

How to Target Corporations to Diversify Your Funding Mix

Do you need to retool your funding strategy? If corporations aren't part of your plan, the answer is yes.

By David L. Gurbach

Research shows that charitable giving in the U.S. is likely to increase dramatically in the latter half of this decade. The story begins with a simple continuation of history: If the trends of the last quarter century continue, giving will be half a trillion dollars more in this decade than in the last. And when you add in the inter-generational wealth transfer that's already underway, the numbers escalate, adding *another* one-half to one trillion dollars. In other words, giving from 2001 through 2010 will likely be \$1-\$1.5 trillion more than it was from 1991 through 2000. That means that by 2010, an additional \$100 to \$150 billion will likely be given away in the U.S. *each year*.¹

Assuming that the corporate portion of the philanthropy pie remains constant at 5.7%, this translates to an increase of \$5.7 billion to \$8.5 billion. That's a high-impact, high-return proposition.

The business sector represents the largest potential for future giving. Compared to individual and foundation giving, corporations offer a virtually untapped resource.

Corporate America is under mounting pressure to increase shareholder value and overcome its image of putting profits before ethics. Given its public-relations problems, the corporate sector is especially amenable these days to balancing profits with the banner of good citizenship. A well-defined effort by nonprofits, targeting corporate partners with synergistic missions and values, has a high probability of success.



Corporate Speak versus Nonprofit Speak

If “men are from Mars, and women are from Venus,” then sometimes it seems corporations are from Mercury and nonprofits from Pluto when trying to communicate. Translating “nonprofit-speak” into “business-speak” is an essential skill that can strengthen your relationships with corporations and avoid misunderstandings.²

It is imperative that the nonprofit sector develop a more effective model to enhance nonprofit-corporate partnerships. Past models have failed to properly communicate and align missions and values. Nonprofits must address the core issue of speaking a language corporate leaders understand. Otherwise, invaluable opportunities may be lost in translation.

Observations from the Corporate Sector

The following responses to a recent telephone survey provide insights into how several corporate leaders view the nonprofit giving landscape:

Question 1: What can nonprofits do to improve the level of corporate support?

Answers:

Group President, Fortune 500 Company, Retired: A number of nonprofits hire development directors whose specific job is fundraising. They are pros in this area. What seems to work best is to attract high-profile donors who are very interested in your organization and push them to leverage their contacts for additional donors. They will often agree to sit on your

board. The key is to get them to commit, at the outset, to bringing in additional donors. It's important to make it clear to them that that's your expectation.

Chairman, Fortune 1000 Company:

People like to talk to folks who mirror their experiences.

Nonprofits should do their homework in determining the corporation's criteria for giving. Many companies have established a foundation and spell out what areas they're interested in supporting. Often, the CEO or senior members of the company, or their spouses, will have a "pet charity." The spouse of our former CEO had a well-known commitment to the arts and, during that CEO's tenure, giving to local art museums increased substantially. If nonprofits understand these areas of special interest, they can personalize their pitch and establish realistic expectations in terms of what they ask for.

Question 2: You've heard many presentations by nonprofit executives seeking funding. What suggestions can you give them for strengthening their case?

Answers:

President, Fortune 500 Company: When I receive a presentation, it's usually when I'm on a nonprofit board. Otherwise, they don't get access to me. I appreciate it when the executive director does a good job of laying out the nonprofit's strategic plan and objectives so I understand exactly what the organization expects to deliver.

President, Fortune 500 Company: The presentation must appeal to something I have a specific interest in supporting. If I love dance, the ballet may attract me as a donor. If I have a relative or close friend with cancer, ... I think you get the picture. You need emotional buy-in for sustainable success.

Chairman, Fortune 1000 Company: First, personalize the pitch to the criteria and foibles of top management. Second, demonstrate the expected returns, such as a specific community value. For example, the number of new kids to be exposed to the values is particularly important to many corporations.

Nonprofit Senior Executive, Joanne E. Howard, Adjunct Professor, School of The Art Institute of Chicago, and Director, Professional Development Center, Government Finance Officers Association: The senior staff of a nonprofit must research what corporate relations officers are most interested in now. Many times the top person will change at a corporation's sponsorship office, which means the direction for giving may change. Always do the research first and then make the call. Not only should the executive director and senior development officer go on the call, a seasoned board member whose background most closely approximates the potential donor should also go on the call. People like to talk to folks who mirror their experiences.

Question 3: What value do you expect a relationship with a nonprofit organization to deliver to your shareholders?

Answers:

President, Fortune 200 Company: That's a tough one. Shareholders ought to expect us to deliver returns. I really don't think that companies should do much donating unless the cause is linked somehow to the business or they need to establish good local reputations. They should pay out their profits to shareholders, who then can decide how and when to donate.

Chairman, Fortune 1000 Company: In terms of value, most corporations would like to be seen as sponsors of good works and as socially responsible and concerned community supporters. If structured properly, a gift request could include those benefits specific to the company's community, with "hard" targeted results.

Rick Luftglass, Assistant Director of Pfizer's Corporate Philanthropy: I can't emphasize enough how important it is for companies to integrate their giving with the core business.

Add Corporations to Your Funding Mix

Re-engineering your funding mix is all about creating balance, dispersing your overall risk — and sleeping better each night! You can't diversify successfully without targeting corporations.

Strategic philanthropy is a critical component of corporate strategy. This window of opportunity will close as quickly as it opened. Act upon it! ■

Footnotes

¹"The Coming Flood: Philanthropy in This Decade," *GNN Report*, Global Business Network.

²Marian Gryzlo, *Lost in Translation: Communication Between the World of Business and Nonprofits*, Strategic Vision, Inc., gryzlo@optonline.net.

Resources

Gold, Marion, "Making the Business-Nonprofit Partnership a Win-Win," *Nonprofit World*, Vol. 22, No. 1.

Ptacek, Joseph and Gina Salazar, "Enlightened Self-Interest: Selling Business on the Benefits of Cause-Related Marketing," *Nonprofit World*, Vol. 15, No. 4.

Weisman, Carol, "The Care and Nurturing of Corporate Friends," *Nonprofit World*, Vol. 14, No. 1.

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