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# Giving In Numbers: Emerging Trends in Corporate Philanthropy

with  
Alison Rose,  
Manager, CECPT  
July 13, 2011



## *Open Q&A with the Audience*

Type your questions into the question box on the right panel.

We will pose them to the speaker for everyone to hear.

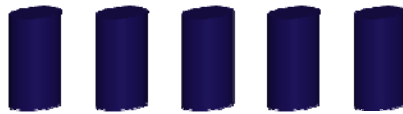


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## Audience Poll Question

### Who is joining us today?

- 1 Corporate
- 2 Nonprofit
- 3 Academia
- 4 Philanthropy/Grant Maker (Non-Corporate)
- 5 Other



## CECP Background



*“I helped to start CECP with the belief that corporate America could be a force for good in society.”*  
- Paul Newman

### Who We Are

The only international forum of business CEOs and Chairpersons with an agenda *exclusively focused on corporate philanthropy*

### What We Believe

- Philanthropy is a long-term investment
- Executive leadership is essential
- Corporations have unique resources

### What We Do

- Represent the CEO point of view on philanthropy
- Bring business discipline to corporate philanthropy
- Set the standards for philanthropy measurement and practice

### Our Mission

To increase the level and quality of corporate philanthropy.

### Who is Engaged

Over 175 corporate CEOs and Chairpersons



## CECP Research Publications



### Includes findings on:

- Giving and the Economy
- Benchmarking Tables
- Giving by Program Area
- Giving by Motivation
- Employee Volunteerism
- Matching Gifts
- International Giving
- Corporate Foundations
- Giving by Gender and Ethnicity
- Management & Program Structures



### New research just released!

#### Business at its Best: Driving Sustainable Value Creation

- Research resulting from collaboration between CECP and Accenture.
- The report provides five implementation imperatives for planning, managing and scaling a strategy for Sustainable Value Creation.

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## Agenda for 7/13/2011

### I. Corporate Financial Performance

### II. Trends in Giving

- Giving at the company level, giving trends across companies
- Reasons for changes in giving
- The effect on giving types

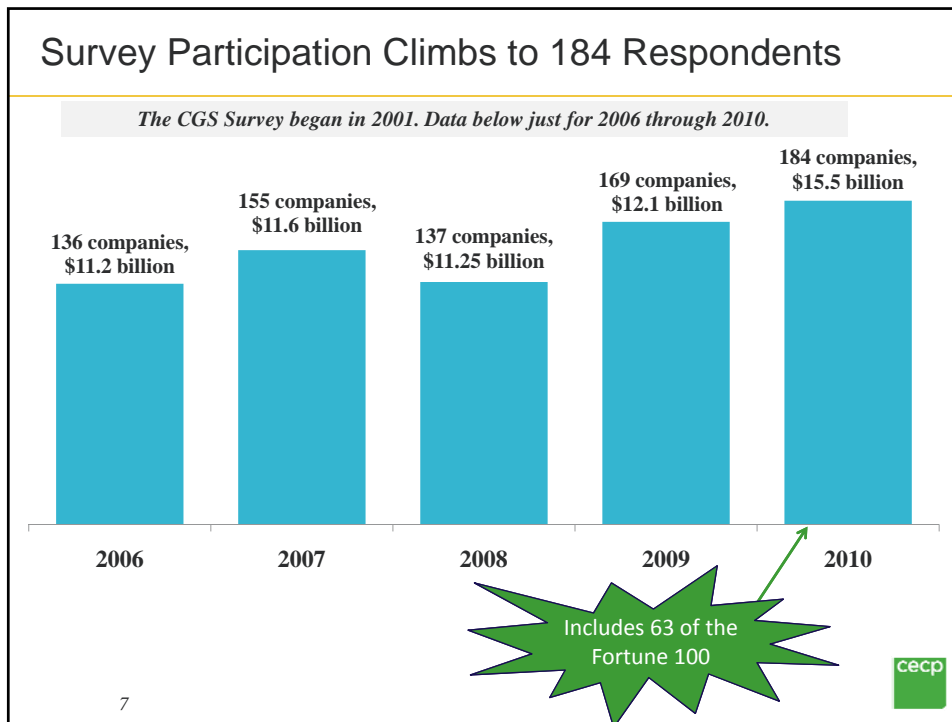
### III. Additional Findings

- Giving types, giving motivations
- Focus areas, international giving
- Matching gifts, employee volunteerism
- Staffing, management & program costs

### IV. Giving Projections & Questions

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## CECP Data Analysis Terminology

**Total Giving** (Sum of the following three giving components)

- Direct Cash: Corporate giving from either headquarters or regional offices.
- Foundation Cash: Corporate foundation giving.
- Non-Cash: Product or pro bono services assessed at Fair Market Value.

**Matched-Set Data**

The companies in a matched-set responded to the CGS survey for each of the years in question. To accurately report on trends, CECP uses matched-set data in all year over year comparisons.

**Sample Sizes**

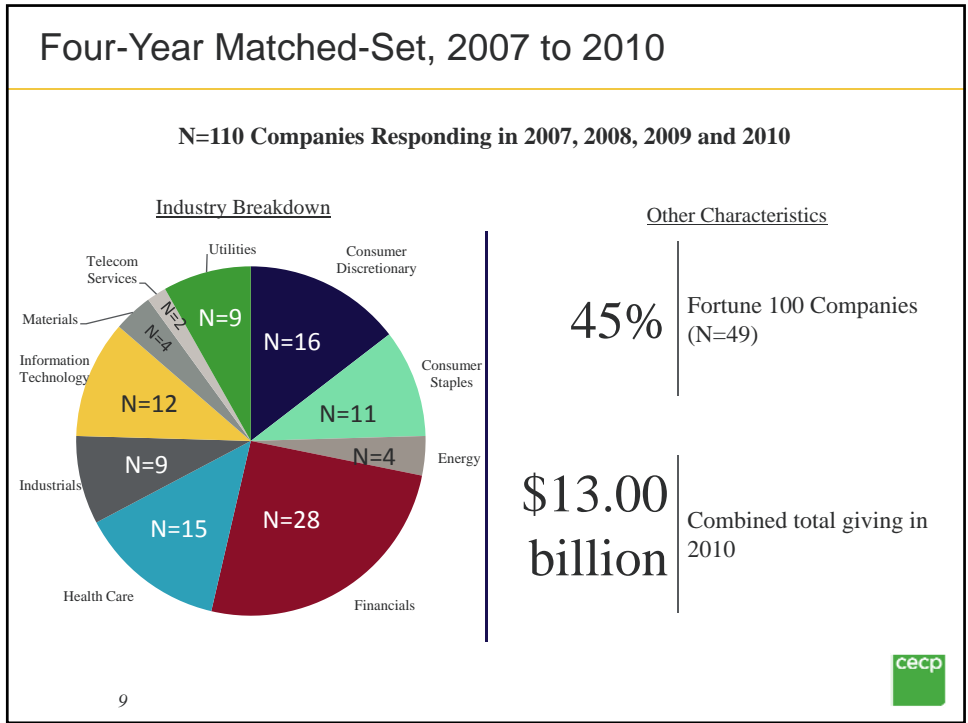
The number of respondents for each figure is noted in the “N=” footnote. To be included in the industry analyses, a sector must have 6 or more respondents.

**Median and Aggregate**

The median value is the number in the middle of a sorted list. An aggregate value is the sum of all values.

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### I. Corporate Financial Performance

*Each year, giving officers report that their giving levels are impacted by the company's financial performance. In 2010, corporate profits rose.*

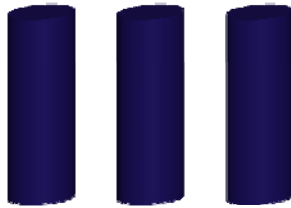
*How will the trends in corporate financial performance impact stakeholder expectations for corporate giving?*

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### Poll Question

Do you think the economy is:

- 1 Fully recovered.
- 2 Making progress, but not there yet.
- 3 Heading for a double-dip.

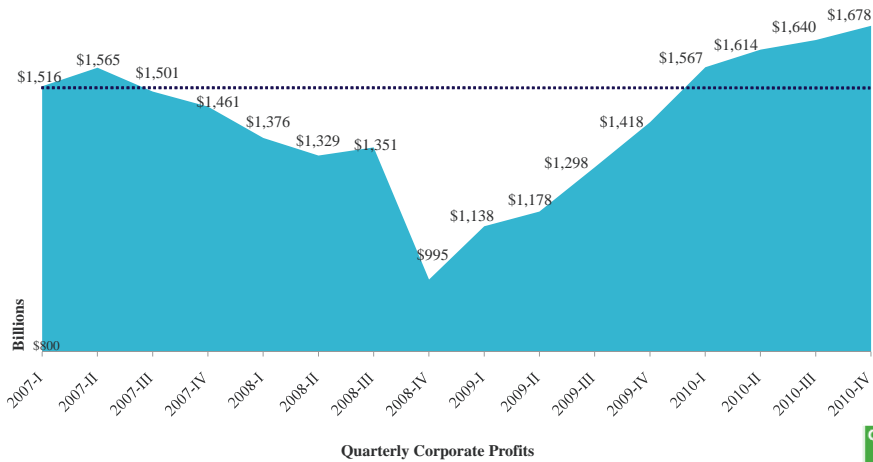


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### U.S. Corporate Profits Rose, Surpassing 2007 Levels

Corporate profits with inventory valuation and capital consumption adjustments

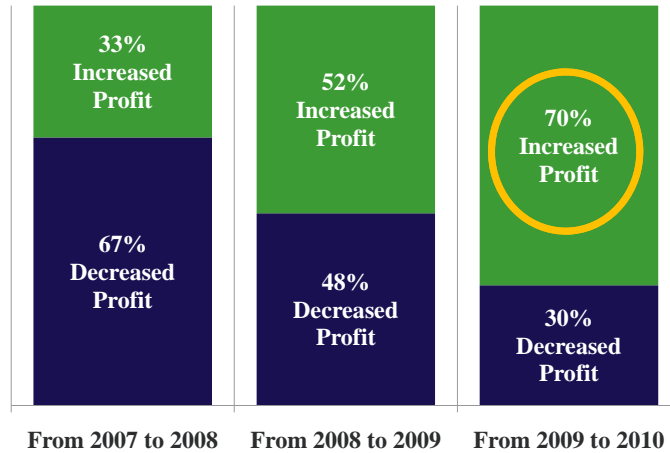


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Source: Bureau of Economic Analysis, Corporate Profits



### A Majority of Companies in the CECP Sample Reported Increased Profit



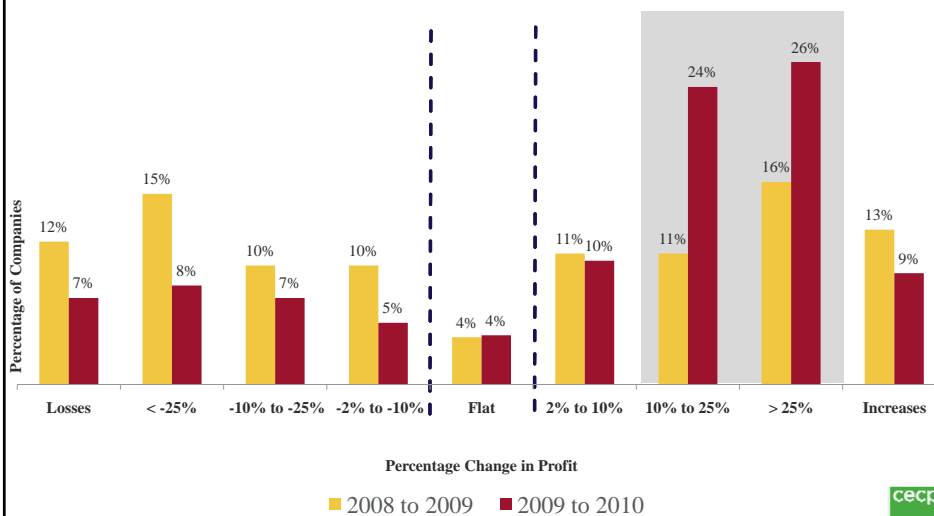
13

N=104 Matched-Set Companies (2007, 2008, 2009, 2010), Inflation-Adjusted



### In fact, 50% Reported Profit Increases > 10%

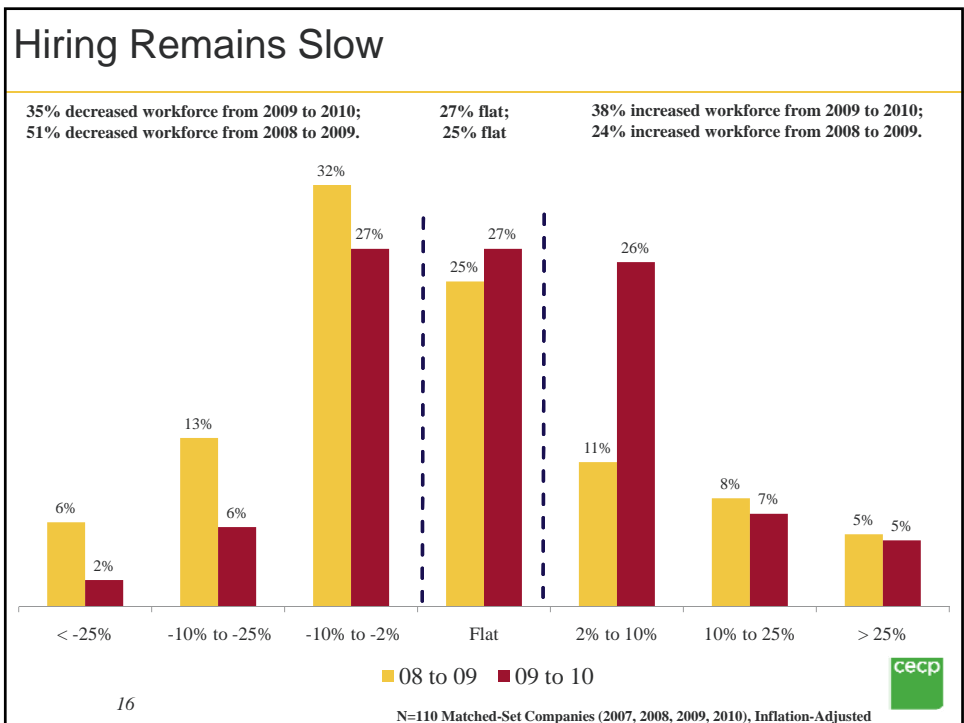
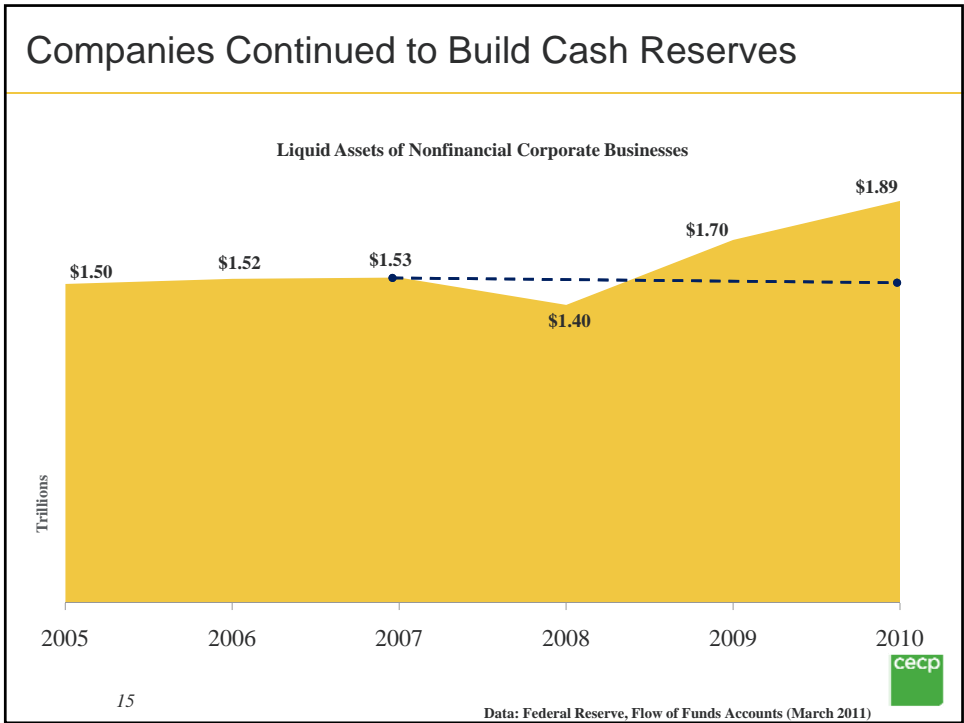
27% report decreased profit from 2009 to 2010; 46% report decreased profit from 2008 to 2009. 4% flat; 4% flat. 69% increased profit from 2009 to 2010; 50% increased profit from 2008 to 2009.



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N=104 Matched-Set Companies (2007, 2008, 2009, 2010), Inflation-Adjusted





## Key Takeaways: Corporate Financial Performance

U.S. corporate profits continued to grow in 2010, surpassing 2007 levels. 70% of companies in the CECP sample reported increased profit, the majority of these by 10% or more.

How will external stakeholders perceive this information and how will it impact their expectations? Is there an opportunity for communication around how corporate financial performance impacts corporate giving, if at all?

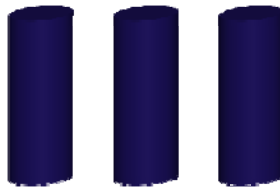
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## Audience Poll Question

**Do you think most companies increased or decreased giving from 2009 to 2010?**

- 1 Most companies increased giving.
- 2 Most companies decreased giving.
- 3 Most companies stayed flat.



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## II. Trends in Giving

### *What happened to corporate giving?*

*A majority of companies reported higher giving in 2010 than in 2009. In fact, 53% of companies gave more in 2010 than they had before the economic downturn took hold back in 2007.*

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## Three Key Findings Show that Giving Increased

**\* Did more companies increase or decrease total giving from 2009 to 2010?**

↑ 65% of companies increased total giving.

*FOLLOW UP: How do 2010 contributions compare to pre-downturn giving levels?*

**\* Did the median total giving (indicative of the typical company's giving) increase or decrease from 2009 to 2010?**

↑ Median total giving stayed flat, rising only 1% over 2009.

*FOLLOW UP: Which industries increased median total giving? What types of giving specifically supported the increases?*

**\* Did aggregate total giving (the full sum of all giving in a year-over-year matched set) increase or decrease from 2009 to 2010?**

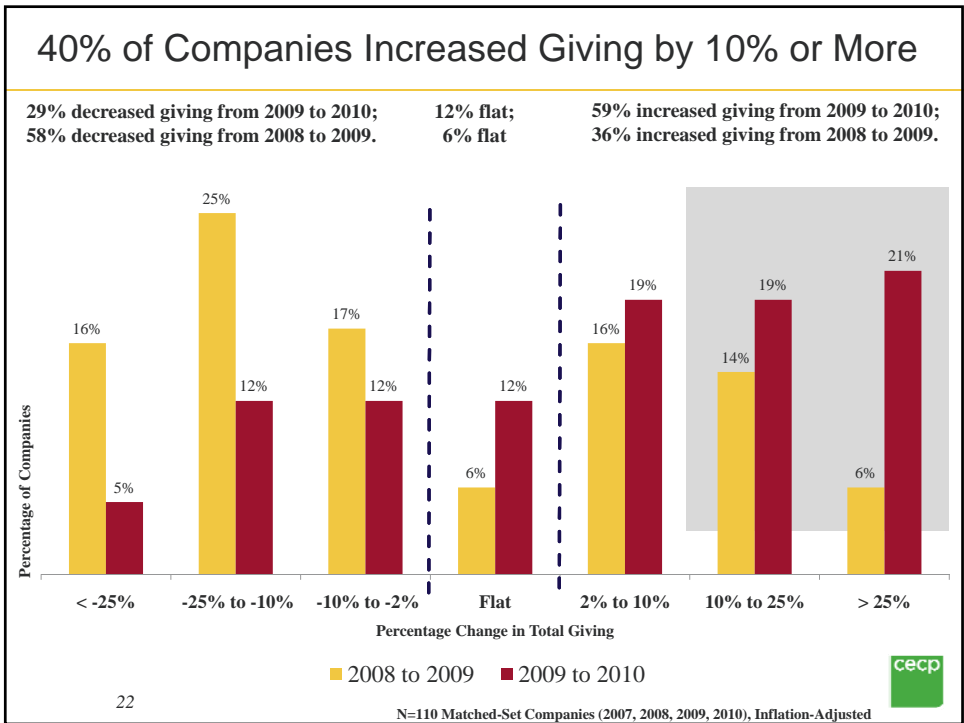
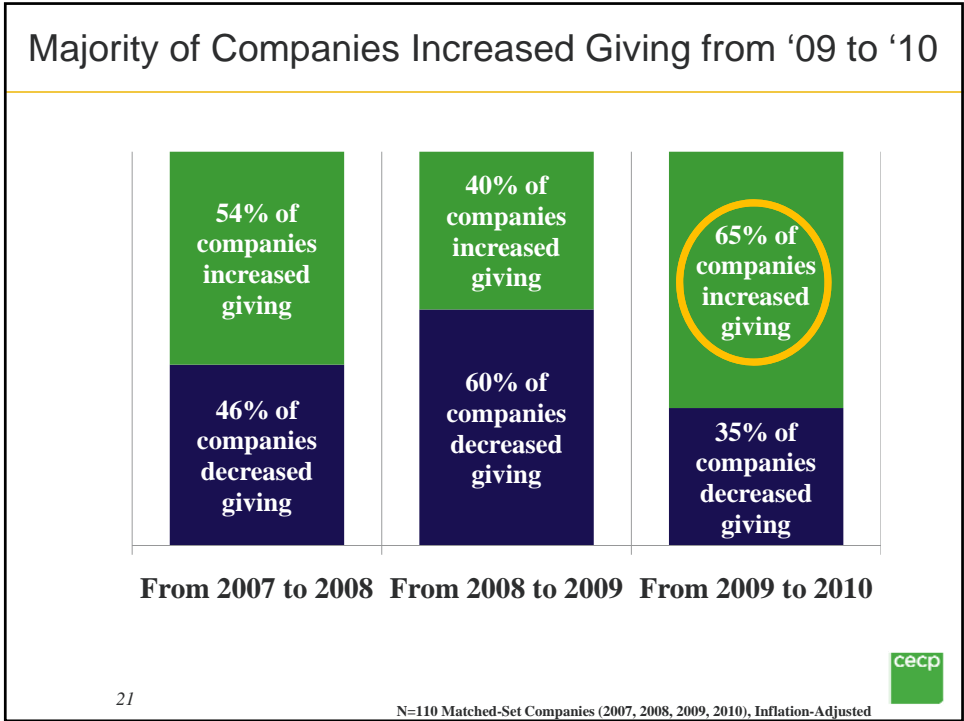
↑ Aggregate total giving rose by 18% above 2009 levels.

*FOLLOW UP: Each year, health care companies dominate aggregate total giving. Do the findings change if restricted to the non-health care companies?*

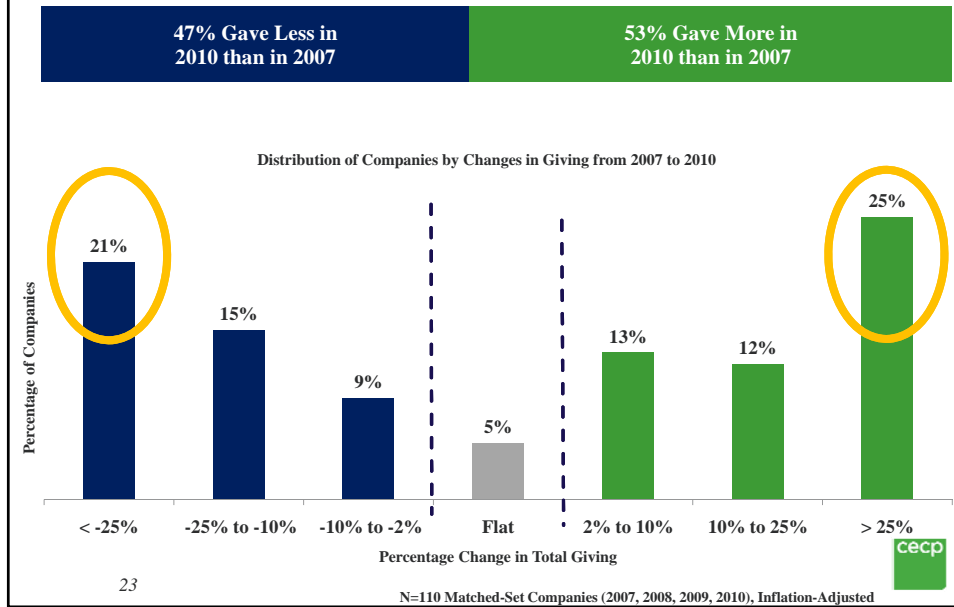
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N=110 Matched-Set Companies (2007, 2008, 2009, 2010), Inflation-Adjusted

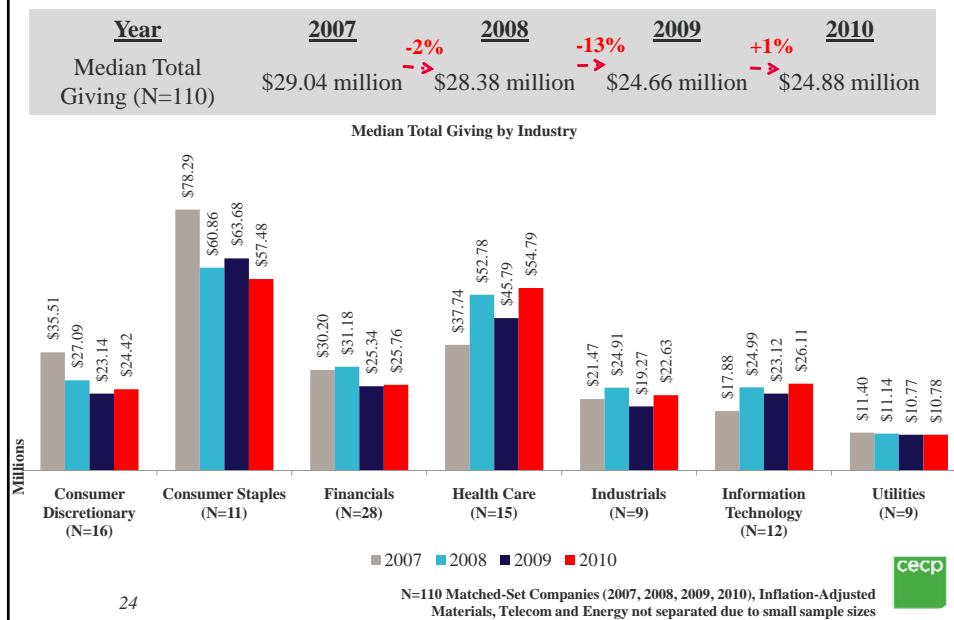


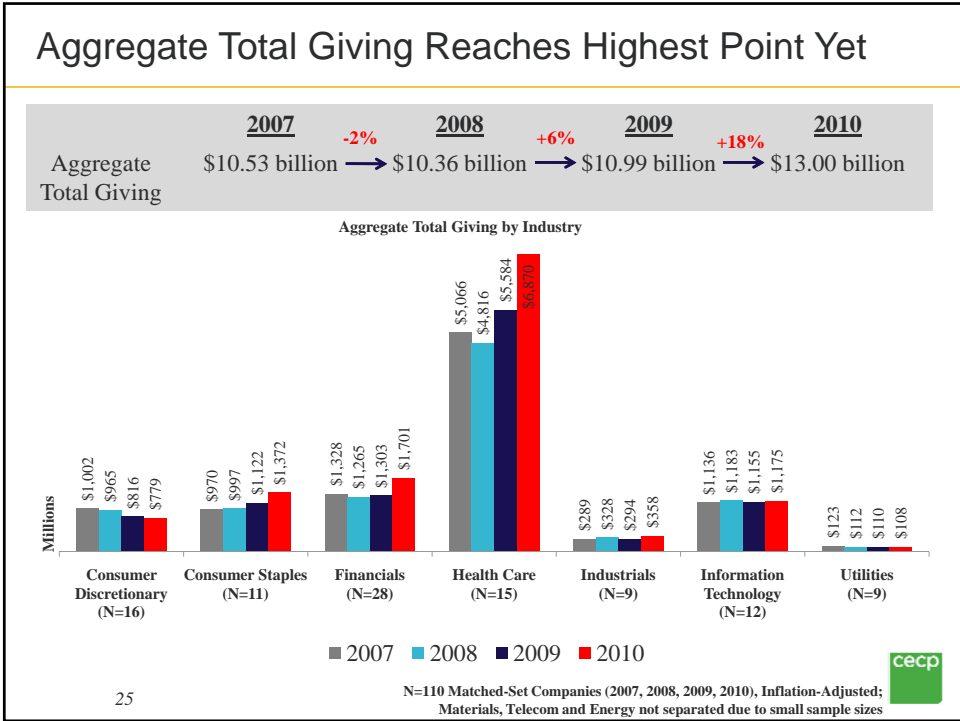


## Extreme Changes from Pre-Downturn Giving Levels



## Median Total Giving Remains Unchanged





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### Aggregate Increase Attributed to a Few Companies

**10 companies combined to give \$2.02 billion more in 2010 than they did in 2009.**

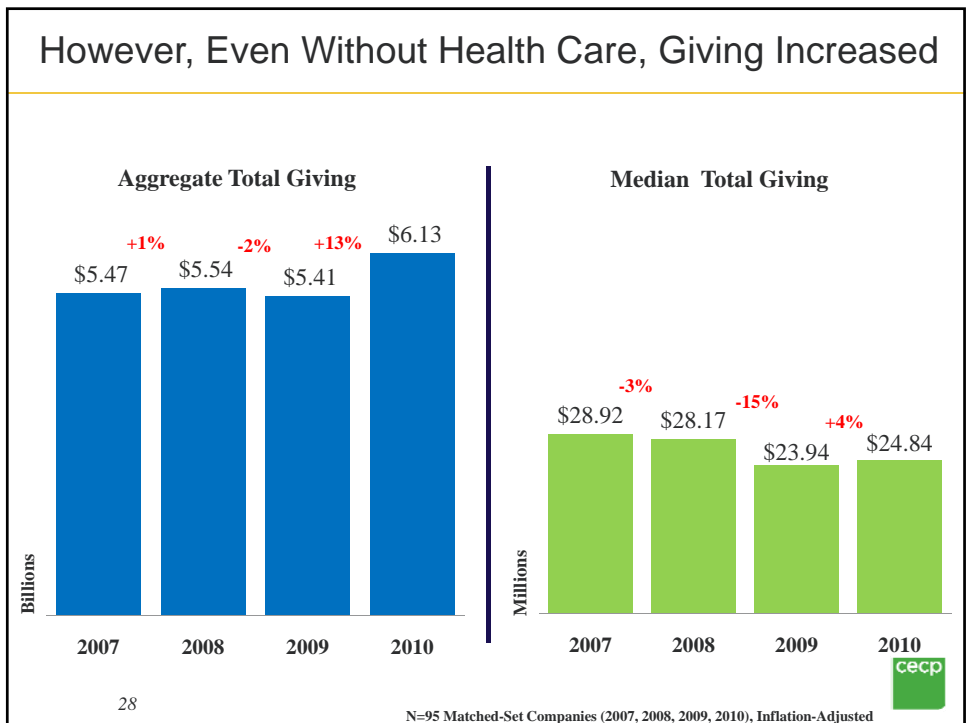
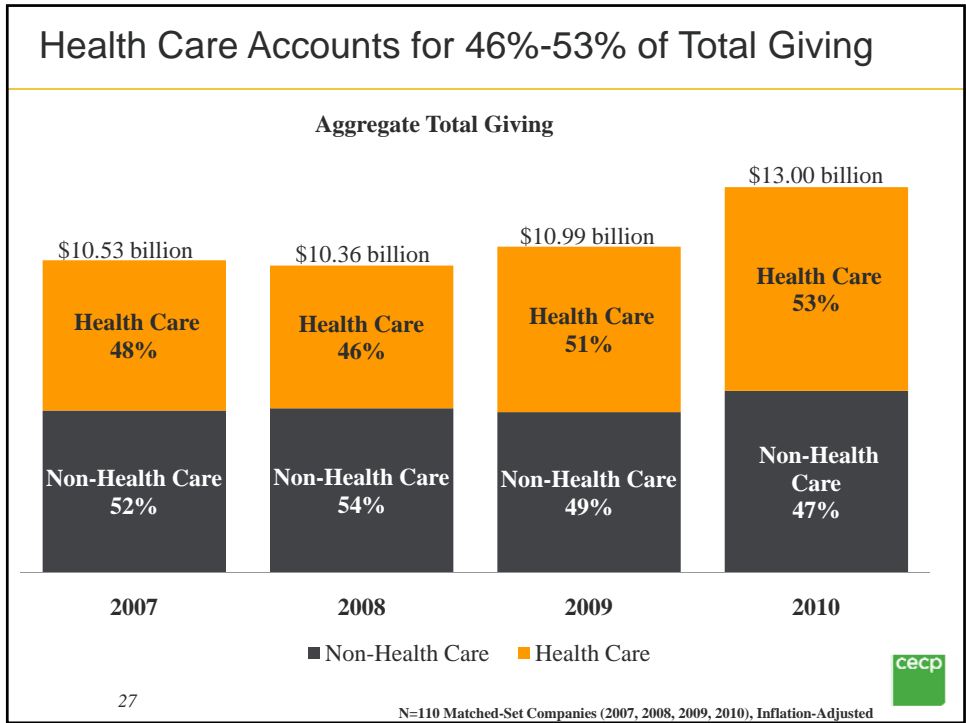
*Reasons for these dramatic increases include:*

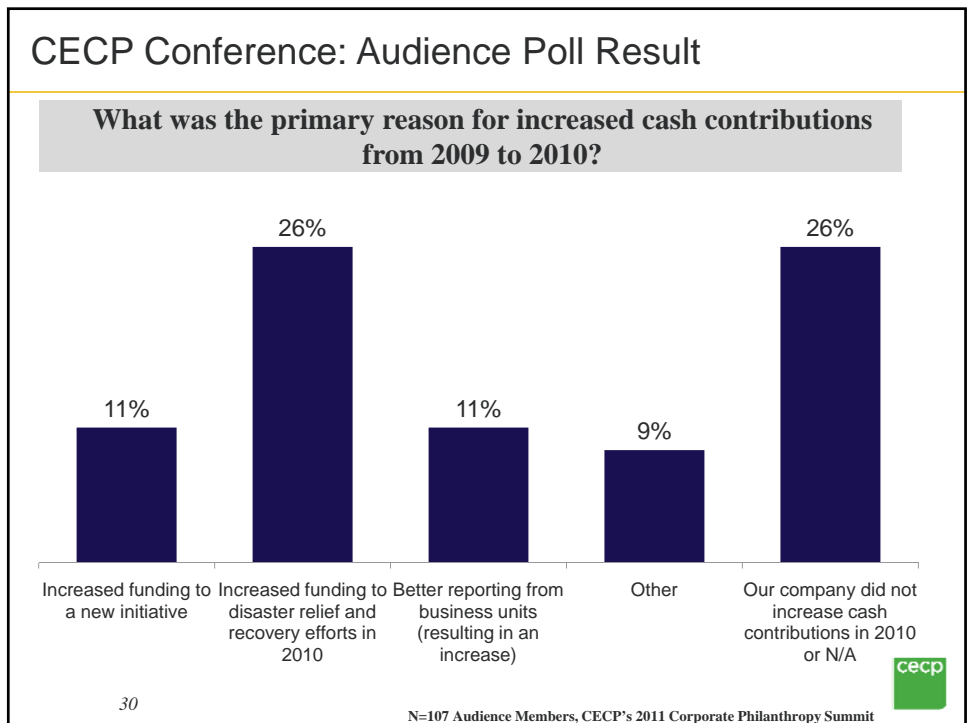
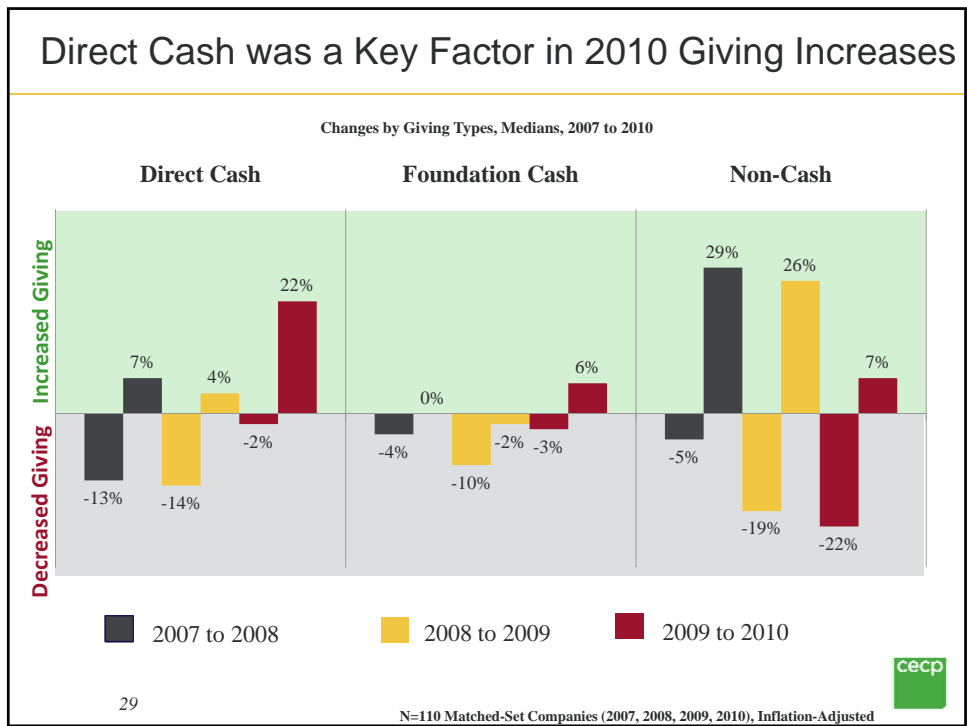
- Huge increases in donations to Patient Assistance Programs (PAPs).
- Substantial funding increases for major signature programs.
- Above-budget funding for the devastating disasters in 2010.
- Residual impact of mergers causing contributions to far exceed historical levels.

**4 of the 10 were pharmaceutical companies, combining to give \$1.21 billion more in 2010 than they did in 2009.**

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## Giving Officers Cite Reasons for Changes in Giving

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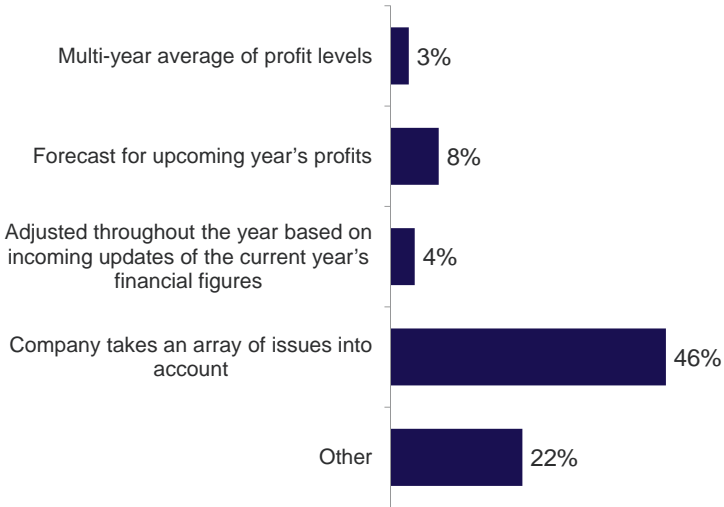
	<p><b>Increased Giving</b></p>	<p style="text-align: center;"><b>2010</b></p> <ul style="list-style-type: none"> <li>▪ More medicine to those in need through PAPs or signature programs.</li> <li>▪ Increased giving to fund 2010 disaster relief and rebuilding efforts.</li> <li>▪ Mergers or acquisitions that resulted in giving budgets that exceeded historical contributions.</li> </ul>	<p style="text-align: center;"><b>Annual Reasons</b></p> <ul style="list-style-type: none"> <li>▪ New signature programs launched.</li> <li>▪ Improved administration of grants.</li> <li>▪ Increased giving to strategic focus areas.</li> </ul>
 	<p><b>Increased or Decreased Giving</b></p>	<ul style="list-style-type: none"> <li>▪ The 2010 economy (increased budgets due to improved financial performance OR reduced funding due to continued economic uncertainty)</li> </ul>	<ul style="list-style-type: none"> <li>▪ One time donations of land or property.</li> <li>▪ Matching gift contribution fluctuations based on employee participation, program policy changes, and employee eligibility.</li> <li>▪ Inception or conclusion of multi-year grants.</li> </ul>

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## CECP Conference: Audience Poll Result

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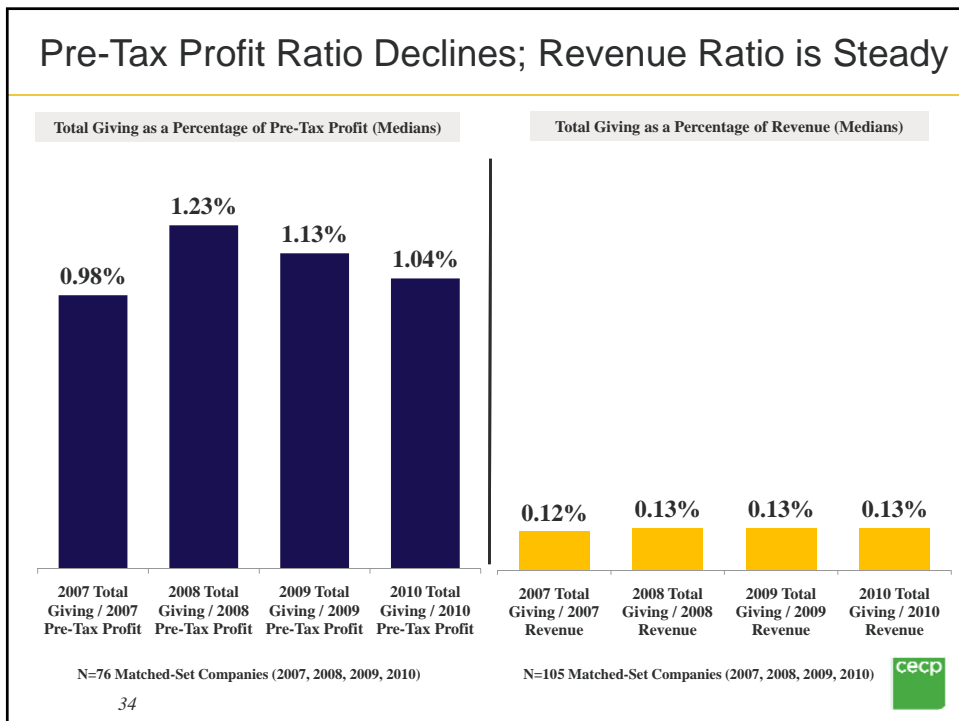
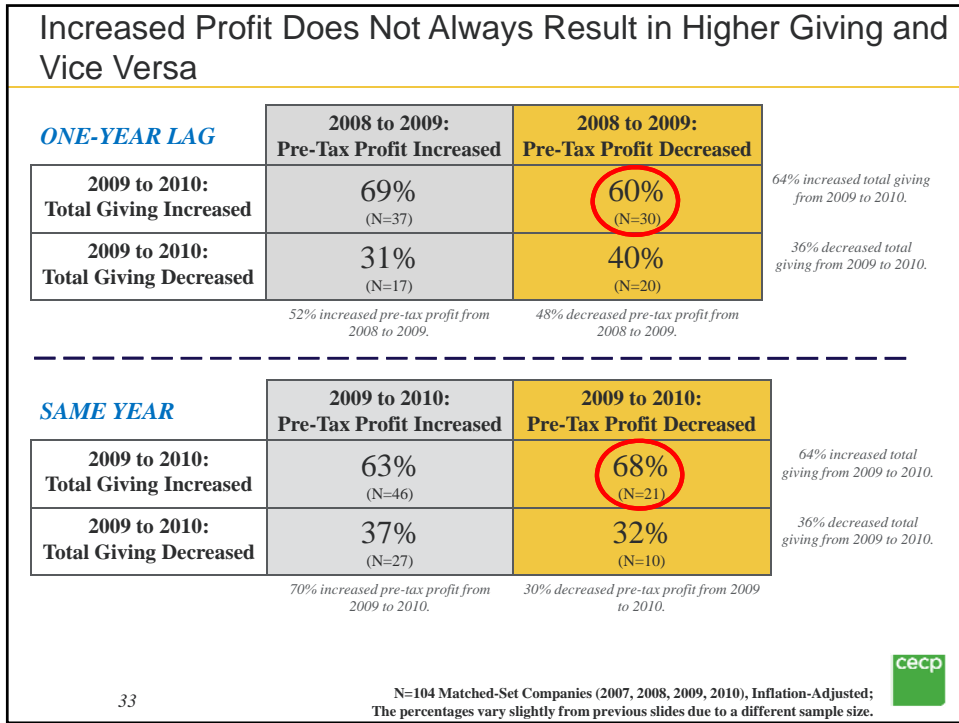
**How does your company determine the annual corporate giving budget?**



Method	Percentage
Multi-year average of profit levels	3%
Forecast for upcoming year's profits	8%
Adjusted throughout the year based on incoming updates of the current year's financial figures	4%
Company takes an array of issues into account	46%
Other	22%

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N=99 Audience Members, CECP's 2011 Corporate Philanthropy Summit



## Key Takeaways for Trends in Giving

- 65% of companies gave more in 2010 than 2009, with the majority giving 10% or more. Median total giving remained largely unchanged, and aggregate total giving rose above 2007 levels.
- 53% of companies gave more in 2010 than they had before the downturn in 2007, with a quarter of companies giving 25% or more.
- Among companies that gave more in 2010 than in 2009, direct cash contributions were a key factor.
- In 2010, giving officers noted that increased budgets, heightened giving to strategic focus areas, increased funding to disaster relief, and residual effects from corporate mergers and acquisitions contributed to overall increases in total giving. Pharmaceutical companies specifically noted increased contributions of medicine to those in need.

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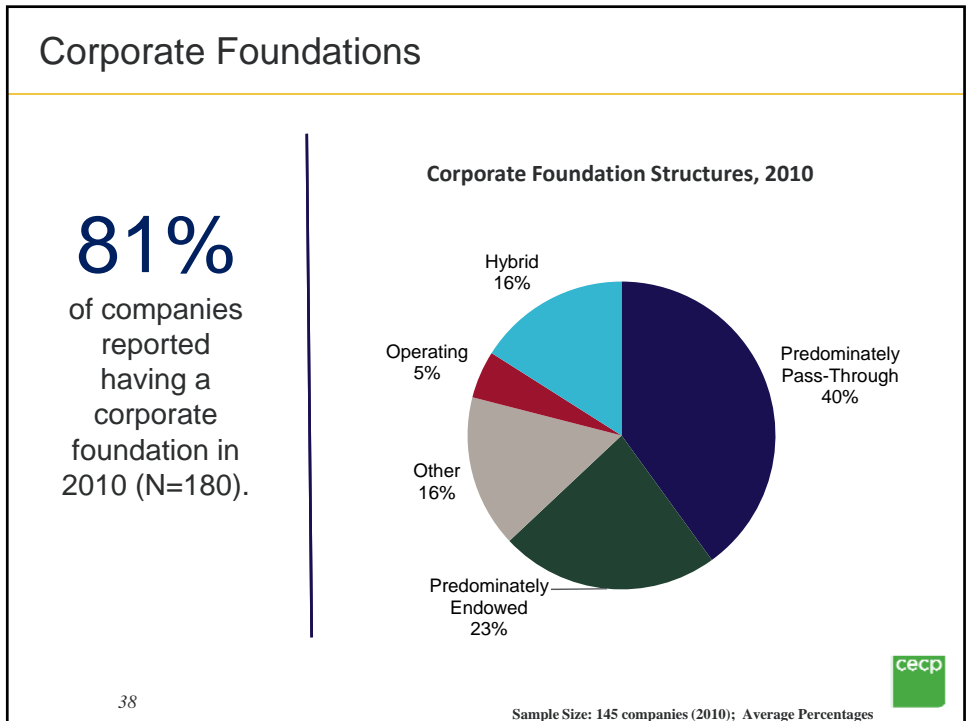
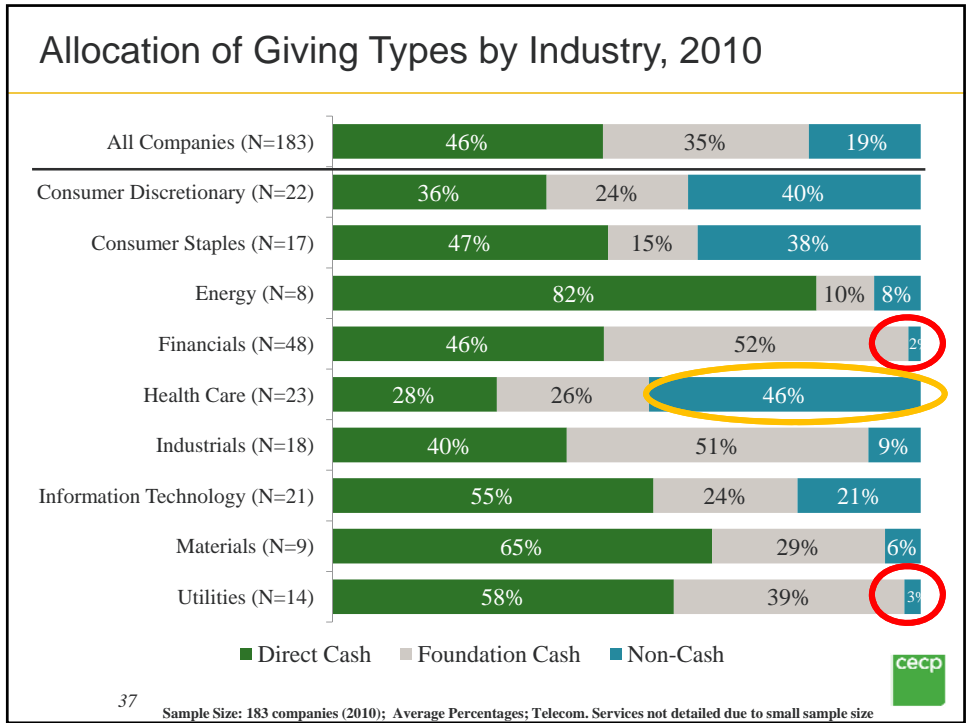
## III. Additional Findings

### *Providing answers to your key questions!*

- Allocation of Cash and Non-Cash
- Corporate Foundations
- Motivations for Giving
- Grant Recipients by Program Area
- International Giving
- Employee Volunteer Programs
- Management Structures and Program Costs

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## Defining the Motivations for Giving

**CHARITABLE:** Reactive or “input-driven” giving. In this type of giving, a company expects little or no business benefit in return for its giving, except perhaps in showing that the business is responsive and cares about being a “good neighbor.” Examples include raffles, matching-gift programs and undirected bulk gifts made to an in-kind distributor.

**COMMUNITY INVESTMENT:** Proactive and primarily “output-driven” giving. In community investment, a corporation makes gifts that are simultaneously important to the long-term success of the business and serve a critical community need. There is close alignment between the company’s competitive strengths and the focus area of the recipient organization. Multi-year grants are typically strategic in nature.

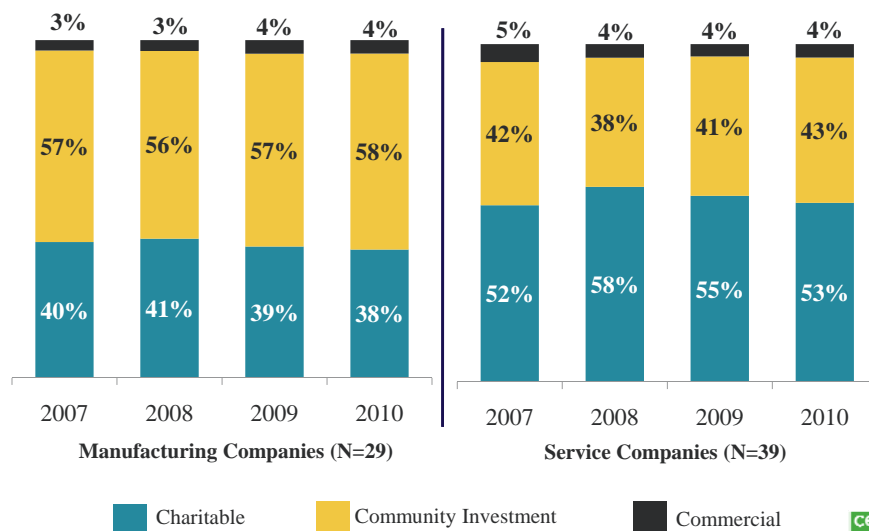
**COMMERCIAL:** Philanthropy in which the benefit to the corporation is the primary reason for giving. Examples include giving to satisfy requests made by clients or customers and sponsorship of charity events. Cause marketing falls in this category.

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## Giving Motivations for Manufacturing & Service Cos.

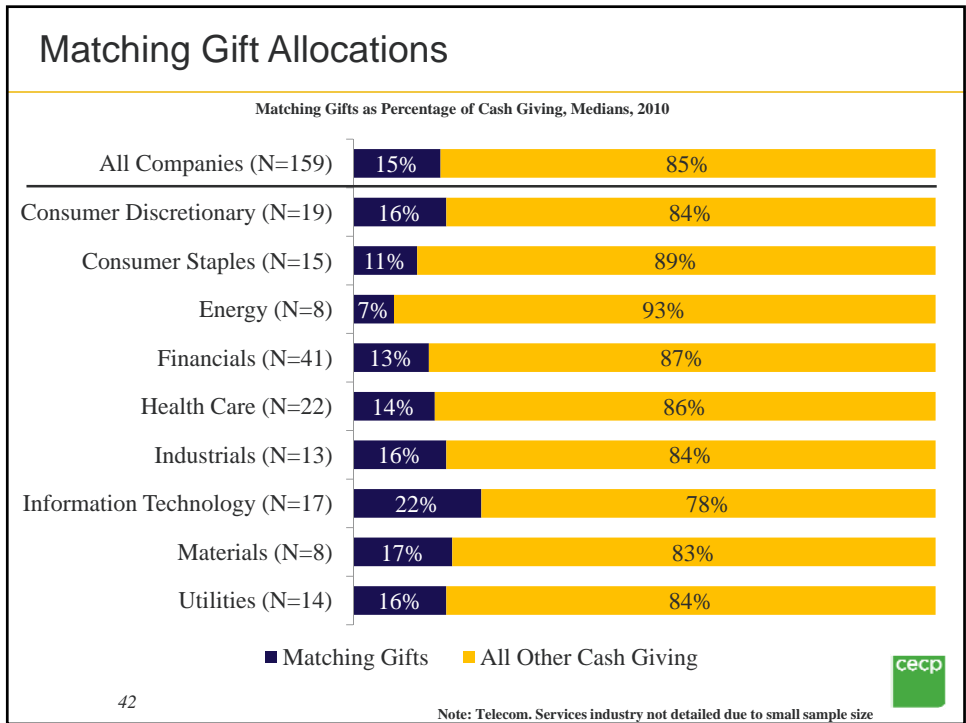
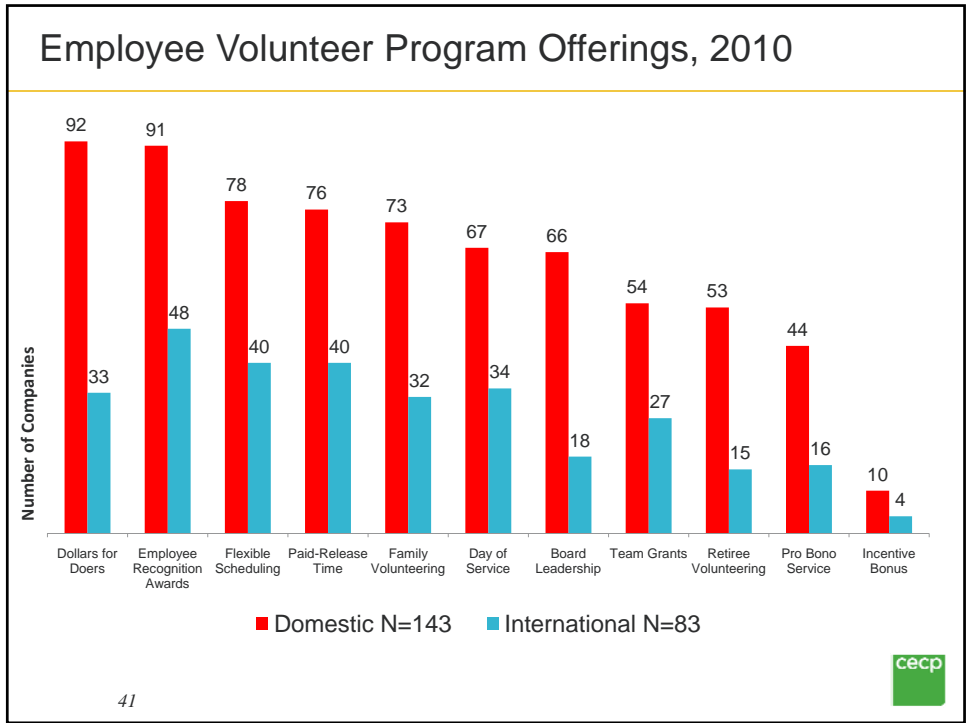
Changes in Giving Motivations, Average Percentages

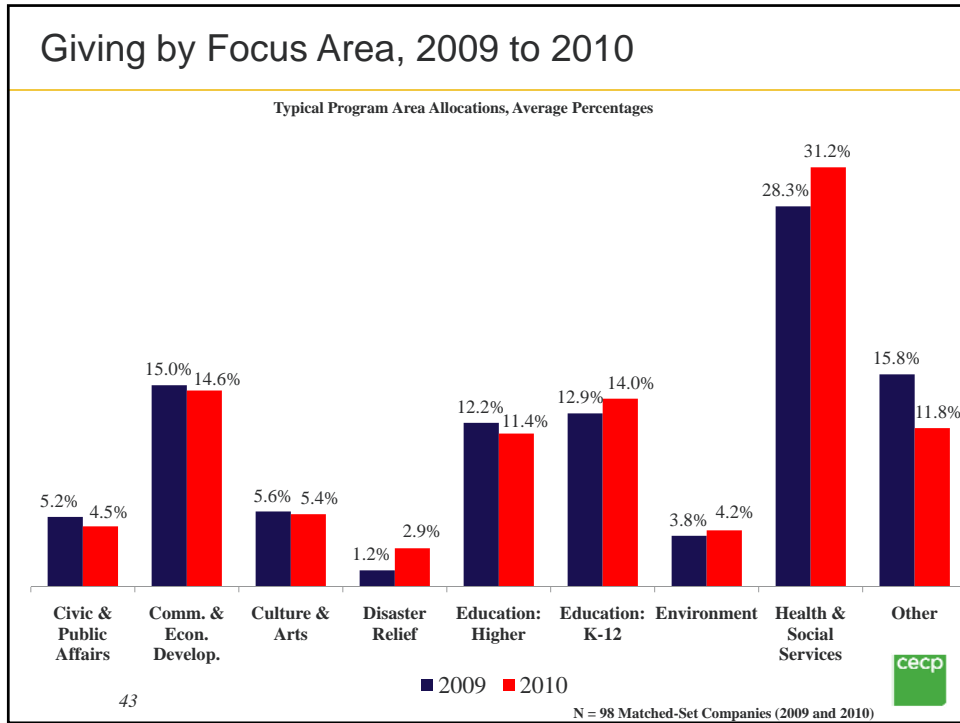


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N=68 Matched-Set Companies (2007, 2008, 2009, and 2010)







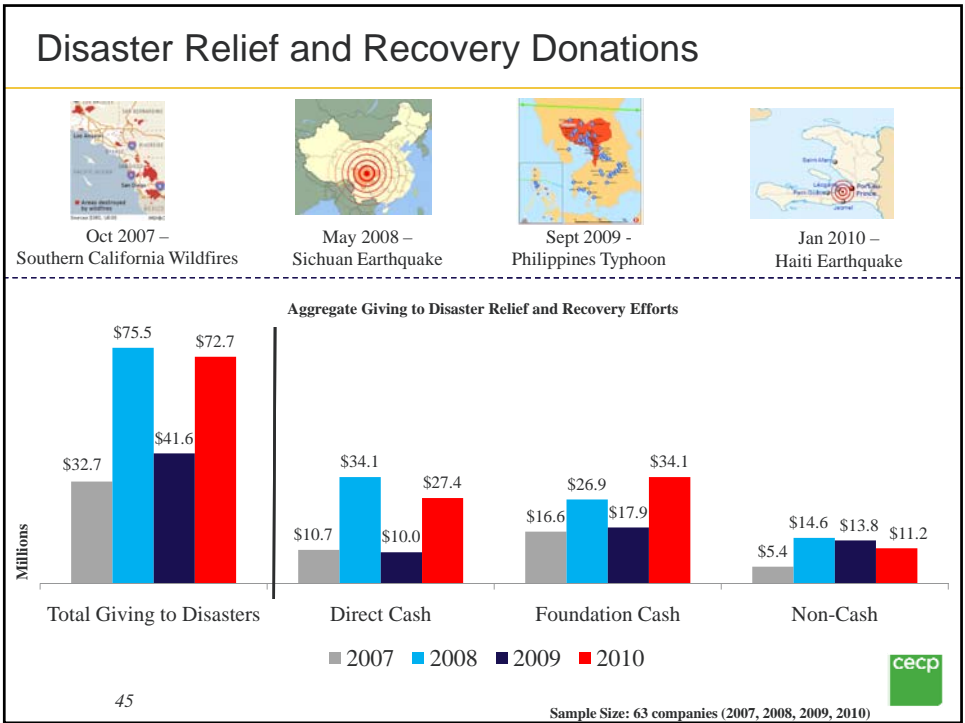
### Industry Differences in Giving by Focus Area

Program Area Allocations by Industry, 2010, Average Percentages

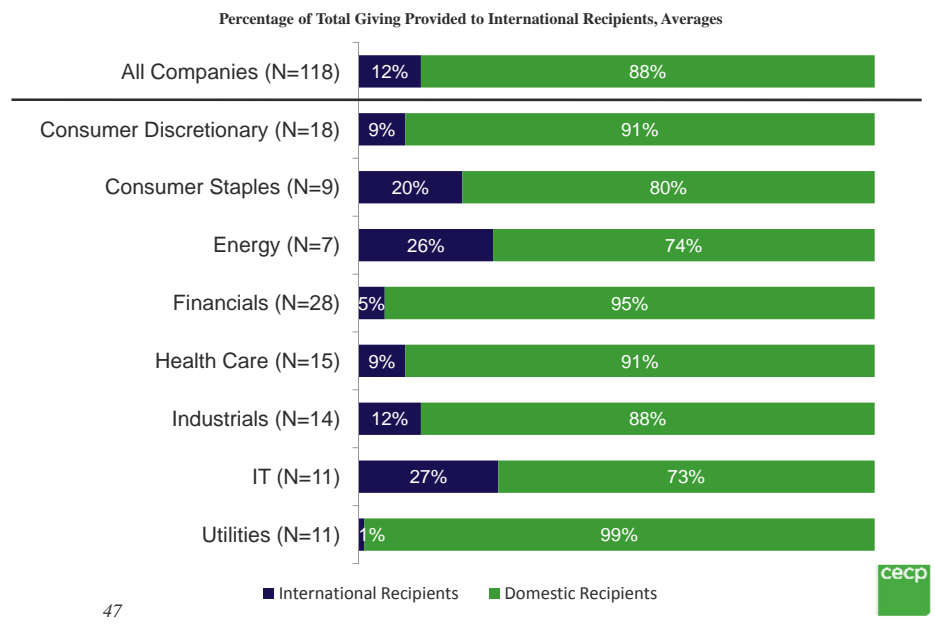
Industry	N	Civic & Public Affairs	Community & Economic Development	Culture & Arts	Disaster Relief	Education: Higher	Education: K-12	Environment	Health & Social Services	Other
Consumer Discretionary	N=15	5%	9%	4%	2%	4%	20%	4%	29%	23%
Consumer Staples	N=10	2%	8%	3%	3%	10%	11%	6%	45%	13%
Energy	N=7	6%	22%	6%	2%	20%	16%	5%	14%	8%
Financials	N=34	5%	24%	7%	4%	9%	19%	1%	16%	16%
Health Care	N=17	2%	2%	2%	5%	6%	4%	0%	75%	4%
Industrials	N=8	3%	6%	5%	6%	14%	19%	6%	21%	20%
Information Technology	N=11	6%	10%	6%	9%	21%	16%	1%	23%	9%
Utilities	N=11	8%	11%	7%	0%	10%	10%	14%	16%	23%

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Note: Telecom, Services and Materials industries not detailed due to small sample sizes.



## Industry Differences in International Giving



## Fortune 100 and non-Fortune 100 Comparison

### Median Total Giving

**Fortune 100 Equivalent** = \$40.88 million (N=58)

**Non-Fortune 100** = \$10.83 million (N=101)

### International Giving

**Fortune 100 Equivalent** = 16% of total giving on average to international recipients (N=51)

**Non-Fortune 100** = 11% of total giving on average to international recipients (N=73)

### Contributions FTEs

**Fortune 100 Equivalent** = 13 median FTEs (N=67)

**Non-Fortune 100** = 5 median FTEs (N=87)


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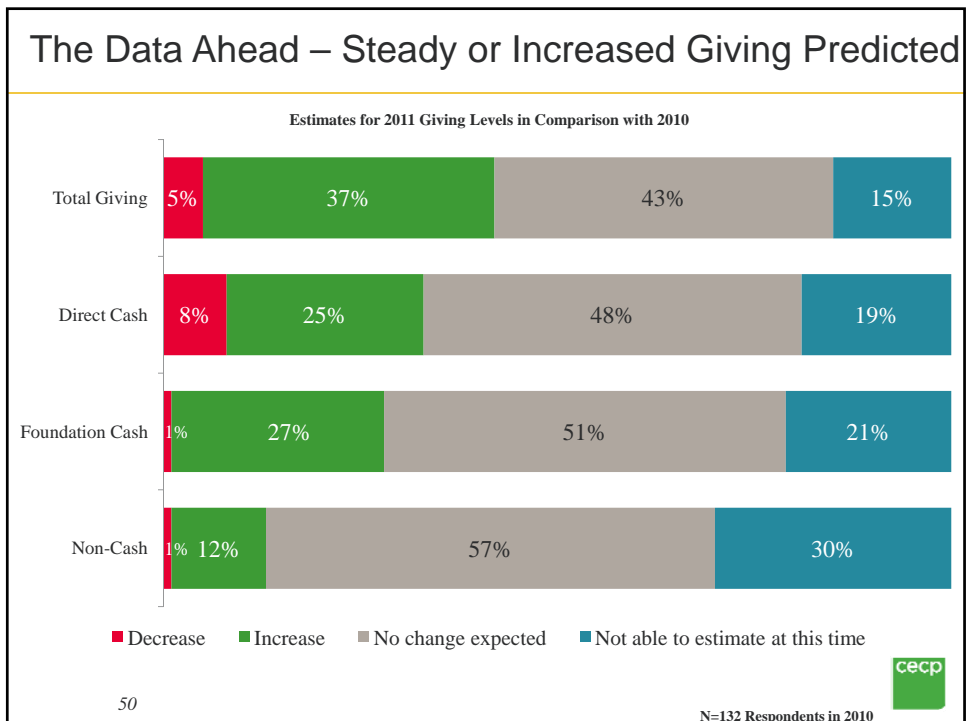
### Audience Poll Question

As we are in the midst of 2011, do you think most companies are likely to:

- 1 Increase their contributions over 2010 levels.
- 2 Decrease their contributions from 2010 levels.
- 3 Keep their contributions at the same level.
- 4 Unsure.



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COMMITTEE ENCOURAGING  
CORPORATE PHILANTHROPY

Thank you for joining us today...  
and a **big thank you** to VolunteerMatch for  
hosting this webinar series!

*Contact Details:*

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[arose@corporatephilanthropy.org](mailto:arose@corporatephilanthropy.org)

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## *Open Q&A with the Audience*

Type your questions into  
the question box on the  
right panel.

We will pose them to the  
speaker for everyone to  
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## Stay Informed:

The screenshot shows a blog post on the VolunteerMatch Solutions website. The main article is titled "Volunteering is CSR" and is a Q & A with Discovery Communications. The sidebar includes a "PRO BONO VOLUNTEERING" widget, a "SEARCH WIDGET", and a "WELCOME" message.

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