

Philanthropy is good business

– Susan Winer

Shared family values contribute immensely to the success of a family business and in steering it through the times of crisis. Susan Winer, founder and senior vice president of Strategic Philanthropy Ltd. (a global philanthropic advisory practice based in Chicago, USA) advocates that philanthropy is a way to demonstrate these family values and to position both the business and the family as thoughtful leaders in the community. Winer posits that philanthropy must not be an extension of the family members' personal interest but must be backed with a thought out strategy and process.

Philanthropic activities can be classified into three distinct categories –

1. **Personal Philanthropy:** These efforts are targeted towards supporting organisation(s) or cause(s) that hold importance to an individual member or a branch of the family. Individuals/family branches use their own wealth to fund these activities.
2. **Collaborative Family Philanthropy:** These acts of giving are collectively undertaken by the family, usually through family foundations. Such philanthropic efforts require a consensus among family members/branches on the cause(s) that are to be supported.
3. **Corporate Philanthropy:** These efforts are undertaken by the family controlled businesses in support of the specific issues or organisations, which are in alignment with the goals and strategies of the business.

The author suggests that it is important to recognize the distinction between personal/family and corporate philanthropy. Corporate philanthropy funded by company's resources must reflect the values of the company and must contribute to its objectives.

Managing Corporate Philanthropy – Corporate philanthropy must aim to create the company's image as a responsible and caring member of the community that makes real difference to the world. If implemented correctly, corporate philanthropy would also contribute to the company's business interests and bring tangible benefits of increased brand recognition, market penetration, higher customer approval ratings and goodwill among employees.

A corporate philanthropy programme must have clear directives, an action plan, measurement criteria and budget. The author lists the following action points to institute an effective corporate philanthropy programme –

1. **Decide which department will be responsible to run the programme** - This may depend on the company's objectives. If philanthropic efforts are associated with brands, then marketing or public relations may be assigned this task.
2. **Assign personnel to implement the programme** – Apart from allocating manpower for programme implementation, it is also important to have a succession plan to make the efforts sustainable.
3. **Form a committee to define goals of the programme** - Top leadership must be represented on this committee to signal their support while rank and file of employees must be represented to obtain buy-in from staff.
4. **Create a mission** – The programme must be tied to a charitable mission to provide focus to its philanthropic efforts. The mission may represent important needs of the community that the programme serves or could be woven around the company's products/services.
5. **Define programme's parameters** – Defining the programme's purpose and focus in terms of goals sought (for e.g. strong community relationship, increased brand recognition etc.) and regions/communities to be served.
6. **Allocate resources** – Assign finances, workers, product supplies and employee time.
7. **Establish measurement parameters** – Clearly defined objective measurement would ensure effectiveness of the philanthropy programme.
8. **Invite suggestions from employees** – Incorporating employees' suggestions from the start gets their buy-in and makes the programme more effective.
9. **Provide visibility to philanthropic initiatives** – Incorporate information about these initiatives into marketing materials, company website and employee communications to create good internal and external public relations.
10. **Document all details** – track work hours donated, funds provided, products freely distributed or other benefits provided not only for tax benefits but for internal accounting.
11. **Check the background of beneficiaries** – Beneficiary organisation's mission must be aligned with the goals of the programme. Their track record must be verified.
12. **Annual Evaluation** – The viability and impact generated by the philanthropy programme must be annually evaluated and corrective measures must be taken if required.

Corporate philanthropy programme by a family business can reaffirm the core values of the family. It helps strengthen the company's relationships with its customers and employees. A well-structured and planned philanthropy programme can play a vital role in strengthening family bonds and help the company in achieving its business objectives.

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