

CECP and CAF America: Corporate Giving

Host: Ted Hart

Guest: Margaret Coady - Center for Encouraging Corporate Philanthropy

Announcer: Welcome to the *CAF America Radio Network*, a production of the Charities Aid Foundation of America. As the leader in global giving, *CAF America* offers more than 20 years of experience and expertise to corporations, foundations and individuals who wish to give internationally and with enhanced to due diligence in the United States.

Through its industry leading grants management programs and philanthropic advisory services, *CAF America* helps donors amplify their impact. This show is dedicated to these donors and the charities they support. *CAF America* is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action.

Guests on the *CAF America Radio Network* are leaders in their field who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation of America. This is a live call-in show. Add your voice by calling 914-338-0855. After the show you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855. Now, welcome the host of the *CAF America Radio Network*, Ted Hart.

Ted: Welcome here to the latest edition of the *CAF America Radio Network*. At each of our shows we bring you insightful information into international giving and domestic due diligence. Here on today's show, I am absolutely thrilled to welcome Margaret Coady, who is a Director at the Center for Encouraging Corporate Philanthropy. Welcome here today on the *CAF America Radio Network*, Margaret Coady.

Margaret: Thank you so much. Real pleasure to be with you.

Ted: Well, Margaret, I have been interacting with the committee encouraging corporate philanthropy for a number of years, because you folks are so pivotal in efforts to help translate the need for philanthropy and the desire of corporations to give and to be good corporate citizens. Let's start off with a little bit of background information for our listeners on what is the Community Encouraging Corporate Philanthropy

Margaret: Community Encouraging Corporate Philanthropy, or as some people know us, CECP, is a nonprofit organization founded by the actor and philanthropist Paul Newman and a number of corporate leaders who came together about 13 years ago and said, "Our business success and community success going hand-in-hand, and if not, it's up to the business community to make sure that we're investing in the areas where we live and work and where we have social problems that we care about to help improve the conditions everywhere we operate and everywhere we see a deep need."

It's a membership organization of CEOs who believe in that philosophy, who believe that it's an appropriate role for business to roll up their sleeves with government and nonprofit partners in academia and be part of the solution on tough social issues.

Over the years since we've been founded, we've made a commitment to hosting a certain number of conferences, our 'Board Aboard' conference in February, which is an opportunity for CEOs to share best practice with one another. A similar conference for those who are on the front lines of corporate giving, the corporate foundation presidents and those leading Community Affairs departments to inspire and share best practice, but also get into the numbers

We have a well-respected research report that we conduct in association with the Conference Board to look at how is corporate giving changing over time. Is it going up or down, and if so, how and why, and to release that as a free resource to anyone with a stake in how those numbers are changing.

Ted: Of course, *CAF America* is one of the central players and helping corporate America turn their desire for philanthropy into meaningful action internationally, and also providing enhanced domestic due diligence for domestic giving. You're referring to the giving in numbers report, the 2012 edition is the eighth annual report on trends in corporate philanthropy. That's really a very important report that so many people turn to, as you said, that points to the trends. Can you share with us some of the things that you have learned at CECP in the 2012 edition that you think are significant in corporate giving?

Margaret: Well, I think one of the major headlines for us was that companies aren't waiting for all of the uncertainty in global markets to disappear before ramping their corporate giving back up. Corporate philanthropy like every budget in a large company constricted during the economic downturn. That's something that we saw happen in the 2009 numbers, that companies had been building towards bigger and bigger valuation amounts for their gifts over the years. and then 2009 was a year where things contracted a bit.

But right away in the data about 2010 giving in 2011 giving, and pretty soon we're going to be collecting data on what happened in 2012, we saw companies coming back. Not all of them. Some of them are hit by the downturn at different times. Some of them are still trying to find their footing. But for those who were able to, they're newfound success was was rippling through to their philanthropy budget, which is something that we found encouraging. We were fearful that there would be a wait-and-see. Instead we saw corporate givings start to come back, which we thought was positive.

Ted: In your report, you found that 60% of the companies in your reports gave more in 2011 than they did in 2009. When you say coming back, they're really roaring back, aren't they?

Margaret: I think that's what's so encouraging, that it is coming back strong, which I think should inspire companies of all sizes to see what might be possible. Because one thing that we've learned in this downturn and in past down economic cycles is it can be harder to give

when the communities need you the most. That's a really unfortunate scenario when community needs are at their highest and that's when cash from all philanthropy sources can might be at its lowest. How do you get creative and step forward as early as you can and as big as you can because those community needs are there?

Certainly, disasters are really amazing moment where we see people from all philanthropic stripes step forward. But also those ongoing needs that are in your community every day, kind of how can you be part of the solution. Even though you might not be back to where you were, is there anything that you can do either through cash grant making or other assets at your company's disposal that might make a real difference?

Ted: I'm specifically thinking of the work of CAF America and how that intersects with the important work of CECP. What are you seeing in trend lines for international corporate giving?

Margaret: That was another big headline for us. We love looking at how that's changing over time, and a couple of really interesting findings there. I mean, we've always known that our manufacturing companies lead the way in international giving because they tend to have a bigger footprint wherever they operate as manufacturers. Being visible and responsive to the communities where they all around the world has been really important to them. But we are seeing international giving as a percentage of total giving going up across the board, and now it kind of inches up. This isn't completely true every year, but up about a percentage point every year, which I think is interesting.

I think what we're what seeing is companies say, "We've got a lot of customers abroad. We've got a lot of employees abroad. A lot of our manufacturers and suppliers are outside of our domestic headquarters. How can we be a visible supporter of the issues that are important in those communities just as we are in our own backyard?"

For a lot of companies, that's additive. In other words, they're seeking to do the right thing and be great partners where their business grew up, but also to be great partners and do more where the company has expanded. In a lot of international locations, we see companies trying to figure out what that's going to look like. It's not the case that you can simply take a program that's worked in one geography and ported over to a new geography. There are all kinds of other considerations. But that's something that we see a greater and greater appetite for companies to do.

Ted: What are some of those stories that distinguish international giving?

Margaret: Well, it's interesting. I mean, I think one thing that we encourage our companies to do is- because one of the motivations for greater international giving is it you've got a lot of employees abroad and customers abroad, how can you use those voices in the insight from those stakeholders to shape and inform the action that your company takes in those communities?

I think that getting a real understanding of how strong or weak the non profit infrastructure in a different region is important. Having some perspectives on which organizations in those regions are really making a difference. Is it the big name that you've heard of from 3,000 miles away, or are there some more grassroots nonprofits that are actually getting the hard work done? Can it be really important what the appetite is in those regions for employees to participate with volunteer time varies a lot from region to region?

Also, the solution to a problem might look really different depending on whether you're in south Asia or Southern Europe. The way a community issue gets solved might be a different paradigm depending on part of the world you're in and what resources are available and what the history of solving that problem look like. So really being sensitive, and I would caution people to not move too quickly and to really invest in good processes and partnerships, I think, can make all the difference I think in terms of whether or not, that money that's well-intentioned is also well spent.

Ted: Of course, we couldn't agree with you more here at CAF America. That's one of the things that distinguishes our organization is that, as you said, you certainly can get to headline charities, but here at CAF America, we have a pre-vetted list of over 3,000 charities around the world, some of them small, some of them large. But what that does that allow corporations to do is to know that they can find very high quality charities anywhere in the world that they can partner with.

As you were indicating, it's very important to know that you're not just being philanthropic but that you're being impactful in how that money is being utilized.

Margaret: It's funny you see this, I'm sure, in your work everyday. We here see people always so surprised on how hard it is to give money away. But once you start to roll up your sleeves and dig in and say, "Hey, we're making a commitment to making a difference," all this complexity reveals itself. So certainly having great partners, like you all, as allies I think would be quite valuable to people in terms of understanding what some of that complexity looks like upfront, so that you can understand what the appropriate commitment is for your business. You might think you can achieve more-

Ted: It is complex giving internationally, particularly when you want to make sure that you are potentially going to be able to receive a tax reduction for that gift and understanding the protocols that are available through the IRS to make sure that charities are probably vetted, that the donations are in fact charitable.

There are a couple of different protocols that are available through the IRS for donors. One is equivalency determination, other is expense responsibility. Those are two very different approaches to making international gifts, but that's part of what an organization like CAF America does, is to work with corporations, foundations and high network individuals in making sure that those protocols are met, that terrorist watchlists are adhered to, so you're not giving

to an organization who has someone who is convicted in money laundering on their board of directors.

This is where you were pointing out it can become complex, and it seems that you just want to be philanthropic. But what we often point out to people is we not only help you make sure that you are maintaining the legal aspects for the IRS, but also equally important is protecting your own reputation.

Margaret: My advice to people is don't lose that initial enthusiasm that gave you the idea to think about international giving in the first place. Because maintaining that sense of possibility and that sense of community as commitments to other communities is so important, and maybe you can get your toes in the water and say, "oh, wow, this is a lot harder than I thought."

But don't let that intimidate you. You're instincts at the outset with the right ones, and it's just the matter of finding the right partners and putting the right process in place to get it done. But we've seen the power of it, we think it's an important trend for the future.

Ted: We certainly see that all the time here. And the other issue beyond the international giving is, of course, the issue of giving domestically. To domestic charities, it's of course much easier legally to be able to make a gift domestically. But knowing a lot about that charity in understanding and making sure that they're vetted at a very high level is also about reputation and trust for that corporation, in your case, for the folks that you interact with. They need to be very cautious and make sure that they understand where the money is going and how it's going to be used.

Margaret: You've touched on two of CECF's four pillars of excellence. We give out excellence awards in corporate philanthropy every year, and a commitment to measurements and in terms of what you were just saying, Ted, understanding your impact and what your goals are and partnership are two of the four innovation in CEO leadership for the other two. But when we think about excellence in corporate philanthropy, bringing a measurement mindset to how you manage a program is key for us, as is a deep sense of partnership with your nonprofits.

If you're really try to move the needle on something, sometimes that can be accomplished with just very thoughtful grant, but sometimes it's mean getting into some strategic conversations with your partner about how to try something new and make it effective.

Ted: Exactly. We do see that all the time here at CAF America. As you probably know, and I'm sure that your corporate folks have been discussing, is that just recently the IRS at last September issued new proposed regulations on the topic of equivalency determination, which has been very expensive and somewhat for anyone giving internationally to utilize that protocol. The new propose regulations do provide more options for corporate donors' foundations and individuals to be able to use that protocol.

CAF America today is the only organization in the United States that is currently providing equivalency determinations, certificates utilizing those new regulations that's available and goamerica.org for more information. But I point that out because it does take a lot of skill to be able to give well.

Margaret: Yes. I think that certainly resources to help people determine equivalence are really powerful as this trend grows. One thing that CECP is committed to is telling the story of global giving, and two years ago we embarked on a research project with assistance from Deloitte to try to overcome the lack of a global definition for what's a nonprofit organization. It's funny, I think, many people will probably assume that a nonprofit in South Korea is the same as a nonprofit in the US is the same as a non profit in Brazil. But it's not the case. These regulations look a little different from jurisdiction to jurisdiction. So I wanted to mention another free resource that our organization has made available, is called the global guide to what counts. It's not meant to replace anything that the IRS is up to, but it's meant to serve as a single practical definition for how you can determine what qualifies as a charitable organization across geography.

We took up our US glasses and we went to 17 countries that had large concentrations of big business. We looked at their tax and financial reporting standards and synthesized that with an outside advisory board and a public comment period. We came back with a really simple definition of, "Okay, here's how we're going to define a nonprofit to make your reporting and bench marking easier."

So anybody who's got an interest in that, I encourage you to check out the measurement section of corporatphilanthropy.org and find our global guide to what counts.

Ted: We join you in encouraging folks to look at the global guide to what counts. This, of course, can be a very complicated topic and something that CAF America has 20 years of experience in helping corporations and other maneuver through that, that process. Because as you just pointed out, all charities are now exactly the same. We're, of course, far more familiar as a society with charities right here on our own country. But how that is described and how that is managed in other countries is not always the same. Part of the work of CAF America is to sort through in the vetting process and looking across the organization to bring that more into alignment with what corporations, foundations and others would expect to see if they were trying to look at this charity as an American charity, and making sure that there is, in fact, an infrastructure. That there is an ability to take those funds and to accomplish the work; and if there's a governance structure that understands we need to govern a charitable entity.

Margaret: Yes, those are all important criteria, for sure.

Ted: How for those who are interested in corporate philanthropy-- and I know you work with a wide variety of corporations, but there's always folks out there that are looking to get started.

What advice do you have for corporations that are looking to get started and to be effective in their giving domestically and internationally?

Margaret: My advice to people is to ground your corporate philanthropy in a deep understanding of what you think the future of your business will bring. Which can be a little bit surprising to people that that's my first piece of advice. But I think often when people are starting a corporate giving program or trying to expand it, their first instinct is to survey a lot of employees or customers or other stakeholders and try to find out the issues that are important to the stakeholders.

I certainly think bringing those voices into the processes is hugely important. But I also think grounding your philanthropy program in some sense of where your company is headed, and using that trajectory to help you understand and define a world of causes that might be relevant and appropriate to you is also a really good step. Because we care a lot as an organization about the sustainability of a company's giving program, and the more it, "makes sense for your company to be involved in that issue," I think the longer you'll be able to stick with it, the more insights you'll be able to bring towards the problem solving that you do, the more of your network and resources and non-cash, you'll be able to bring to bear. If you say, "The future of my company is going to include being active in these geographies, or using these resources, or accessing this type of talent, or having these types of relationships," and then say, "Now, what social issues intersect with where my company is going?" That could lead you to the doorstep of some causes that you might not have thought about or discovered in beginning with a stakeholder interview process.

Again, I am not shutting out stakeholders from this process, that's key. But using some projections as to where your company is going as a starting point is more often overlooked, and that's why I emphasize it.

Ted: Yes, I think that's a very, very good advice. We're going to take a really quick break, and then we'll be back here on the *CAF America Radio Network*.

Announcer: Remember, our podcasts and archives are always available 24 hours a day at cafamerica.org. If you're listening today, our phone lines are open. Call in and ask a question by dialing 914-338-0855. Now, back to the *CAF America Radio Network* and our host, Ted Hart.

Ted: We are back here on the *CAF America Radio Network* with Margaret Cody who is live with us from the Committee Encouraging Corporate Philanthropy, CECF. Margaret, we were talking before about the value of having a trusted partner and adviser, and helping guide in both international giving and certainly for enhanced domestic giving. What are some of the challenges that corporate philanthropy are up against today?

Margaret: I think it's a moment of challenge perhaps in some areas, but also a moment of great opportunity. I think one of the challenges that I've heard coming from the C-suite and some of

the CEOs that we talked to, is are we capable of "giving enough money away to be as responsive as we'd like to be on all the social issues that we know matter to our business." There's a quote from Indra Nooyi that says, "There might not be enough money to give away in the 200 countries where we live and work to have the impact that we'd like," and she's very quick to follow it up by saying, "Therefore, this needs to be woven into the fabric of our business."

We at CECP and the companies that we work with are strong believers in the power of corporate philanthropy, but we're also challenging companies to think about how can the values that led you to philanthropy be rippled throughout the business. How can you orient yourself as a company towards solving social problems through your core business strategy, which is a really powerful idea.

I think this is something that's been shared by Professor Porter at Harvard Business School and other proponents of the shared value concept. It's really about how do you take this idea that you're going to be a value centered business and have it show up in your philanthropy, have it show up in your corporate social responsibility, have it show up in your everyday corporate behavior and have it also influence the types of products and services you offer as a business.

Ted: It's okay for that to evolve over time, but you want to make sure that you're rooting it in best practices.

Margaret: I think that's right. For some of the companies that we work with that are globally globally present and of a very large size with regard to the amount of product they're creating and the number of people they employ, you're talking about a really compelling scale at which change can make a difference.

In other words, if you're one of the biggest retailers in the world and you decide to take a step towards environmentalism in your supply chain; or you're one of the biggest clothing manufacturers and you decide to, as I've seen a lot of headlines on recently, detox your supply chain, That's a big job and but an important job. When you've done it, you will have had a really powerful effect, not just on your own operations and empower your customers to live their values through buying your products, but also perhaps create a ripple effect that will inspire and prove for others, what's possible.

Ted: Is that where corporations start thinking about philanthropy, or is there another common genesis?

Margaret: Well, I think companies can come to philanthropy from a variety of roads, and we're supportive of all of them. I think that one thing that we think is really healthy is that community to have an expectation that companies will give back. I think that's really powerful. Employees have an expectation that their company as going to be a great citizen and give them opportunities to to volunteer and be making grants to nonprofit organizations that are really effective. I think the voices within a firm and from outside the firm that call on the company to think about how it can be a great partner are really, really powerful.

We find that the path to philanthropy can include, again, both employee and customer voices, but also your vendors and suppliers and activists who care about some of the same causes that intersect with your business, governments, academic institutions.

I think that there's a conversation happening about the impatience that we should all naturally feel towards the fact that somebody's social problems can probably be moved and advanced with regard to solutions and how can we all come together to find new solutions or support old solutions that are under-resourced.

Ted: Corporations turn CAF America for philanthropic advice to help with the transaction and vetting of international charities. What's the best way for corporations to view CECP?

Margaret: Well, we try to be a number of things for both our corporate members but also to anyone with an interest in these issues. We spend a little bit of time thinking about the future, where are these trends headed, and have published some research reports later leaders say how is the world going to change in the next 10 years and what can you do now to prepare yourself for those changes.

So encourage people who want to understand where these trends are going to download some of the research reports, one would be business at its best, solving social problems through business strategy, and the other one would be shaping the future.

We also, as we were talking about earlier, publish a look and analysis that trends in how corporate giving is changing over time so that giving a numbers research report. We have our excellence awards in corporate philanthropy which we think lays out a perspective on what this all looks like when it's done very well. The winners of that, I think, serve as really nice inspiration for anybody else who wants to see what this might look like in action.

Those are some things that I think we're well-known for. Again, also trying to predict where this conversation is going globally and be a resource for people on that. We very much also, though, hope that every conversation that we're a part of is a two-way dialogue. Any materials that we've put out and made available for people, we'd love to hear from them on whether or not that's indeed accelerating their work, which is something that we hope each of these different pieces does.

Ted: Well, we encourage all of the corporations who care about philanthropy to get to know CECP as they've gotten to know CAF America. We are available here at cafamerica.org, and it's 703-549-8931 to meet the needs of Thank you so much for joining us here, Margaret Cody, from CECP.

Margaret: Thank you so much.