

Viewpoint*

New Alliances: For-Profits and Not-For-Profits Working Together

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Background to the Muttart Project Research

For many corporations in Canada, the need for more strategic allocation of philanthropic budgets may have started simply as a means of dealing effectively with the volume of requests coming in the door. That need dovetailed with a variety of other push/pulls to grow dramatically. Social marketing, cause marketing and economic development strategies are more commonly used to differentiate products and build stakeholder trust. Many companies want to be good neighbours and to have an impact on the issues their employees, customers and the community at large care about. Social and economic concerns are recognized as mutually important.

Social responsibility and corporate citizenship are requiring more attention from corporations who want to be both learning and leading, particularly as society demands more accountability for their actions.

For many not-for-profits in Canada, reduced government funding, competition for dollars and volunteers and the need to find additional revenue sources are primary motivators for more entrepreneurial resource development. Coupled with increased demand for services and a need to find solutions for serious and often escalating social issues, not-for-profits have begun to look for more explicit ties to the business sector. Many are becoming more aware of the value they bring to the table, in both their knowledge of complex social issues and the trust they have earned in the eyes of the public. Most leading and learning not-for-profits are moving away from being reactive to changes in traditional funding sources to diversifying their funding bases and searching out new and nontraditional sources and strategies for support.

Partnership initiatives have the potential to increase employee volunteerism, set guidelines/standards for ethical, value-added partnerships and encourage

*"Viewpoint" provides a forum for debate of issues of wide interest in the philanthropic sector. The opinions expressed are those of the authors.

and identify leadership by developing tools and resources that will increase community effectiveness. This research report explores partnerships and strategic alliances in the present context from both sides of the partnership.

To explore these emerging conditions and trends, in 1997 the Muttart Foundation established five research fellowships to undertake a special Research Project. The following report is an overview of my work as one of those first fellows. The research looks at current trends in corporate giving, the dramatic shift in the last five years from philanthropy to community investment and the emergence of partnerships. Eleven detailed case studies of Canadian corporations – private and public companies – track the evolution of each company's community investment program. The case studies include information about their not-for-profit partners and provide the context for analysis of the factors currently pushing not-for-profits and corporations towards change. The research also identifies a number of key issues that should receive increased discussion and debate.

The Changing Landscape of Philanthropy

As we approach the new millennium, Canada faces a series of profound challenges in the way we sustain healthy, vibrant communities. In the last decade Canada's economy and society have changed profoundly. The private sector has restructured. Governments have shrunk. Charities and other community service organizations are struggling to restructure in the face of increased demands for services, shrinking resources, and greater demands for accountability. Individuals and families face new pressures in their workplaces and in their homes. Globalization, technological change and recession have all had their impact.

As we move from a "welfare" state to a "civic" society, Canadians are being asked for more than simply a bigger donation to charity. They are being challenged and given the opportunity to take greater responsibility for their community, to become engaged once again as "citizens", as active participants in both supporting and deciding how community services will be delivered. Corporations in particular are being looked to for help in providing leadership and support in finding new solutions to meeting community needs, to become partners in a new social contract.

These are the words of Chris Pinney, the Director of IMAGINE and Vice-President, Corporate Citizenship of the Canadian Centre for Philanthropy. They are extracted from a discussion document called *Citizenship for a New Millennium*, which outlines the agenda for Phase III of IMAGINE – a program of the Centre that promotes corporate and individual philanthropy and citizenship. They clearly reflect the changing landscape in which we all live and work and set the stage for me to share some of my discoveries during the Project. In 1997 the focus of my research project for the Muttart Foundation was to analyze current trends in corporate giving in Canada – particularly emerging partnerships between business and nonprofit sector organizations. It was my belief at

the time, and still is, that there is minimal understanding in the nonprofit sector, or readiness for, the new shifts in corporate giving. I was surprised to find that business is also struggling to know how best to maximize resources and effectively interact with the community.

We rarely hear the words “corporate philanthropy” anymore. We do hear words like “focused giving”, “strategic giving”, “passion branding”, “social marketing”, “partnership marketing”, “community investment”, “public purpose marketing”, and “cause marketing”. Big business is definitely moving away from the charity model. For companies, like their counterparts in the nonprofit sector, accountability has become the watchword and there is an increased focus on ensuring that corporate contributions are treated like any other business function – not just a nice thing to do, but tied to business goals and interests. Due to government downsizing, business is bombarded with requests for financial support from the community and is seeking new methods to address an ever-increasing need for resources. Many companies are strategically expanding their donations to include gifts-in-kind, products, and expertise. Increasingly, employee volunteerism is being encouraged and supported. Partnerships and strategic alliances are becoming the order of the day.

Comparatively, nonprofit organizations, because of government cuts and increased demand for services, have been pushed to look for new sources of revenue. We can no longer expect that just because we do good works we are entitled to funding. In response to the need to diversify our funding base – to be less dependent on traditional funders – we are moving toward strategic alliances that require new expertise – cause marketing, development of products that can provide earned revenue, contracted services in areas where we have expertise, and new relationships with business. Whatever our options, a good many of us are finding that we need to be more businesslike in our operations and more entrepreneurial in our approach.

While pursuing my research, in order more clearly to understand the nature of the partnership model, I read about, talked to, met with, and debated these new trends with many corporations and their nonprofit partners. My research focused on 11 corporate case studies and their partners. The companies I chose to write about are all different, yet surprisingly, have many similarities. A number of them have extensive community investment policies and procedures, others do not. All of them have been active in focusing their resources on innovative partnerships in the following ways:

- Chevron Canada Resources dramatically reduced the number of organizations it funds in order to focus more time and energy on partnership initiatives. Key partnerships include the Chevron Open Minds Program, the Calgary Leadership Awards, and Family Volunteerism. Chevron has an excellent employee volunteer program and involves all of its work sites in strategic community investment strategies.

- Glaxo Wellcome, a pharmaceutical company with headquarters in Mississauga, Ontario and the Insurance Corporation of British Columbia (ICBC) a Crown corporation, both use social marketing strategies as a means of producing community change over the long term. Glaxo's focus area is Hospice Palliative Care and ICBC is committed to improving the driving patterns of British Columbians. Both companies have committed substantial resources to a long-term process that has evolved through extensive consultation with the community.
- Avon Canada focuses its community investment on cause-related marketing strategies to earn dollars for breast cancer research in Canada. In five years, through its Flame Crusade, Avon has generated over \$4 million for breast cancer research and has joined with its community partners to advocate an increase in the financial commitment of the federal government to support breast cancer research in Canada to \$45 million over the next five years.
- Canadian Airlines had no charitable budget yet managed to lever airline tickets and employee volunteerism into some effective community initiatives. The four pillars of its program focused on economic development through a small business expansion program and support to tourism students in Canada, Canadian Plus points in support of medical and humanitarian needs, and a wide range of community activities through employee and retiree volunteer programs.
- TELUS is a company that adheres to the "Neighbour of Choice" philosophy and is one of the first companies in Canada to establish a formal employee volunteer program. TELUS has conducted a number of stakeholder consultations in recent years and has focused its community investment dollars on issues that its stakeholders have identified as important. The company has articulated its social vision as: "Making a Difference by Sharing our Strengths: our People, our Knowledge, our Skills and our Technology". Key initiatives focus on establishing Telehealth Stations across Alberta that connect healthcare professionals with medical resources outside their communities and TELUS World Learning/ TELUS Learning Connection which trains teachers to use the Internet as a learning tool and provides access to students in Alberta. TELUS also responds to community requests for funding within its focus areas.
- Canadian Pacific Hotels signature project, the Adopt a Shelter program, was initiated by one employee and has become a project enthusiastically supported by hotel employees and women's shelters all across Canada. In addition to working with local shelter partners, the Canadian Pacific Charitable Foundation has donated substantial funds to The Canadian

Women's Foundation to address systemic issues that contribute to domestic violence.

- Husky Injection Molding Systems Ltd., an Ontario-based company that has recently gone public, primarily focuses on environmental issues and has a number of partnership programs that involve significant and long-term commitment of corporate resources. The company is focused on helping partners develop sustainable programs that will have a significant environmental impact.
- Telemedia and Flint Canada are both privately owned companies that have developed partnership projects that were initiated by employees. Telemedia supports literacy and Breakfast for Learning. Both are community development initiatives that are focused on building community capacity to address learning issues. Flint's key partnership initiative is with Child Find, Alberta. In response to employees' concerns about kids at risk, Flint employees are being trained to run Child Find's Identification Clinics in many of the communities where they work.
- Woody's on Church, a privately owned neighbourhood bar in Toronto earns substantial dollars annually by engaging both customers and employees in fundraising activities that support neighbourhood causes. They have earned over \$100,000 in the last five years to support their cause of choice – AIDS Awareness – and have supported dozens of other neighbourhood organizations.

In studying these partnerships I have learned that:

- Companies are focusing their resources and, more frequently, looking at social marketing, cause marketing and economic development strategies to differentiate their products and build stakeholder trust.
- Companies want to be good neighbours and to have an impact on the issues their employees, customers, and shareholders care about.
- Companies are looking for signature projects and many are prepared to make long-term commitments that will both bring about change and serve their business interests.

While I believe all of the companies' intentions to be sincere and their nonprofit partners told me repeatedly that their partnerships were of tremendous value, my research left me with many questions that need serious debate at the corporate level and in the boardrooms of every nonprofit.

In the 11 cases studied, very few were initiated by the nonprofit partner(s). Most are cause- or issue-focused rather than organizationally focused. The nonprofit sector is extremely diverse with more than 50 per cent of all registered charities having budgets under \$ 50,000. This raises the question of which nonprofits can attract corporations. Are we moving to elite organizations and

elite causes – those that are well known and respected in the community – at the expense of the smaller grassroots organizations? Are we organized and committed enough to the causes we work for to collaborate actively with other organizations in the community in a joint funding approach? Are we focusing most of our attention on the majors – large local, national and multinational companies – and not approaching middle and small firms to support partnership opportunities?

Organizational commitment is a key issue for development staff and their corporate partners. Finding the dollars is one thing, delivering on promises made is another. Many of the development professionals that I spoke to all across the country expressed frustration with their organizations. Once the dollars are in the bank, whose responsibility is it to further develop the partnership, deliver on the sponsorship or partnership promises, write the report, nurture the donor? Two major corporations told me that they are considering inserting “notwithstanding” clauses in their funding agreements based on the fact that their multi-year commitments require reports within well documented time lines and their experience that a full 50 per cent of nonprofit organizations do not follow through. Another company told me that out of over 300 donations of product, they received only 13 “thank you” letters. How do we deal with these issues?

The first rule of any partnership is “find the right partner”. Do we choose our partners well? I read and heard story after story about nonprofits that had entered into partnerships that ended badly. For example, I heard about a woman’s shelter that discovered that its corporate partner manufactured clothing using women and children as labourers in appalling conditions in a Third World country and an environmental group that found the company they were partnering was dumping waste into the local river. We’ve all read the stories but, and it’s a big but, do any of us check out our partners before we approach them? EthicScan, authors of *Shopping with a Conscience*, is Canada’s oldest and largest corporate social-responsibility research firm. For a small fee, EthicScan can provide anyone with a snapshot of a company and its business practices. Do we ask? Some of us do, but in fact I was told by EthicScan staff that corporations are more likely to phone about us than we are to phone about them.

How do we handle exclusivity? If our potential partner wants to brand the program we’re trying to sell, what are the pros and cons? Are we prepared to negotiate? Have we determined how we might handle such a situation if it were to arise?

What if a product is involved? What are our Board policies on endorsements, real or perceived? Do we have any? Should we?

When does a corporation ask too much and when do we say no? Are we prepared to share our membership/donor/employee/volunteer lists in return for

a cause-marketing campaign? If heavy duty outcome measures or communication materials are expected, are we prepared to ask for additional support or, if need be, walk away from the proposed partnership?

One of the key complaints I heard from both businesses and their nonprofit partners was that we don't speak the same language. Do we have to? Can't we each learn the other's language without compromising either partner's values? So you say "profit" and I say "surplus", you say "customer" and I say "client", you say "products" and I say "programs" – let's figure out together what we are each saying. Isn't that what true partnerships are about?

I could go on and on, but I think I've made my point: for every little bit of learning there are a dozen new questions. The most important fact I learned was, and is, that there are many, many corporations, big and small, who are willing and eager to take a few risks, to try something new, to build a different kind of relationship with nonprofit partners. There are just as many nonprofits, big and small, who are willing to take a few risks, to try something new, to build a new kind of relationship with their for-profit partners. Where our interests, the things we care about, intersect and align, are the new points for learning and "real" partnerships that offer opportunities for both partners to learn and prosper together.

FOOTNOTE

1. Martha Parker has been the Executive Director of the Volunteer Centre of Calgary since September 1988. Prior to that, she worked at IDPAR – The Institute of Donations and Public Affairs Research (now The Canadian Centre for Business and the Community) providing an information service for corporate donations officers and at Mount Royal College as a researcher and co-ordinator in voluntary sector education including fundraising, board and volunteer management. She has also served on a variety of philanthropic boards and committees as a volunteer.