

## Chief Executives for Corporate Purpose: Corporate Giving in Numbers

Host: Ted Hart

Guest: André Solórzano – Chief Executives for Corporate Purpose (CECP)

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This *Caring and Funding Podcast* is dedicated to these donors and the charities they support. Our guests, our 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](http://cafamerica.org) on iTunes and now just say, "Alexa, play CAF 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 our podcast series, *Caring and Funding*. Today, we are here to give you a sneak peek of the *Giving in Numbers* report now and it's going, soon to be, in its 14th year, which continues to reveal important corporate, social engagement trends and remains the most comprehensive survey of its kind. *Giving in Numbers*, it's based on data from more than 300 of the world's largest companies. It explores corporate-giving data including employee volunteerism and giving, impact measurement and a breakdown of international giving.

André Solórzano is my guest here today on this podcast. He serves as senior manager of CECP's data insights team. André translates a rich repository of quantitative data collected from, as we said before, nearly 300 leading companies from around the world into actionable insights. These findings are used year-round by CECP's community of corporate-giving professionals to inform their strategy setting and decision making. André's analysis and data, he also co-authors trends and releases reports such as *Giving in Numbers* annual report which we are here to talk about today. André, welcome here to the *Caring and Funding Podcast*.

**André Solórzano:** Thank you so much, Ted. It's a pleasure to be here.

**Ted:** Great. André, if you don't mind, what I'd like to do is actually ask you to start off by telling the audience a little bit about CECP so that we can get proper context to the data that we're going to be talking about today.

**André:** Absolutely. Thank you again. I'm the senior manager of data insights at CECP, which stands for Chief Executives for Corporate Purpose. CECP is a non-profit consultancy that provides counsel and support to CEOs and their teams from the world's largest corporations, as you said before, on how to make their corporate social investments more impactful. CECP was founded 20 years ago in 1999. We're actually celebrating this 20th anniversary and we're really happy about that.

CECP was founded by philanthropist and actor, Paul Newman, who was once asked, he was asked, "What can business do to help solve the world's largest problems?" To what he responded, simply, "More." This is the core and the inspiration in which CECP was found is with the belief that big corporations and the corporate sector, in general, can be a force for good in society.

**Ted:** As we mentioned earlier, André, the report itself has really become the go-to resource for information in a compiled manner that gives a picture of what is happening in corporate giving. The history of the report becomes very important and this next report, which I understand will be released in October, so you're giving us a little bit of a sneak preview before it's even released in published form that there have already been 13 editions. You're working on the 14th right now.

Give us a sense of the history of that report. As you said, the organization is now celebrating its 20th anniversary. What was the reason for the first edition and what are you seeing over that period of time?

**André:** Absolutely. There was the need to capture quantitative data. This year, as you said, before March the 14th edition of the Giving in Numbers report which collects data around corporate societal engagement issues and there was a need to retrieve more quantitative data and more analysis on different trends like matching gifts, volunteering, also employee engagement, volunteer participation rates, total giving trends, the breakdown of cash and non-cash, as we will talk later on. This is a sneak preview of the first findings of this year's 14th edition, which will be released on October 16.

As you may be familiar, or maybe not, but CECP's *Giving in Numbers* is the unrivaled leader in benchmarking on corporate social investments in partnership with companies. It is the premier industry survey and research providing standard-setting criteria in a go-to guide that had to find the field and advance the movement. Throughout the year, CECP has witnessed the evolution of the corporate sectors' engagement with society. For example, just to see a little bit of the evolution and how the data has become more available.

In 2001, CECP had only 64 companies affiliated with us compared to, nowadays, we have around 220 in 2019. You can see the evolution of the affiliation and the engagement from large corporations with what we practiced. Also, back in the day, in 2001, only 17 companies participated in *Giving in Numbers*. Whereas, in 2019, this year, we actually had 250 companies of the world's largest firms participating. As I said before, the report will be released on October 16 so stay tuned. Even before that, we'll definitely share some of the first findings of *Giving in Numbers* through publicly available infographics and other sources of information.

**Ted:** I think CECP should be rightly proud of the work that you folks have done. As you mentioned, the *Giving in Numbers* report is a go-to resource. I think more importantly than that, André, as we know in business, you can't improve what you can't measure. I think that CECP has really contributed greatly to the overall direction of corporate giving because with your report, it is now measurable. With your report, the 250 plus corporations share their

information and are able to not only see how they are doing versus their own direct competition or those that they measure themselves and their own cohort, but more importantly, it sends a signal that giving does matter.

When it's in the numbers, you're able to then put together some new strategy. You're able to then know how you were improving in a variety of different industries. In counting the numbers, it also matters that the methodology can be trusted. Can you share with us, and you're the expert in this area, what was the methodology in collecting the data that supports the overall *Giving in Numbers* report?

**André:** Absolutely. We started collecting the data in the spring of every year, from January to April via an online survey. This is how we collect the data. As you said, companies are increasingly aware of the importance of collecting and measuring the impact of all those initiatives, of all these social initiatives that they put in place. Even companies that are not affiliated with CECP participate in the survey just because they are aware of the importance of providing their information as a source of common good and everybody can benefit from this.

One of the requirements for the companies that participate is that they have to be large corporations. When we say large corporations, we're talking about companies with annual revenues of at least \$2 billion. As mentioned before, these companies can be affiliated or not affiliated with CECP but that's one of the main criteria, that they have to be large in terms of revenues. We cover companies from different industries. Actually, we follow the Bloomberg industry classification standards. We have around nine industries included in the sample.

The industries, for example, include sectors like materials, communications, technology, health care, consumer staples, consumer discretionary and utilities, energy companies. Also, the sample includes mostly US companies that represent around 88% of the sample. We also are including companies headquartered outside of the US, that also brings representation and trends about what companies are doing outside of the US as well.

**Ted:** I think it's fair to say, André, over the last many years, one of the areas that many corporations care about, or at least try to focus on is a deeper impact of their grants. Reading from your 2018 report, which is the most recent published report, you state the companies are seeking deeper impact of their grants through having fewer recipients, fewer grants per FTE that's resulting in a larger grant size.

Companies are allocating their largest share of giving resources to program areas that they consider to be strategic and/or signature programs. I'm wondering if you can reflect on that statement from your report, but also on the broader area of corporations wanting to have demonstrated deeper impact of their giving.

**André:** Absolutely. Companies are seeking deeper impacts, as you said. Companies are also aware of their limited resources, not only in terms of budgets but also in terms of time and human capital. That's one of the reasons we think it's important for them to focus their efforts in only or mostly those strategic areas that are more relevant to sometimes the communities

that these companies serve, or that are more relatable to the core set of skills that the companies and their employees have.

That's one of the trends we saw last year, was as you said that companies are actually writing fewer but larger cheques, in other words, with larger amounts. Also, given that human capital is limited and one of the trends we have observed is that there are more needs or more demands for each of the full-time equivalents or employees that are staffed in this CSR unit. Basically, you have the stats increasing in these units but at the same time, more responsibilities are allocated to these members of the CSR divisions of these companies.

**Ted:** We are certainly seeing that here at CAF America, more and more companies are turning to CAF America to outsource everything from the review and acceptance of applications to the grant-making itself. That's as you pointed out, more and more responsibilities are being placed on the staff who traditionally would be involved in the corporate grantmaking program, therefore, are making their days a whole lot more complicated and perhaps stressful.

One of the ways to deal with that is to outsource to sector professionals in many of these ways. You go on to say in your reports, I just want to talk a little bit more about impact of giving that you say, "More companies in a three-year match set, increase their measurement of societal outcomes, and/or impacts of at least one grant." You're certainly seeing this desire to have, as I said, one of the things that CECF has done so well as you can't improve what you can't measure, and so beginning to measure societal impact or outcomes.

You're saying that 81% were doing this for at least one grant back in 2015 and that that continued to grow over time and the most commonly, companies have limited their outcomes measurements efforts on their strategic programs. Again, back to their core competencies. Is that how you would read that?

**André:** That is correct. As you said, eight out of ten companies are measuring the societal outcomes and impacts of their grants. At the same time, companies have limited resources also in terms of measurement. It's important to mention that within those companies that measured their societal outcomes or impacts of their societal investments, not all of them measure everything. Given their limited and scarce resources, sometimes units have only a-- Not the majority measure the impacts on all their grants.

Most of the times, I think around, yes, 37% of the companies that measure their societal outcomes and impacts, do it only on their strategic or flagship program. This is where they center their efforts in terms of measuring the impacts. Measuring itself is difficult for companies. It's different to measure, let's say the outcome of a given initiative. For instance, how many bed nets were given to a specific community in the developing world? As opposed to, let's say, the impact of such initiatives, like how many cases of malaria decreased based on this effort? This just to give you an example of the logic model of measuring.

**Ted:** I suppose it's not a disconnect to think in terms of corporations wanting to measure their efforts, mostly on their strategic programs, because, again, areas of their own competency,

area where they have a skill set. You would presume that the data that they collect, they would have the competency to be able to evaluate.

**André:** Exactly. Sometimes it also depends not only on the competence but also on the recipients. Also, recipients have limited resources in terms of human capital but also in terms of the know-how and the access to technology or the access to information. It goes both ways. The information goes both ways. It's very dependent on what the end receiving can provide to that corporation that provided the societal investment.

**Ted:** One of the areas that many corporations provide philanthropic support is through open matching gift programs. You say that this has continued to increase. The companies with open matching gift programs had a higher dollar amount matched in 2017 than they did the prior year. This is again reading from your last published report. The whole area of employee involvement and matching of employee giving continues to, I suppose, be a real winner for companies that are engaged in such programs.

**André:** Absolutely. We can see that from the first analysis on the latest data. On the 2018 data, we collected in 2019. We have observed that volunteer participation rates continue increasing around 33 to 34% in the last couple of years, so, that is good news. From what we measured last year, we know that an open matching gift program is one where the company matches employee donations to any nonprofit recipient that the employee may want.

We also saw that companies-- Well, we know that companies can also limit their matching gift programs based on type or number of nonprofits or number of programs. We know that among those companies that limit their matching gift programs, which represent 45% of companies in the previous year, 15% limited them to educational institutions, 42% limited them to organizations within selected cost areas, and 43% limited them to a specific list of nonprofit organizations.

We also know that employees appreciate having more options. When this happens, we have observed that employees are more willing to participate or contribute in terms of monetary funds to that end recipient with which they may feel more associated are related to.

**Ted:** Again, employee involvement, corporate matching programs are very strong. There you have it, folks. Your first insight into what may be revealed in the 2019 report, which will come out in October. We're going to take a very quick break and when we come back, we're going to ask André to share more of some of the main trends that he is seeing that we may see reflected in this first sneak peek of the 2019 report. We'll be right back.

**Announcer:** Remember, our podcasts and archives are always available 24 hours a day at [cafamerica.org](http://cafamerica.org), on iTunes or just say, "Alexa, play CAF America," on TuneIn. Now, back to the *Caring and Funding Podcast* and our host, Ted Hart.

**Ted:** We're back here with André Solórzano, who is senior manager of CECP Data Insights team. André, before we went on that quick break, I promised that you'll share with us some more of the main trends that you're seeing in corporate giving. Please tell us what you can.

**André:** Yes. From the first analysis on the 2018 data, we have good news. We don't want anyone to leave this podcast without knowing whether total giving increased or not in the last couple of years. We know from the analysis that total giving has been on the rise, specifically when comparing 2018 and 2016, total giving increased by 11%. In terms of the distribution of companies, we can say that 6 out of 10 companies increased their total giving by at least 2% between the same timeline, so that is good news.

We also know that Disaster Relief and also Dollars for Doers in terms of matching gift programs are the ones that increased the most in terms of monetary value. Disaster Relief increased by 80% and Dollars for Doers increased by 50% between 2018 and 2016.

**Ted:** That's incredible. Again, employee involvement, employee engagement in the giving program continues to grow. What are some of the more popular social issues that you're seeing engaged in corporate giving?

**André:** Some of the most important program areas we can deduct from the data becoming more increasingly important is health and social services, with 69% of health care companies expanding giving. They health care industry accounted two-thirds of the aggregate increase in giving between 2016 and 2018. The increase is spread through all sub-industries within the health-care industries.

Giving within the health care industry also increased when comparing the aggregate giving of healthcare companies in 2018 versus the aggregate giving of the same companies in 2016. Also in terms of the absolute aggregate US dollar value of giving, all health care companies were also the highest compared to any other industry. This equals \$3.7 billion. Some of the most common reasons for such increase in contributions for health care and social services are related to the increase of product donations for patient support programs, assistance funds, product donations for Disaster Relief among other global programs.

Product donations in response to the opioid crisis were also important among others. The other program area with the second largest allocation share of total giving was community and economic development. With 16% of total giving going into this cause. Although it didn't represent a large proportion of total giving, but Disaster Relief also received 3% of total giving, which is consistent with what we've seen in the past.

These are the most important areas. Health and social services, community and economic development, it would be followed by education, both types. K-12 and also higher education. It's also important to mention that Disaster Relief although they don't receive too many allocations of giving, it remained constant with 3% of total giving.

**Ted:** In your work, you also do some measurement of international giving as well, how does that fit into *Giving in Numbers*?

**André:** That is also included in the questionnaire. We know that from this year's analysis, around 20% to 21% of total contributions went to international and recipients. Around 7 out of 10 companies declared that they actually have in place any type of international giving program

to international and receiving. Those are some of the first findings we know from the data this year.

**Ted:** That's incredible. You mentioned something in your last report that I want to get a sense of whether or not you think this is carrying forward and what the society connection is to measurements of both business value and social outcomes creating a combined business and social value. You say in your report, the data shows how measuring both social outcomes and the business value of employee engagement carries out more growth in terms of social investments and employee volunteer participation.

We've been reading for a number of years that particularly younger employees, who are now becoming a majority of employees in most companies do take a look at the company's social value, their charitable efforts, and their community involvement. This is a trend I think we've seen for many years, but is it gaining momentum?

**André:** Yes. We definitely know that there are still some limitations in terms of measuring not only social outcomes but also the business value of their employee engagement metrics. When we say measuring the business value of employee engagement, we are referring to examples like running some type of online survey to employees to know how their sense of awareness or recognition of their efforts has increased in the last couple of years or seen things like retention rates or increase in motivation or attachment to the company after having done some type of employee engagement initiative.

That type of measurement is not present among, I would say, the majority of companies. Only actually 30% of respondent companies measure the business value of corporate volunteer programs in the previous year but we can see that that's been on the rise. It actually increased by five percentage points between 2015 and 2017, and from the first analysis we've done into this year's data, we can see that the trend is also going in that trend as well.

In past years, we've known that the percentage of companies measuring the business value of employee engagement metrics went from 28% to 33% between 2015 and '17. This is becoming also very important in terms of not only measuring the business value of employee engagement initiatives but also in terms of measuring the impact of societal initiatives on things like brand or customer perception of the company. We know from the latest data that is also the case. It is encouraging to see how companies are putting more emphasis on this aspect.

**Ted:** So much so that CECF has created another report Investing in Society and your CEO says that leading companies are lesser focused on corporate purpose. They explore what their purpose is and how it translates to their people and community and bring that purpose to life through intentional practices and strategies. This is, I guess, not just a wave but it's becoming a bit of a tsunami within the corporate giving world.

**André:** Absolutely. We know how corporate purpose is increasingly more present and more important for companies to understand. That's one of the emphasis we put in our last summit in May. We took a look into this sense of corporate purpose that companies have and we know

from theoretical frameworks that this sense of corporate purpose is very comprehensive in the sense that includes not only aspects related to how employees feel about the company but also in terms of what the company is actually doing towards society, so it's very comprehensive at the collective, but also the individual level.

Given this increasing need to understand corporate purpose, we developed Investing in Society, which is our latest annual release. Investing in Society measures actions companies take for greater corporate purpose. It is the emerging go-to source on purpose-driven trends of large global companies driven by evidence and data. Using categories such as priority performance, people, plan it and policies, that's what we call the five main piece of this framework. We take this approach with an emphasis on executive led approaches.

Investing in Society also tells us the story of how large companies are activated corporate purpose. One of the key elements that builds into this definition of corporate purpose is that concept of total societal investment. Data Insights, the unit that I work for has had in the past webinars on total societal investment. One of the most recent developments on this research initiative led by our director Carmen Perez was two recent releases which are named, what counts as in the ESG.

The concept of total societal investment started from the need of many internal and external cooperate stakeholders as well as reporting institutions to count all internal but also external corporate initiatives. Those activities that should also be part of companies' societal investments but for some reason, we're not being counted for one unit or the other. In other words, there's still the need to count the entirety of the S in the ESG metrics, the social aspect on that ESG component.

When we say ESG, we're talking about Environmental Social and Governance metrics. Examples of such activities include digital data donations, socially driven internships, share value activities and impact investing among others. In other words, a lot was not being counted in the concepts of total giving and there was this need to investigate more on those initiatives that didn't directly have some monetary value associated to them.

As I said before, for instance, digital donations. There were so many collaborations between companies and non-profits in which instead of donating cash or non-cash at the fair market value of that service, instead of that, companies were providing, let's say, databases that a non-profit could use to do some type of good in society or put in place some social program.

**Ted:** André, I think we're going to need to have you come back and talk to us about Investing in Society. We have run out of time for today. André Solórzano, thank you so much for coming and sharing with us this early insight into the 2019 *Giving in Numbers* report.

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