

30 Minutes Toward More Impactful Corporate Giving

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Guest: Sue Norton | Adjunct Global Impact Strategist, CAF America

Announcer: Learn how to take your caring and giving further with the *Caring and Funding* podcast powered by CAF America. CAF America, America's leader in cross-border philanthropy, helps corporations, foundations, wealth advisors, and individuals who wish to give internationally and with enhanced due diligence in the United States. Through its industry-leading grants management [00:00:30] program and philanthropic advisory services, CAF America helps donors amplify their impact and ensure their gifts are made in a safe and effective manner.

This *Caring and Funding* podcast is dedicated to these donors and the charities they support. Our guests are leaders in their field who join us to share tips for success and stories that inspire. Our host is Ted Hart, the CEO of CAF America. After the show, you can find all our podcasts at cafamerica.org on [00:01:00] iTunes and now just say Alexa play C-A-F America on TuneIn. Now, welcome the host of CAF America's *Caring and Funding* podcast, Ted Hart.

Ted Hart: Welcome to this latest edition of the *Caring and Funding* podcast. So, you want to be impactful, you want your philanthropy to make a difference. Well, you've come to the right place. Impact philanthropy is a mindset, impact philanthropy is the act of giving strategically, [00:01:30] characterized by a deliberate focus on being well informed about the impact that your philanthropic investments drive. There cannot be impact philanthropy without a cause, a charity, a philanthropic partner that is prepared to engage in a thoughtful process of monitoring and evaluation against an established criteria towards an expected outcome.

You, our listeners, our donor clients, want to make a difference, and you have made [00:02:00] a conscious decision not to engage in impulse-driven philanthropy but to search for the right cause, the right organization to support. This is where the professional strategic advice coupled with the deep due diligence, grant reporting, and monitoring offered by CAF America creates the perfect team to make a true impact. Let's be honest with each other. The word impact is thrown around a lot these days, and lots of people mean lots of different things when they speak [00:02:30] about impact philanthropy. Some of them actually know what they're talking about.

There are a few things to look for, a few questions to ask when someone starts talking about impact philanthropy. Generally, such philanthropy takes the form of a multi-year philanthropic commitment. It's rare, although not impossible, to be impactful with a single one-off donation. Second, generally, the philanthropic support that you give will take the form of being [00:03:00] fully or partially unrestricted. This approach provides your charity partner with predictable funding, with as much needed flexibility in using the funds.

Next, in advance of funding, a system of monitoring must be set up for the use of the funds, and evaluation of the success of the program must be established. Professional monitoring and true

evaluation of a funding program needs to be paid for. **[00:03:30]** If it's given away free, remember what your mother always told you, you get what you pay for.

Next, donors who truly care about being impactful place a premium on collaboration, and helping all involved to become smarter by learning from the successes and the failures of the funded project.

Finally, in our five points, evaluation and outcome of impact philanthropy are then communicated honestly with a high degree of integrity, as **[00:04:00]** the experience can be fruitful and energizing for both the charity partner and the donor. The solutions to many of the great challenges of our time, from climate change to cancer, have their hopes in the nonprofit sector. An effective charitable sector is needed more now than ever. Yet in the past year, millions of nonprofit jobs have been lost worldwide due to the disruptive forces of the Coronavirus global pandemic.

Among the biggest levers for change in philanthropy **[00:04:30]** are the corporations and corporate foundations that since the beginning of the pandemic have shown their commitment to community impact, as well as to adapting their approach to the evolving needs of their grantees. Even before COVID-19 became a household name, we were seeing corporations being much more strategic about their philanthropic priorities, working to align their charitable giving efforts to their business objectives.

Joining me today for this podcast is Sue Norton, **[00:05:00]** CAF America's adjunct global impact strategist, who brings her important corporate experience to the work of CAF America. She worked extensively in both the corporate philanthropy world and the nonprofit sector. She spent 27 years at PepsiCo, most recently serving as Vice President of Global Citizenship and Sustainability. She ran the PepsiCo Foundation for nine years, during which time she was responsible for leading the corporation's global social impact **[00:05:30]** agenda.

Sue is the perfect person to help us all learn how 30 minutes of solid strategy can put each of us on the path towards more impactful philanthropy. Welcome, Sue Norton.

Sue, I'm really excited to have you join us today and to talk to us about the important trendy word, if you will, 'impact'. Your experience managing a major corporate foundation and working **[00:06:00]** on a range of nonprofit boards has put you in the driver's seat for making decisions on impact philanthropy.

Sue, let's not make our audience wait any longer. In the intro, I keyed up some helpful guideposts for knowing what impact philanthropy is truly, but your experience working with big philanthropy on a global scale will really give us the insight into, "should we really care"?

Sue Norton: Thanks, Ted. **[00:06:30]** I appreciate the warm welcome. To me, real impact philanthropy for a corporation is all about driving strategic impact at the total enterprise level. Looking at your business resources and your philanthropic dollars together as two complementary levers of impact, if you will. You certainly need to choose the priorities that make

sense for you as a business, the ones that are authentic and will look authentic to [00:07:00] others. Then you need to ask yourselves, how can we really move the needle in a big way and build the multi-year plans that will deliver on that?

When I was running the PepsiCo Foundation, we worked really closely with our business colleagues that were based in our priority markets around the world, to make sure that their business agenda and our philanthropic activities worked really well in harmony. It's so important that you take the time to [00:07:30] do that. We decided on our goals together, we built our plans together, and we agreed together on what each of us would do, what our roles would be.

For example, the business, investing in hiring from within the community, sustainable resource management in our production facilities, and providing product donations when disasters hit, providing food and water to those who needed it. The role of our Foundation was providing [00:08:00] grants to nonprofits to improve food security, to give communities access to water, in water-scarce geographies, and to provide skills and training to help different families and people in the communities develop economic resilience.

Then, often, we worked together to involve our employees in pro bono work that's tied to all of these different efforts. Sometimes we even asked our customers or other organizations in the market to join us to make the impact that much greater. [00:08:30] I would say the reason why we looked at it this way and why we continue to look at it this way is because the more integrated the impact plan, Ted, the better. I like to think of it as, I'll call it, a virtuous circle of impact. Strong business results give you the profit dollars to invest in the communities that you serve.

When you do that, the stronger communities mean you have stronger people, stronger families, and [00:09:00] ultimately, a stronger economy. When you involve your employees in doing that, you grow the impact even more. You have more hands and feet on the ground in that market to drive the impact even more. And, you know, it's fun and fulfilling for employees when you involve them in a lot of these activities. It helps build their pride in the company and their loyalty to the company.

Positive community impact drives great reputational benefits, drives [inaudible 00:09:28] value, [00:09:30] and all of these things ultimately, in turn, positively impact the business which is terrific because that's what ultimately drives more profit dollars that you can then reinvest in more community impact.

Ted: Sue, you've definitely given us a strong view of just how many levers there are and how much can be accomplished. Today, we promised our listeners that in 30 minutes, they can make a difference towards more impactful corporate philanthropy. Let's jump right in with what's your best [00:10:00] tip for our listeners today, that will really make a difference.

Sue: It's a tough one to pick just one. What I would say is, over the years, when I'm thinking about what should we do and how we should do it, I try to follow a few principles. I use an acronym to remember them because I have no short-term memory anymore and I wouldn't remember them

if I didn't. If you think about the acronym that I used **[00:10:30]** amp up, A-M-P U-P. It starts with alignment. It's really important that your social impact agenda, the focus of whatever you want to spend your money on, is aligned with your business strategy.

I mentioned authenticity before. PepsiCo could invest in the marketplace in let's say healthcare services, but as a food and beverage organization, the corporation and its Foundation has picked **[00:11:00]** the right imperatives, food security, access to safe water, et cetera, that makes sense for a food and beverage company. That alignment is really important.

The M is for measurement because if you want to drive results, you need to be able to measure them, and measurement matters. You have to make sure that you and your nonprofit partner agree on the goals upfront. That they have the ability to measure and track progress along the way, so you know how you're doing. At any point, whether **[00:11:30]** you need to recalibrate, the progress and the way that you're approaching the work.

The P is prioritizing, and you can't do it all. There are so many worthy causes out there, so many different projects that you could invest in, but if you try, I found, I think you end up with a fragmented laundry list of a whole bunch of projects that don't necessarily fit logically together. I think less is more the principles of fewer bigger, better.

The U is about understanding. **[00:12:00]** It's really important that you understand a bit about the needs you want to focus on. The issues that you want to help solve for. You need to understand the dynamics in the region, and what it's going to take to address those problems because it is that understanding that helps you pick the best partners.

The last one the P, is about making it personal. I have found that when you involve your employees **[00:12:30]** from the frontline all the way up through the most senior executive ranks, you create much stronger connections between those people and the imperatives. You also connect the company more strongly to the community that it serves, that ultimately gets you even greater impact. I use that acronym AMP UP.

Ted: Yes AMP UP, what a great acronym, to allow everybody to really follow along and to make sure that they've got a step-by-step **[00:13:00]** or regimented approach. I know, Sue, that you use that with the program Food for Good. That can really serve as a good case study for our discussion today. Can you walk us through and help our listeners understand how did you make Food for Good impactful?

Sue: Food for Good is an amazing PepsiCo program that I'm thrilled to be able to tell you a little bit about. The team is amazing and they've done extraordinary work. **[00:13:30]** The Food for Good program is a great example of that business and philanthropy interests working together. Quick, basic explanation of what the program is: the Food for Good program within PepsiCo is a nutritious meal distribution program that was actually created in the Frito-Lay division of PepsiCo over a decade ago.

For those of you who are familiar within the US with the school meals program, you know that free or reduced-cost lunches are provided to kids in **[00:14:00]** schools across the country. What that means is, it's terrific that they get those midday meals, but when schools close during the summer, the kids don't get that midday meal. For many families, that's a pretty significant issue.

The program was created by the Frito-Lay Division to fill that gap. Then Food for Good, from its inception, was funded by the business. It was funded by the PepsiCo corporation and specifically, the Frito-Lay Division. It grew **[00:14:30]** rapidly, started out with one city, then it was 5, 10, 15 cities, now it's 20 plus. Moved from just providing lunch to providing lunch and dinner. Then it went to let's provide more meals so that the family can benefit from it and it's not just the child.

One of the things that I think is the most exciting element of Food for Good is that when we go into a new city to introduce the program, PepsiCo recruits the staff from the local community, **[00:15:00]** and hires people who often are unemployed and can't find work. We build the skills of the people who come in to help run the program and distribute the meals. They have the opportunity to rise up through the ranks and many have moved from those frontline roles within the Food for Good program inside the PepsiCo divisions, and now have careers that they're pursuing.

A few years ago, a few of us got to talking about can we get the program a permanent home? Is it where it belongs **[00:15:30]** or should we think differently about how we can continue to nurture and grow it? It became part of the PepsiCo Foundation just over two years ago in January of 2019. Now it's run by the Foundation, a gentleman named Matt Smith who architected it from the beginning and now leads a pretty substantial team running it. It's powered by the enterprise, it's powered by PepsiCo. It's central to PepsiCo's strategy now for disaster relief **[00:16:00]** in the US.

When hurricane Harvey hit in 2017, PepsiCo had the ability to commit to provide at least a million meals to residents of Houston because of the Food for Good program. The divisions often donate PepsiCo products for their meals. Tropicana donates juice cartons, Quaker Foods donates chewy bars. Then during COVID, a great testament to the Food for Good success is the USDA asked us, **[00:16:30]** invited PepsiCo to help them distribute meals in partnership with Baylor University to remote families who couldn't get to distribution sites. The Food for Good expertise and organization worked in partnership with them to make that happen. It was amazing to see them working together.

Internationally, Food for Good shares expertise, meal packing expertise, distribution, cooler technology, logistics with other organizations **[00:17:00]** in other countries to help them develop the programs that gets food into the hands of the people that need them. Food for Good is, think of it as like a home-grown social enterprise that's been propelled forward and sustained by the Foundation, but it's a really great example of impact that comes from business and philanthropy collaborating.

Ted: I love how you tell that story, Sue, because you certainly can see through that story how you really did amp things up. **[00:17:30]** The acronym works well. For our listeners, we're going to take a very quick break. When we come back, Sue is going to help us take a look at CAF America's fourth COVID-19 survey that we published and what that can do to help inform our discussion today. We'll be right back.

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Announcer: Remember, our podcasts and archives are always available 24 hours a day at cafamerica.org on **[00:18:00]** iTunes, or just say, Alexa, play C-A-F America on TuneIn. Now, back to the *Caring and Funding* podcast and our host, Ted Hart.

Ted: As I mentioned before we took the break, Sue, the CAF America's fourth COVID-19 survey and published report. I think many of our listeners are familiar with that report. If not, you can find that at cafamerica.org, along with all of our other COVID-19 reports. **[00:18:30]** That particular report is of interest to us today because it focused on the experience of and role of corporate philanthropy in helping communities around the world during the early months of the global pandemic. Through that lens, Sue, how would you rate corporate response, and can we tell yet if it's been impactful?

Sue: I have been really impressed, Ted, honestly, with corporate response. **[00:19:00]** I think so many companies have really leaned in repurposing budgets, adding incremental funds to what in some cases are already pretty robust philanthropic budgets. It's been especially impressive because there's no blueprint. So many companies didn't necessarily, or weren't prepared for exactly how to help, and candidly, CAF America helped us a lot when I was running the PepsiCo Foundation. My gosh, last year, PepsiCo **[00:19:30]** and the Foundation invested over \$60 million globally, across more than 50 countries in COVID relief.

I can't imagine how we would have done it without you guys because the counsel that you provided to help us make really good decisions about where to give, which charities to give to, how to get the funds there quickly, all while making sure that the charities we were giving money to met the regulatory requirements. It made a world of difference **[00:20:00]** being able to work with a really informed and connected team that has the expertise that your team does.

I think the challenge, honestly, that's facing us now is even more serious in some respects because community needs are greater than ever. You talked about that at the beginning of our discussion here, and the way most of us as corporate donors support communities is through charities. It's now the charities themselves that are having to figure out how to operate under these **[00:20:30]** really crazy conditions and they're kinds of conditions that they've never experienced before.

I've been really impressed to see nonprofits adapting and pivoting, running programs while observing social distancing, fundraising online because they can't run galas, staying connected in the markets where they're running their programs. The list goes on and on and they're doing an

amazing job, but all of them are faced with this question of how do I build my resilience for the long term [00:21:00] because I don't think these conditions are changing anytime soon.

In the webinar that you all did earlier this year, you talked about future-proofing nonprofits. I love that term. I couldn't agree more with what you talked about because charities really need help with capacity building. I do think there's honestly a tremendous opportunity here for the right companies because it's a great time for purposefully-oriented corporations [00:21:30] to double down on the support they're giving to causes that they care about and the nonprofits that focus on them, and in so doing, they can show their consumers or customers, shareholders, employees who they are and that they're in it for the long haul.

Ted: Yes. I love how you really pulled out that purposefully-driven corporations, because of course, that's an important part of this discussion as well. In the introduction [00:22:00] to this podcast, I noted that there really cannot be impact without a cause, a charity, a philanthropic partner prepared to engage in an impactful program. It would stand to reason the success of the entire impactful endeavor then rests on the shoulders of a charity partner being properly selected.

You mentioned in the response that you just gave that CAF America was instrumental in helping you [00:22:30] make selections and understand regulatory compliance and doing all of that during a global pandemic. What are the best practices that you can share for corporations who want to be impactful in meeting this expectation of finding the right partner to join in that effort?

Sue: Sure. It's a very important part of the puzzle, choosing the right partner absolutely is important. The good news is there are so many nonprofits out there, [00:23:00] there are many to choose from, but they all have different strengths. I try to think about, are they well-skilled, are they well-run, and do they have a collaborative approach to the work? In the well-skilled, do they have the expertise to do the work that really needs to be done? Do they have measurement capability like we talked about earlier? The well-run part is all about, is it a solid operation? Do they have financial discipline?

To me, [00:23:30] very important, are they ethical? Do they run their programs and operate in an ethical way? Are they respected in the region? The collaborative part to me is important because it's really about do they play nice in the sandbox? Can we work collaboratively and transparently towards the impact that together we want to be able to achieve? In my nine years of running the PepsiCo Foundation, over the years, we grew its investments from about \$20 million a year to over \$100million in 2020. [00:24:00] Our criteria out of necessity became more and more stringent.

One of the benefits that we had was we do business in the markets that we're trying to have impact in. We have feet on the ground, our business teams who are running our business in those markets that we can rely on. We worked pretty closely with them; PepsiCo India Team, to help

choose water aid when we want to do water conservation and distribution of purification projects, and so on in some of the other countries [00:24:30] as well.

Back to the AMP UP acronym that I mentioned, it's so important when you're choosing your partner, that you make sure you understand enough about the issues you want to address to be able to practically assess potential partners. There have also been times, I'll admit, that I didn't feel like I understood enough and knew enough to really make that choice completely on my own. I think in those kinds of situations, [00:25:00] you want to work with the resources who do have the expertise.

We've worked with CAF America to source insights and guidance at times either with a really disciplined process that I'm proud of. We sometimes find we don't have the knowledge we need. As in the case of COVID, we needed to make a lot of grants in a really short period of time and to get them to parts of the world that were tricky for philanthropy. Your team helped us make really informed choices, vetting the organizations for compliance, giving us the confidence [00:25:30] that we wouldn't have reputational risk when we made those choices.

Ted: You make a strong case for something I often say, and that is smart philanthropy is a team sport. This isn't really something that you do go in alone if you really want your money to be spent well. CAF America helping out, that's great, thank you for saying that. Helping make a smart choice to work with a solid charity partner. From there, [00:26:00] is it just relatively straightforward to implement an impactful philanthropic program, now that you've got the right partner, or are there other things we should keep in mind here?

Sue: Well, it definitely is a team sport. I think I'll have to steal that. I love that term. Completely agree with it. I think for the most part it is, but it's probably a yes and no answer. I think, especially when you take the time on the front end to really think it through it, it's going to be [00:26:30] more likely straightforward than if you don't, but it depends a lot on the corporate donor strategy and the nonprofit involved.

I think for some companies, and I'll get a little philosophical for a moment, but for some companies, philanthropy is just about writing the check. You give the money to the charity, they use it to run their program, and the community benefits. That's terrific and it's pretty straightforward. I've certainly done my share of just "write the check" kinds of programs, but honestly, [00:27:00] that's not why I got into philanthropy.

I really like being more of a partner with nonprofits and I've found that to be more beneficial and more impactful, where we have a common view of what we want to accomplish and the way we're going to get there, and a team of people that gets together fairly regularly to check in on how things are going. I like to think about it more like we're impact investors or venture philanthropists, [00:27:30] perhaps without the equity position if you know what I mean.

If your end game is meaningful community impact, and you see it as a partnership, you have so much more ownership in the success of the effort and you behave differently. You're in it

together, each bringing something to the table. The nonprofit bringing expertise and on the ground relationships and methodology, and the donor certainly brings money, right, contributes funding, but can also offer [00:28:00] much more than that, resources or smart thinking or relationships and access to others who can help shape programs, problem-solving if that's needed.

This mindset really creates a whole different dynamic when challenges come up, right? Because let's say you're doing work in India and it's September and there's flood season. All of a sudden you have a natural disaster that interferes with the plan; instead of moving to opposite corners and [00:28:30] accusing each other, your teams sit down and talk about what's happening, explore the implications, talk about options, and make a great decision together to make sure that the community still gets what they need. At the end of the day, that's the objective, right?

A partnership mindset, I think really can be a game-changer. Even the most prepared nonprofits run into challenges. I think when we work together, and I found this personally, when you're working together closely with [00:29:00] the nonprofits, when that happens, we use our collective brainpower to get to the right solutions and the best outcomes.

Ted: Sue Norton, I want to thank you so much for giving us a solid 30 minutes towards more impactful corporate giving and wrapping it right up there with collaboration and helping all involved to become smarter by learning from both the successes and the failures of the funded projects, and everyone, thank you for being our guest today here on [00:29:30] the *Caring and Funding* podcast.

Sue: Thanks so much, Ted.

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