CHARITIES AND BUSINESS PARTNERSHIPS
- A NEW PARADIGM

All charities rely, in varying proportions, both on public donations and business money. Some, usually those involved in researching medical treatments for diseases or resolving difficult societal issues, may also receive supplemental government grants. For all, though, prior to the Millennium, money appeared with no expectation of a return favour. But not now.

Since around 2000, business charity relationships have increasingly morphed into more formal partnerships, where return favours are now expected, and where money might not be part of the deal at all.

This paper examines those changing attitudes and offers a framework of questions / research topics to ensure that any partnership fits both parties for the long term. Expectations on both sides need formulating, executing and quantifying.

Part One: Changing Attitudes

Milton Friedman, the Nobel Prize winning economist wrote in his seminal 1970 essay that companies have no social responsibility beyond making money for shareholders. A philosophy further amplified by Gordon Gekko in the 1987 movie "Wall Street," when actor Michael Douglas as Gordon Gekko, famously said: -

"Greed, for lack of a better word, is good."

Thankfully, greed is now not good, and businesses are extremely keen to show their caring side. Even the post-Gekko Americans have changed - their Business Roundtable, an association of the country's top chief executives, recently released a statement that revised the purpose of a corporation as promoting an "economy that serves all Americans," including customers, employees, suppliers, and communities.

In the UK too, James Timpson, CEO and scion of the eponymous Timpson shoe repair chain confirmed this total change in attitude when he wrote a thought-provoking Sunday Times article in November 2021, entitled "Helping society is a more civilised way to do business".

“Companies should put charitable works on the front of their accounts”.

James Timpson, CEO, Timpsons Shoe Repairers

These mooted changes, however, require far more work from the charity because, whereas prior to the Millennium companies just gave money to favoured charities with no thought or expectation of anything in return, that’s not now true.

Internally, businesses understand the effect that charity relationships can have on morale by providing a feel-good factor, an enhanced awareness of societal needs, but far more importantly, there is greater belief in the PR benefits that can accrue.
Fiona Cannon, a Group director at Lloyds Bank suggests that charities that are looking for partners should think about creating activities that deliver "significant social impact and have tangible, measurable outcomes that can be clearly attributable to the corporate’s support".

Charities must consider carefully who they *get into bed with* as there is now a debit as well as a credit.

Mike Phillips, Purepages Group

Planning must be the key priority for any corporate relationship manager – thanks to the Covid Pandemic, human resources are scarcer than ever. Critical and judgemental analysis of all opportunities is key in maximising relationship revenues and volunteering hours. Even the smallest charity has no room for ‘*back of a fag-packet’* thinking any more. Overall there are ***four key changes*** in attitude

Firstly, companies are thinking far more strategically about charity partnerships. It’s not about giving away a big cheque with a smiling charity participant picture anymore. Instead of the typical staff vote, management will also consider their company’s sphere of operations and listen to all stakeholders and local communities.

“Charities that are looking for partners should think about creating activities that deliver significant social impact and have tangible, measurable outcomes that can be clearly attributable to the corporate’s support".

Fiona Cannon, Group director for responsible business, Lloyds Bank

Secondly, businesses are seeking causes with relevancy, a clear fit to the company’s ethos and mission statement. For example, Ecoracing was involved with helping the UK Insurance Industry raise money for the Alzheimers Society. And that’s because there is strong medical data to suggest that over half of UK insurance workers will develop Alzheimers or dementia in later life

Thirdly, providing support to societal issues such as reducing climate change and enhancing public health are now hot topics. For businesses it makes good sense as Alan Jope, CEO of Unilever said recently,” Unilever brands should have a social or environmental purpose as those brands that do, sell faster than those that don’t.”

Philip Morris International has announced a commitment of nearly $1 billion to launch a foundation dedicated to eliminating smoking worldwide.

Press Release September 14, 2017

Fourthly, businesses want to align their full range of assets to make a social difference - volunteering nor cash is no longer the whole story. Consideration is now given to leveraging company products and services, reviewing property usage and optimising employee's time.

IBM used to be involved with Bytenite, a homelessness charity that encouraged staff to sleep rough in a park on a Saturday night with the homeless. It has now ceased as it was felt that this volunteering opportunity didn't match staff competencies nor wishes.

Part Two: The New Business Jargon

Commercial enterprise helping charities or communities is not new. Quakers, John Cadbury and Joseph Rowntree were establishing their company's worker villages way back in the 1850s.

"I can see the potential of cocoa, but as yet, I'm not sure what to do with it"

John Cadbury in a letter to his father.

2022 is very different - highly visible bricks and mortar projects have morphed into less obvious cash provision, volunteering and climate change reduction projects amongst the plethora of options. And more precisely, corporate support now must focus around three key acronyms of business jargon:
Corporate Social Responsibility (CSR)
Environmental Social and Governance (ESG)
Social Impact Statements (SIS)
All of which promote specific conceptual aspects of ethical business behaviour.

CSR is a self- imposed business model in which companies try to operate in ways that enhance rather than degrade communities, society and the environment. Good CSR projects can boost the brand image of companies and are a great way to raise morale in the workplace. Examples of companies that strive to be leaders in CSR include Starbucks and Ben and Jerry's.

"Research shows that the majority of consumers, especially younger ones, will pay more for a product or service when it comes from a company that is actively seeking to solve social problems."

Dominic Cotton, Epiphany Consultancy

The Environmental (E) component of ESG assesses how a company performs as a guardian or steward of planet Earth. It considers how a company's activities impact the environment and how any environmental risks are managed. For example, UK water companies discharging millions of litres of raw sewage into our rivers and seas do not fare well on this aspect.

Similar in many ways to CSR, the social component (S) in ESG analyses the pluses and minuses of how an enterprise administers relationships with employees, suppliers, customers, and the communities where it operates. Amazon and Sports Direct have featured heavily in the press for alleged harsh working conditions, clearly not a community focused approach.

Governance (G) considers treatment of shareholders, company leadership, executive pay, audits, and internal controls for example. Investors are keen to understand all aspects of executive pay, decision making, gender equity / equal pay, bribery and corruption, and board diversity.

A Social Impact Statement (SIS) is a written document that explains how a company's activities impact the communities within which it operates. It focuses on the social and environmental impact of the firm and typically includes topics like:

Hours of volunteer time by company employees; donations made to local communities and charities; the number of jobs created in the local area; environmental remediation projects conducted in the area; total use of renewable energy to power operations, for example.

Organizations use SIS to create a positive impression amongst stakeholders, diluting the notion that profit is the only topic that matters to them. The Annual Report is now the preferred media platform for SIS analysis

So, what does this mean for charities wanting to partner with companies? It means that they should focus on just three things only – CSR; the social component of ESG; and SIS - managing and providing data to make SIS easy for the partnering company to use.

Part Three: Basic Processes

The starting point for any relationship is the identification of possible partners. And whilst the analysis does not call for IBM's Deep Blue supercomputer, it does require professional objective judgement and basic forensic research.

For charities, tentative business partners need to be properly vetted to optimise resource, satisfy due diligence and stop any wasted time. But with so many third sector redundancies, quality resource and time is increasingly scarce.

CHARITY SIDE

The author offers ten statements that need to be defined by the charity with marks out of 10 awarded. For example [Strongly disagree (0) – strongly agree (10)] or, similarly [Not helpful to us (0) – strongly helpful to us (10)]
A suggested threshold is 75 / 100 marks available (75%)

Q1 We are highly relevant to this company
Scoring criteria may be based on, for example,
Location - is the business part of our local community? Worth a high score
Affinity – we're a medical charity, their business is making medical products

Q2 We know their senior people
Clearly having an ally or inside influence is worth a lot.

Q3 Management and staff are friendly and positive towards us
If the management and staff are friendly and positive towards what you do as a charity, that's priceless, as they will all feel good supporting you

Q4 They support other charities
Relationships with businesses who support multiple charities need to be carefully defined and managed to avoid any misunderstandings or undeliverable expectations

Q5 They are profit making and soundly managed
If you're considering the receipt of a big sum of money, then it's no good talking with companies who are clearly struggling with the Pandemic. If in doubt, check Companies House records. This process may seem cynical and mercenary, but it could save many future frustrations regarding expectations on both sides

Q6 They can provide financial support
Money always appeared the easy route in the past as it usually came with few strings attached. Nowadays, companies will want to know what value their cash brings or how will the service users benefit? Social Impact Statements (SIS) are becoming common.

Q7 They can support our volunteering needs
Extra manpower is a major asset, but it needs to be planned and continuous to be truly useful and productive - jump jerk staffing is generally not helpful. Any staff training requirements are important too as they suck up valuable staff resource. And again, SISs

will have to be produced for each seconded staff member.

Q8 They can provide product in kind
Examples of product in kind include donated goods such as kitchen equipment or donated services such as professional advice from an architect.

Q9 This could be a long-term relationship
Long term relationships are highly valued but need constant attention to avoid becoming stale. Is there someone in the charity who will manage the process?

Q10 There are no perceived negatives
If you've managed to evaluate all the previous statements honestly and analytically, then any negatives will have floated to the top already. If there are any big noes , then any relationship is perhaps better left alone

BUSINESS SIDE

For a commercial company, reputational damage from the wrong choice of charity could be immense. Remember the debacle over David Cameron, ex-Prime Minister, dishing out millions to the allegedly dysfunctional Kids Company. The charity's CEO, Camila Batmanghelidjh, CEO, was a highly colourful and strong character which meant senior management could often appear highly autocratic – not always a great platform for creating and implementing joint solutions.

Similar scandals have surrounded some of Britain's best loved charities such as Oxfam, where the use of local girls as prostitutes for aid workers in DRC, Haiti and Chad came to light. Similarly, both the Red Cross and Save the Children Fund have also been publicly rebuked for various sexual harassment charges.

Most recently, Naomi Campbell's, Fashion for Relief charity has been revealed in the Daily Mail to have spent £1.6m on lavish parties at the British Museum and other high-profile locations with gallons of champagne freely available. With only a derisory £205,000 spent on service users, why would anyone give to this example of a squandering charity?

Looking at the Charity Commission published accounts is clearly important and a high percentage spent on service users is desirable - the Red Cross, in recent accounts, indicated that around 80% of their total income goes to service users.

The author offers twelve questions / statements that need to be defined by the business with marks out of 10 awarded. For example [Strongly disagree (0) – strongly agree (10)] or, similarly [Not helpful to us (0) – strongly helpful to us (10)]
A suggested threshold is 90 / 120 marks available (75%)

Q1 In what way does the charity have relevance?
As with Charity side questions, scoring criteria may be based on, for example,
Location – Does the charity have service users based in our local community? Is the charity based near us?
Affinity – We're a medical business, they're a medical charity

Q2 How does the public profile of the charity come across?
If they are high profile, there will be many newspaper and journal articles to read.

Q3 Do we know what the percentage of income is spent on their service users as against administration and fundraising costs?
A high administration percentage is a strong indicator of poor management, so read the Charity Commission accounts. If no information is available, just ask.

Q4 They are sponsored by other businesses
As with the charity side, be wary of just being a number. Be clear what your offer is and what it will do

Q5 How capable of producing Social Impact Statements are they?
Producing SISs and other qualitative information as to your impact is important. Many small charities will struggle over this, but you can help them if you wish.

Q6 There are high expectations of money
Can you match their expectations?

Q7 There are high expectations of volunteering
Do we have the staff levels to cope with significant time off? More people with less time off is better than fewer people with more time

Q8 There are high expectations of product in kind?
Have we the resources available? Can we afford our offer?

Q9 This could be a long-term relationship
Long term is good, but complacency can creep in. Do we have someone designated who will manage the relationship

Q10 There are no obvious negatives
Are there any perceived 'showstoppers' on this project?

Q11 Is senior management suitable?
If we are going deep on this relationship are the charity managers up to the job

Q12 What level of salaries are senior management paying themselves?
If they are paying themselves a lot, be wary. In the charity world, size in terms of total annual income matters, and industry data is readily available.

The threshold for the company seeking a charity partner might be set at 100/120 and any charity scoring that figure or above will be a potential target

BOTH QUESTION / STATEMENT ASSESSMENTS ARE AVAILABLE FOR DOWNLOAD AT
https://ecoracing.co/site/page?view=resources-whitepapers

Part Four: Working together

Now that it's fully understood that the days of the big cheque and a smiling photograph are gone, how do we implement the new paradigm?

Great corporate partnerships are increasingly less about money, and more about how two organisations can work together to bring about lasting benefits.

Reinforcing this narrative, recent research data from business clients of LBG Consultants indicated that over 70 per cent now gave strategically to charities whilst less than 20 per cent were unscripted donations. These figures are the reverse of a decade ago, when more than 60 per cent of its members said they gave randomly and only 30 per cent gave strategically. And there are many good examples to underline this shift.

Tesco's latest charity partnership involves three major charities: Cancer Research UK (CRUK), Diabetes UK and the British Heart Foundation. All four are to cooperate over the next five years by encouraging the general public to eat more healthily. Tesco hopes to achieve this by promoting healthier choices in-store and on its website, and by allowing the charities to promote healthy lifestyle stories to customers. Analysis of subsequent Tesco Clubcard data should allow the partnership members to study the impact of their work and understand which products and which narratives best influence consumers.

For Tesco this could well be a self-financing deal as any monies paid to the charities should be offset by greater product sales coming from greater consumer confidence. The three charities are to receive an undisclosed fee for their contributions, plus a share of the proceeds from staff fundraising and donations from Tesco.

"The partnership's dual focus on fundraising and progressing the charities' objectives is evidence of a more sophisticated approach to commercial relationships."

Sir Harpal Kumar, chief executive of CRUK

Another partnership that has worked well is Lloyds Bank's relationship with Mental Health UK, involving four UK mental health charities.

The partnership works because the charities have created skills-based volunteering opportunities for bank staff and, in return, the charities receive help to improve their processes.

Fiona Cannon, Group director for responsible business, Lloyds Bank

The partnership has also led to the bank developing an e-learning initiative to raise awareness and understanding of mental health in the workplace. In addition, more than £5.5m has been raised for the charities involved over the past 18 months.

UK pharmacy giant, Boots, has partnered with Macmillan to offer enhanced specialist support for people living with cancer by providing bespoke training to thousands of Boots UK pharmacists and No7 Beauty Advisors.

Boots Macmillan Information Pharmacists (BMIPs) are professional pharmacists employed by Boots who volunteer some of their time in work to support customers affected by cancer. They are trained to understand more about cancer diagnosis, treatment and how cancer affects people. They can also answer questions about medication and guide people to other sources of information and support.

Similarly, Boots Macmillan Beauty Advisors (BMBAs) are Boots No7 cosmetic brand advisors trained by Macmillan and Boots to give face-to-face advice to help people cope with visible side effects. From defining sparse brows and lashes to caring for nails that are suddenly more brittle, they offer lots of tips to help people feel and look better.

Finally, let's not forget the growing emergence and importance of Social Impact Statements (SISs). The bigger charities are well able to execute this documentation whereas smaller charities generally cannot. Generally lacking the management resource, smaller organisations will need to employ a specialist company to provide the SISs – at a cost they can ill afford

And whilst the partnership opportunities for the 'big guys' are numerous, those for smaller charities are far less. Take the example of a small cancer charity receiving £200 from their local plumbing firm and £400 from a printing firm. What can the charity do in return? Typically, a mention might be given on a newsletter which may or may not be distributed widely or even read. Any meaningful cost-benefit analysis is difficult to compute.

What might work, however, is that the charity sends out a plumbing discount code to their supporter base.

There is a good chance for a three-way win; the charity supporter receives a small discount off his plumbing bill; the charity gets the £200 donation, and the plumbing company receives more business.

By transparently helping their community, the plumbing firm can create a positive brand image and show connectivity. And for the consumer, there's a serious hidden benefit - the plumbers are less likely to provide shoddy work if associated to the charity.

In Summary

The archetypal charity business relationship of oversized cheque and photo opportunity is well buried. The new paradigm may still involve money somewhere, but overall it is more about maximising the use of all a business partners assets, not just money, to create a long-term association.

The two question / statement-based frameworks found in Part Three offer guidance on the factors that suggest suitability, relevance and the required levels of fiscal probity.

For a company, making the wrong choice could be catastrophic on their brand. Conversely, charities plainly now need to offer more in return, because if they don't, then another charity surely will.

The author's company offers two great systems for CSR / ESG projects that are 100% eco-friendly, non-gambling, and easy to implement locally, nationally or globally. With many thousands of clients from corporates, school PTAs and charities, Ecoracing.co and Rentaballoonrace.com are uniquely the world's only genuine virtual balloon races providing great fun for everyone and major fundraising opportunities.

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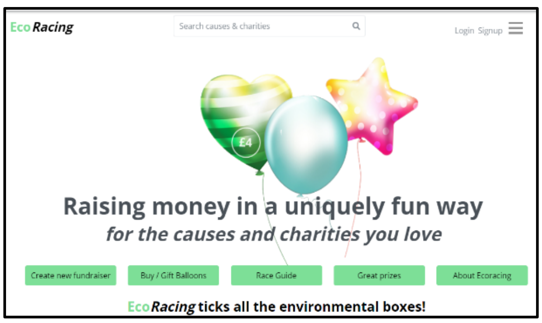

"This White Paper is very timely. The post-pandemic world is different and nearly every aspect of life in the charity sector has changed. Never has the relationship between business and the charity sector been so important. What is not so clear is how best to achieve effectiveness and impact on both sides as we move onward. Mike's thoughtful Paper should be required reading for all concerned." **Dr Hugh Milroy, CEO Veterans Aid**