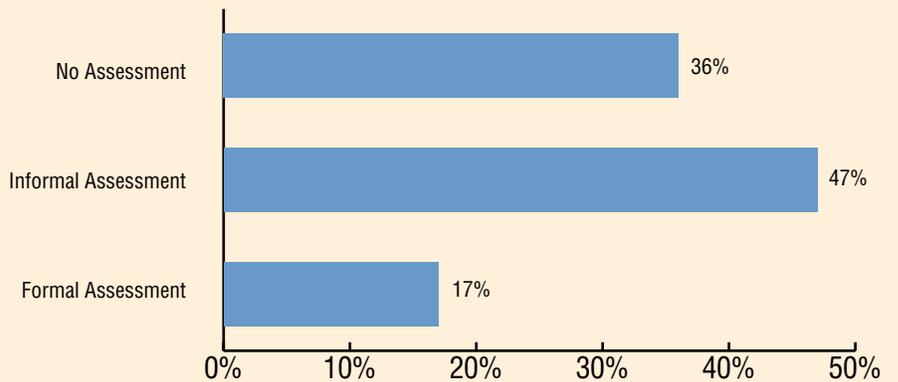
Statement of Giving Priorities: 46%
Corporate Philanthropy Guidelines: 41%

Exhibit 23
Proportion of Firms that have Systems to Assess the Impact of their Giving n=78

No Assessment: 36%
Informal Assessment: 47%
Formal Assessment: 17%

Assessment of Impact: Formal, Informal or None

The survey asked firms to report on assessing the impact of their giving: Did they do any assessment at all? Of those that did, was assessment formal or informal? A small group reported having a formal assessment system, and over one-third admitted to having no assessment system—that left almost half with informal assessment.

These results may exaggerate the degree to which firms in the sample truly assess the impact of their giving. In key informant interviews, philanthropy professionals tended to see tracking systems as having the capability to assess impact; if you know that two families had their rent subsidized for a year with a firm's dollars, you also know the impact of those dollars: two families were helped to stay in housing. This actually makes perfect sense. However, the housing of those families is actually an "immediate output" of the dollars—and the impact of those dollars is about something longer-term and more profound: ending homelessness for these families. Assessment would be about housing retention after the subsidy has run out and perhaps about increasing the financial stability of the family.

Taken together, the data collected show that for most firms, formalization has not included the resource-intensive, more formal assessment of impact. Rather, most firms either do not assess impact, or use tracking systems to approximate an understanding of their impact, or informally assess impact.

Program Spotlight

An "A" for creativity: Report cards for grantees.

Xilinx, which funds local community partners to bring their educational and youth development programs to local schools, has developed a system of assessment in which teachers are brought together and asked to assign grades to the service providers. The report cards for nonprofits help the firm decide which providers they will continue to fund.

VI.
Advice from the Field: Planting and Growing Successful Corporate Giving Programs

In key informant interviews, the research team asked corporate philanthropy professionals to provide advice to others who are planning to create a program or expand an existing one. Below are the lessons that these professionals learned from their accumulated experience. This report contains, in addition, an appendix with numerous resources, information, advice and services for those administering or building corporate giving programs.

When starting a program, the first place to start is with the company's mission statement and values and what your core competencies are. Parlay those competencies into giving back. Engage your employees in what they do best.

We've stayed true on the overall mission about who we are and who we're about helping. We have our true North that helps us to make decisions.

- Corporate Philanthropy Professional

Align corporate philanthropy program with the company's core competencies. Companies have at their disposal a great deal of expertise and resources in the areas of their core competencies. By starting from these, they can leverage the resources they already have in order to develop a giving program. In Silicon Valley, many IT firms give software, and some have companion initiatives to build the IT capacity of their grantees.

If you can appeal to why being charitable is good for the business—it's good to be charitable to improve your reputation or improve your bottom line—you will get people on board. It works.

You need to be able to demonstrate what the direct benefit will be back to the company. If you want to start or expand [a giving program], the executives are going to ask: "what's the benefit to the company?" You need to be able to document that as best you can.

- Corporate Philanthropy Professional

Make the business case. Many people in today's Silicon Valley workforce are deeply committed to giving back to their communities and are motivated to do so for no other reason

than it is "simply the right thing to do." However, it remains the case that businesses survive and thrive by making a profit, and public companies have the added pressure of responsibility to maximize shareholder value. Therefore, no matter what the personal commitment of employees and executives to the public good, the business imperative remains. For corporate philanthropy programs to establish themselves and take off, it is critical that there is a strong business case for their existence. This can be in terms of generating goodwill among customers and other stakeholders, facilitating employee recruitment or retention or aligning with corporate strategy.

There's no downside to a simple program: it's painless and easy and just takes someone who's interested in it to get it going.

A team new to the program doesn't get $100,000 right away [to donate]. They first need to build their team and program—learn to work together and establish some giving guidelines and credibility in their local community.

- Corporate Philanthropy Professional

Start small. By starting small, firms can make a small (and therefore less risky) initial investment. Even small programs can generate a return both for the recipients of corporate giving (in dollars or time) and for employees who appreciate the opportunity to give back. And by starting small, firms give these programs the freedom to adapt slowly to the needs and cultural of the organization. In the long run, this gives corporate giving programs a better chance at survival.

Labors of love...they go much further than writing a check. Convince employees to get started with a volunteer program, and it will catch on. Community relations isn't always about the dollars.

Rather than just give cash, do things. Really encourage volunteering if you want your entire company to feel it and to be involved ... they would never know that the check was cut.

- Corporate Philanthropy Professional

Be creative and emphasize volunteer time. Creativity, especially when a program starts up, matters much more than being able to write big checks. What's important at the beginning is getting people excited about being involved, because then the passion for the program spreads around and it is the interest and involvement of employees who help the program to become formally established. Put a link on the company website that lets people know of volunteer opportunities; have employees recognized for their volunteerism.

Definitely involve your employees, because they will make this go or not.

We encourage employees to drive the engagement [with nonprofits]. Although we can run the various outreach programs we find the experience to be more meaningful when the employees are empowered to take a leadership role in the community.

- Corporate Philanthropy Professional

Involve your employees. Since it is the passion of employees that will carry a program past its initial start up phase, it's critical to get them involved in fundraising or volunteer efforts. Employee involvement also helps a firm start small: the initial investment can be in employee time rather than large corporate contributions or a large program that has high administrative costs.

The difference is someone riding herd on calendars. Left to their own devices, our employees would concentrate on those tasks that matter to clients, so someone has to ride herd on calendars. [A key factor is] institutionalizing when the meetings happen—making sure they happen regularly and predictably—locking that into place.

- Corporate Philanthropy Professional

In the beginning, ensure that planning takes place regularly. Sometimes growing a program relies on the ability of passionate people to take the efforts from something that is relatively informal to a program that is institutionalized within the company—in other words, for these people to help the program through the transition and routinization stage.

Have a champion—a passionate leader. This doesn't have to be company leadership, but someone needs to take that role and be that standard-bearer. It can't be half-baked—they have to jump in there.

- Corporate Philanthropy Professional

Find someone to champion the cause of corporate giving. Especially for those programs that involve a great deal of employee participation in fundraising, drives or volunteering, it's important to spread the enthusiasm around. To do this is it helpful to designate "champions" in different departments or offices who will take responsibility for alerting other employees to volunteer opportunities, rally resources for fundraisers, etc. This is especially helpful for programs that depend on very little time from dedicated personnel for administering the program.

We sent out a web-based survey to our staff to evaluate community programs— what they've participated in, what they liked, what they didn't, what we could do more of. We used the feedback and made changes to the program.

- Corporate Philanthropy Professional

Provide mechanisms for feedback. The importance of continuous learning applies to corporate philanthropy too. By asking employees for feedback about the program, a firm can discover what is working for getting employees involved, what is working less well and what is likely to inspire employees to give. A feedback mechanism can also take advantage of employee creativity to generate new ideas about how to shape the future of the program.

Appendix: Resources for Corporate Philanthropy

Practical Resources

Benioff, M. & Southwick, K. (2004) Compassionate Capitalism. Franklin Lakes, NJ: Career Press

Benioff and Southwick offer straightforward, practical advice on the how and why of corporate philanthropy. They write with the vision that in the future corporations can dramatically improve the world through leveraging all assets, products, employees and relationships in order to benefit communities.

Burnes, K. & Gonyea, N. (2005) Expanding the Boundaries of Corporate Volunteerism. Alexandria, VA: Volunteers of America

With the changing landscape of the workforce, and the impending retirement of the baby boomers, Burnes and Gonyea encourage corporations to develop company alumni volunteer programs. The authors give general models of these types of programs, offer examples of specific alumni volunteer programs already in practice, draw attention to the strengths of those programs and offer suggestions for improvement. Burnes and Gonyea believe that the successes of corporate philanthropy programs are often undocumented and underestimated.

Committee to Encourage Corporate Philanthropy's New Century Philanthropy

http://corporatephilanthropy.org/ncp/

Since 2000 the Committee to Encourage Corporate Philanthropy has published a quarterly newsletter, each focusing on a specific aspect of the field. Past topics include in-kind contributions, international giving, education and collaboration.

Corporate Philanthropy FAQ. http:// foundationcenter.org/getstarted/faqs/html/ corporate_giving.html

Frequently asked questions about corporate philanthropy compiled by the Foundation Center, an organization committed to strengthening the nonprofit sector through knowledge. The guide answers questions on practical issues such as tax forms, in-kind donations and employee matching gifts and defines different types of corporate philanthropy programs

Corporate Social Responsibility and Employee Volunteering Archive- Energize Inc.

http://www.energizeinc.com/art/subj/corpres.html

Energize Inc., an international training, consulting and publishing firm specializing in volunteerism, has a compilation of articles, book excerpts and websites which examines the function of employee volunteerism and social responsibility in corporations as well as practical tools for those who want to implement such programs in their respective organizations. The archive is often updated with the latest material.

Kramer, M. & Cooch, S. (2006) Investing for Impact: Managing and Measuring Proactive Social Investments. Boston: Foundation Strategy Group

Rather than giving money in reaction to a problem that has already manifested itself into a large-scale issue, Kramer and Cooch outline an alternative philanthropic approach, a Proactive Social Investment program that blends traditional philanthropy (grantmaking) with investment capital strategies. Included in the article is a comprehensive explanation of the giving strategy as well as a discussion of effective ways to administer and evaluate Proactive Social Investment programs, taking into account the difficulties of measuring social impact. Another valuable addition is the inclusion of lessons and suggestions from companies who have already completed Proactive Social Investment initiatives.

Kramer, R. & Kania, J. (2006, Spring). Changing the Game. Stanford Social Innovation Review, 22-29.

Typical of the publications Kramer and Kania are published in, the authors take a progressive stance on the roles of nonprofits and corporations. They aim to break down the stereotypical roles of the two, corporations as entities who make the problems and nonprofits as entities who fix them. Moving into the future, they suggest that companies should take a more proactive role in solving the world's problems, and nonprofits should not be afraid of having businesses as allies. The article includes practical advice for companies and non-profits to work toward such ends, giving corporations advice on how to start a corporate social responsibility program and giving nonprofits advice on how to create effective cross-sector relationships.

Levy, R. (1999) Give and Take: A Candid Account of Corporate Philanthropy. Boston: Harvard Business School Press.

Levy gives readers an "insider's view" of corporate philanthropy. As the former executive director of the AT&T Foundation, Levy is qualified to share information about the fundamentals of corporate philanthropy, the details of the operations of corporate foundations, suggestions for those seeking support from corporate giving programs, and his optimistic view of the current state and possibilities for the future of corporate philanthropy. The book is primarily written for nonprofits and individuals wanting funding from corporate foundations but also discusses benefits, responsibilities and challenges facing philanthropists. Levy stresses the importance of having corporate philanthropy programs that are rooted simultaneously in the business' values and interests.

Measuring Employee Volunteer Programs: The Human Resources Model. Washington DC: Points of Light Foundation

The Points of Light Foundation examines the value of employee volunteer programs with a literature review and inventory of best practices in such programs. They go on further to suggest that companies are underutilizing the benefits of employee volunteer programs and that Human Resource departments should be more aggressive about implementing the programs. The guide also offers implementation ideas, tools and models for designing, managing and assessing employee volunteer programs.

Varadarajan, P.R. & Menon, A. (1988). Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. Journal of Marketing, 52(3), 58-74.

This article outlines a specific type of marketing tool, cause-related marketing, that combines elements of nonprofit marketing, promotional mix, corporate philanthropy, corporate social responsibility and enlightened business interest. Simply, the tool is an association of a product and a designated cause, engaging those who purchase the product while generating revenue for the corporation. Through explaining the essential elements of this marketing/philanthropy strategy, as well as including examples of successful cause-related marketing campaigns, the authors argue that this type of marketing can improve corporate performance while helping worthy causes.

They also include suggestions on how to evaluate a cause-related marketing campaign that emphasizes the measurement of the social benefit not only revenue generation.

Theory

Collins, J. (2005) Good to Great and the Social Sectors.

A monograph to Collins' Good to Great, Good to Great and the Social Sectors is a resource to be used in conjunction with the book, not freestanding. The pamphlet is based on workshops and interviews with over 100 leaders in the social sector, answering questions they had about Collins' book in relation to their work. Collins argues that the social sector should not try to migrate toward a business model because businesses are flawed themselves, so rather, both businesses and the social sector should work to be responsible and worthy organizations. He opposes the aimless imposing of business terminology and practices upon the social sector. The pamphlet is theory and model based but is clearly articulated and applicable to sector practices.

Hymowitz, C. Corporate Philanthropy Often Betters Their Business Model. The Wall Street Journal Online.

http://www.careerjournal.com/columnists/inthelead/20050223-inthelead.html

Hymowitz comments on the current trends in corporate philanthropy, the shift from "old philanthropy," simply throwing money at a problem, to new strategic and comprehensive corporate social responsibility programs. His stance is that consumers are not necessarily more likely to buy a company's product just because they are being socially responsible, but the negative effects of not being socially responsible can be severely detrimental.

Studies/Facts

Atienza, J. (2006) Key Facts About Corporate Foundations. New York: Foundation Center

This is a helpful overview for those fairly unfamiliar with the field of corporate philanthropy with a factual and data driven portrayal of the field broken down by factors such as types of aid given, program areas given to, region given to, and amount given in relation to total private giving.

Corporate Philanthropy's Biggest Givers. Business Week

http://www.businessweek.com/investing/philanthropy/2005/company.htm

Business Week magazine compiled an index in 2004 of corporate philanthropy's biggest givers. The compilation is complete with interactive tools that list the S&P 500 companies by cash donations, in-kind donations and by cause, each company linked to details about their giving programs.

Olphert, C. & Hopkins J. (2005). Corporate Community Involvement Index 2005. Chestnut Hill, MA: The Center for Corporate Citizenship at Boston College

This annual benchmark study measures many aspects of corporate community involvement. Over 163 companies from all over the country completed this year's survey, which provides participating and non-participating companies a measure with which to assess their own practices in relation to others. The study write-up also highlights hallmark organizations implicitly suggesting best current practices in the field. The same study is administered every year and the results are made public through The Center for Corporate Citizenship at Boston College, a well-trusted and widely referenced epicenter for research about corporate philanthropy and social responsibility.

Santelmann, R. Companies That Care. Forbes Magazine.

http://www.forbes.com/leadership/2004/09/29/cx_ns_0929feat.html

This Forbes magazine article introduces a brief history of corporate philanthropy in the U.S. and current examples of giving programs, including a slide show of 10 prominent successful programs.

Shah, S., Morgan, G. & Rochlin S. (2006) Adding It Up 2004: The Corporate Giving Standard. New York: The Committee to Encourage Corporate Philanthropy

The Committee to Encourage Corporate Philanthropy, an organization considered to be of the same caliber as the Center for Corporate Citizenship, compiles their own annual benchmark evaluation of the field of corporate philanthropy. Data is analyzed through an online platform through which corporations track their giving patterns as well as their participation in conferences and summits throughout the year. In addition to a summary of the data collected, there is a section that defines the key terms of corporate philanthropy for those less familiar with the field in general.

Services

boardnetUSA

http://www.boardnetusa.org/public/home.asp

boardnetUSA is a matching service for nonprofits and board members. Prospective board members can use this online database to search for nonprofits that are compatible with their interests and nonprofits can find board members who meet their needs and desires- all for no fee. Giving officers at corporations can encourage their employees who want to get involved to use this service to find the appropriate organizations. This service, organized by The Volunteer Consulting Group, is respected and utilized by nonprofits as well as professionals all over the nation. Currently, over 12,000 candidates and nonprofit boards are using boardnetUSA.

Courses offered at the Center for Corporate Citizenship

http://www.bcccc.net/index.cfm?fuseaction=Page.viewPage&pageId=474

The Center for Corporate Citizenship, an associate of Boston College's Carroll School of Management, offers many courses, programs and certificates addressing corporate philanthropy that are open to the public. An key example is a two-day course on Building an Effective Strategic Philanthropy Program, in which participants examine the grants management process, budgeting and evaluation methodologies and discuss related issues such as volunteerism and employee-directed programs.

Committee to Encourage Corporate Philanthropy's Corporate Philanthropy Summit

http://www.corporatephilanthropy.org/summit/

The Committee to Encourage Corporate Philanthropy, "the only international forum of business CEOs and Chairpersons pursuing a mission exclusively focused on corporate philanthropy," organizes a conference each year that is only open to giving professionals. The two-day event addresses the most current issues in philanthropy in general as well as those issues specific to corporate giving. In 2006 over 160 professionals were in attendance.

Committee Encouraging Corporate Philanthropy's Corporate Giving Standard-Measurement Model for Corporate Philanthropy

http://www.givingstandard.com/

The Committee Encouraging Corporate Philanthropy maintains a comprehensive online data collection service for individuals responsible for managing large corporate giving programs. Giving officers enter their company's data confidentially and in return gain access to over 50 on-demand reports. These reports can help organizations track year-to-year trends, create customized reports for management and benchmark against self-selected peer groups. The Committee Encouraging Corporate Philanthropy encourages companies to participate in services like the giving standard to reduce the vast under-reporting in the field.

Northern California Grantmakers' Corporate Contributions Roundtable

http://www.ncg.org/services_ccr.html

The Northern California Granttmakers organizes an affinity group for corporate giving professionals of all levels. The group meets four to six times per year and gives participants an open forum for support, sharing of best practices, education and theory.

1 Survey respondents were asked to assign Fair Market Value to their non-cash giving.

2 Adding it Up 2004: The Corporate Giving Standard, (Committee to Encourage Corporate Philanthropy) p. 3.

About Silicon Valley Community Foundation

Silicon Valley Community Foundation is a leading voice and catalyst for innovative solutions to the region's most challenging problems. Our mission, vision and values reflect our commitment to serving the vibrant communities in San Mateo and Santa Clara counties. We bring together diverse groups of people—nonprofits, donors, government leaders, business people, faith-based organizations—all of whom care deeply about improving the quality of life in our region. Our goal is impact and we employ a variety of strategies to achieve it, including grantmaking, community initiatives, donor engagement, convening and research.

About LFA

LFA contributes to the health and well-being of communities by enhancing the social impact of organizations in the nonprofit, philanthropic, and public sectors through applied research, evaluation, and technical assistance services.

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"I've always believed corporate social responsibility is not only the right thing to do, but the right thing for business. Healthy, self-sustaining communities arise when every individual has the means to live, the opportunity to learn and the chance to share those gifts with others."

— **John Chambers**
   Cisco Chairman and CEO