INVESTING IN RESILIENCE:
THE ROLE OF CORPORATE PHILANTHROPY IN FUTURE-PROOFING NONPROFITS

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When COVID-19 first appeared on the horizon in February 2020, most of us saw it as something in the realm of a natural disaster—sudden and unexpected, frightening but short-term, and with limited geographic impact. We quickly learned we had underestimated its scope and scale, and that we would need to think quite differently about how to weather this particular storm and brace ourselves for its extended onslaught.

Now, one year after the World Health Organization declared the COVID-19 outbreak a global pandemic, we are seeing the more profound social and economic impact of this virus on communities around the world—significant rises in unemployment, alarming increases in food insecurity, growing racial inequity and social unrest, and increased concerns regarding the lasting effects of isolation and health fears on mental health, to name a few. We should expect the road ahead to be bumpy.

When COVID-19 hit in 2020, I was running the PepsiCo Foundation and we decided to lean in. In collaboration with PepsiCo corporate, the Foundation contributed over $60M in COVID-19 relief to provide nutritious food and other essential services to communities in need—and doubled that assistance by catalyzing another $60M from other funders. A wide range of other corporations also made significant grants and it was inspiring to see so many step up with generous financial commitments to organizations on the frontlines of critical relief and recovery. The winds have shifted, however, and we are now faced with a new threat that demands our attention as many charities we depend on for support to at-risk communities are, themselves, in need of relief and recovery support. To address the myriad of global challenges facing our most vulnerable communities, the public, private, and nonprofit sectors will need to come together as a collective force for good, contributing resources and expertise to pave the road to recovery.

Throughout 2020, CAF America (Charities Aid Foundation of America) surveyed charities around the world to learn more about the challenges they are facing, the heroics many are performing, and the help they need to sustain operations through the COVID-19 crisis and beyond. The results are at once impressive and concerning. Released on February 11th of this year, CAF America's most recent report tells the story of nonprofit organizations that have pivoted skillfully to deliver results amid constantly evolving conditions by adapting their programs, shifting to online fundraising, investing in digital technology to enable remote implementation, improving stakeholder communications, and flexing to provide new services where needed. However, while many nonprofits are shining examples of exceptional change leadership and agility, nearly all emphasize the importance of strengthening their capabilities to remain relevant and financially viable in the years ahead. The success factors charities have historically relied on have changed, and nonprofits know they need to adapt their business models to sustain operations under these new normal conditions.

But it is not only the charities that need to shift their operating models. In CAF America's corporate donor report released in July 2020, over 70% of corporations surveyed indicated they planned to increase giving to provide greater support to communities impacted by the pandemic. That said, nearly 85% of those same donors also predicted that many of the charities that make this support possible would be forced to close in 6–12 months due to financial constraints—a perspective echoed by the charities themselves in other reports in the series. Given the crucial role nonprofits play in turning corporate donor commitments into tangible community outcomes—especially those with specialized, hyperlocal expertise but limited reserves—it is important to consider the potential implications of their growing inability to manage through the volatility of today's environment.

So, what can be done? While it is fair to say nonprofits should bear primary responsibility for developing the capabilities needed for their success, the rising tide of charities in crisis is cause for considering a paradigm shift. What if corporate donors were to define their charitable giving strategies more holistically, providing both funds and expertise to charities whose missions align with their purposeful objectives? What if the nonprofits had greater flexibility to apply a portion of grant funds to operational budgets and reserves for capability

During my 27 years with PepsiCo, including nine years leading its Foundation organization, I gained a keen appreciation for the value of supporting and investing in our local communities. In the words of PepsiCo's former Chairman and CEO, Indra Nooyi, "Doing good is good for business." What better way to invest in the future of our communities than by building the skills and long-term viability of the nonprofit organizations that serve them? Corporations can help enhance the long-term impact of their charitable giving by investing in nonprofits' efforts to build their own resilience, providing flexibility in grant agreements, and mobilizing employees to share the insights, skills, and expertise nonprofits need to be successful.

While we eagerly look forward to the day COVID-19 exists only in our memory, we know the world will be struggling with social and economic challenges for many years to come. By defining their role more strategically as "investors in a network of nonprofit change-makers who can provide solutions to systemic challenges," donors can help build the resilience of charities on whose extraordinary services vulnerable communities depend, and ensure they are here for many years to come.

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