

Creating a Product Donation Program

Companies that produce any type of commodity might consider adding product donations to their corporate philanthropy program. From computers to bottled water, the gift of products can be a tremendous benefit for the recipient organizations. And the donating company may be able to use the program as an effective inventory control process while taking advantage of special tax benefits.

Some key steps to consider as you create your process:

Determine your product “budget.” What exactly are you donating? Current or past season earlier version goods? How many items will you make available? Consider the actual cost of goods as well as related expenses such as shipping, storing, support, upgrades, training, special labeling, etc.

A key consideration is staffing: Who will be responsible for the day to day administration of the process?

Discuss the program with your legal, shipping/fulfillment/facilities and accounting/finance, and marketing departments to help determine the most efficient and effective process. If possible, designate a contact person from each relevant department to be part of your program team that can provide support and advice. For example, your accounting/finance contact can help you determine how you will record and report the donated items. They can help also you decide if you need processes in place to prevent product donation duplication and leakage through other departments/personnel.

Determine your product giving cycle. Will you gift product monthly, quarterly, annually or as needed?

Set your giving guidelines:

- What exactly are making available? Will you donate current or dated (previous season or earlier version) items?
- What is the process timeline including when applications are accepted, the donation processing period, etc.
- Will you cover the cost of shipping and other related expenses? If the recipient organization is responsible for any expenses, determine your process for setting the price and how and when you will receive payment.
- Will you be identifying recipients or managing an open application process?
- Who is eligible to apply and receive donated products? Who is not eligible? Will you consider their location, mission and to whom they provide service/support? Consider your giving areas, geography and any other criterion relevant to your corporate giving program guidelines.
- How many items can an organization request? How often can they make a request?
- How can the donated items be used? For example will you allow the organization to re-sell the items, auction, raffle or donate the item to another organization? Is the donation for the organization’s use or for the people they support?
- Will the company provide ongoing technical assistance if relevant to your product?

A product donation application/request form ensures you’ll receive all the information needed to make consistent donation award decisions. Consider the following as you design your application:

- What, if any, resources must the recipient organization have in place in order to appropriately utilize your donated item(s). For example, software requires specific hardware and possibly specially trained staff to effectively use the donation.

- Will you require nonprofit tax status information, and if so, how will you verify this status?
- Will you require the organization to provide their nondiscrimination policy?
- How will the donation be used? Who will use the donated goods?
- How will the organization report on the impact of their donations?

Other options to consider in addition to or in lieu of a product donation program.

- Special pricing or discounts for nonprofit and/or education organizations.
- Allow employees to donate products purchased through your employee purchase program.
- Free or discounted training classes, customer/technical support, upgrades, etc.

Sample vendors to whom you can outsource all or a portion of your product donation process:

- TechSoup www.techsoup.org
- Gifts In Kind International www.giftsinkind.org
- FreeFlow Solutions www.freeflow.com