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Corporate giving: Will a focus on effectiveness bring you competitive advantage?

Trips Lumley

Head of Development, New Philanthropy Capital



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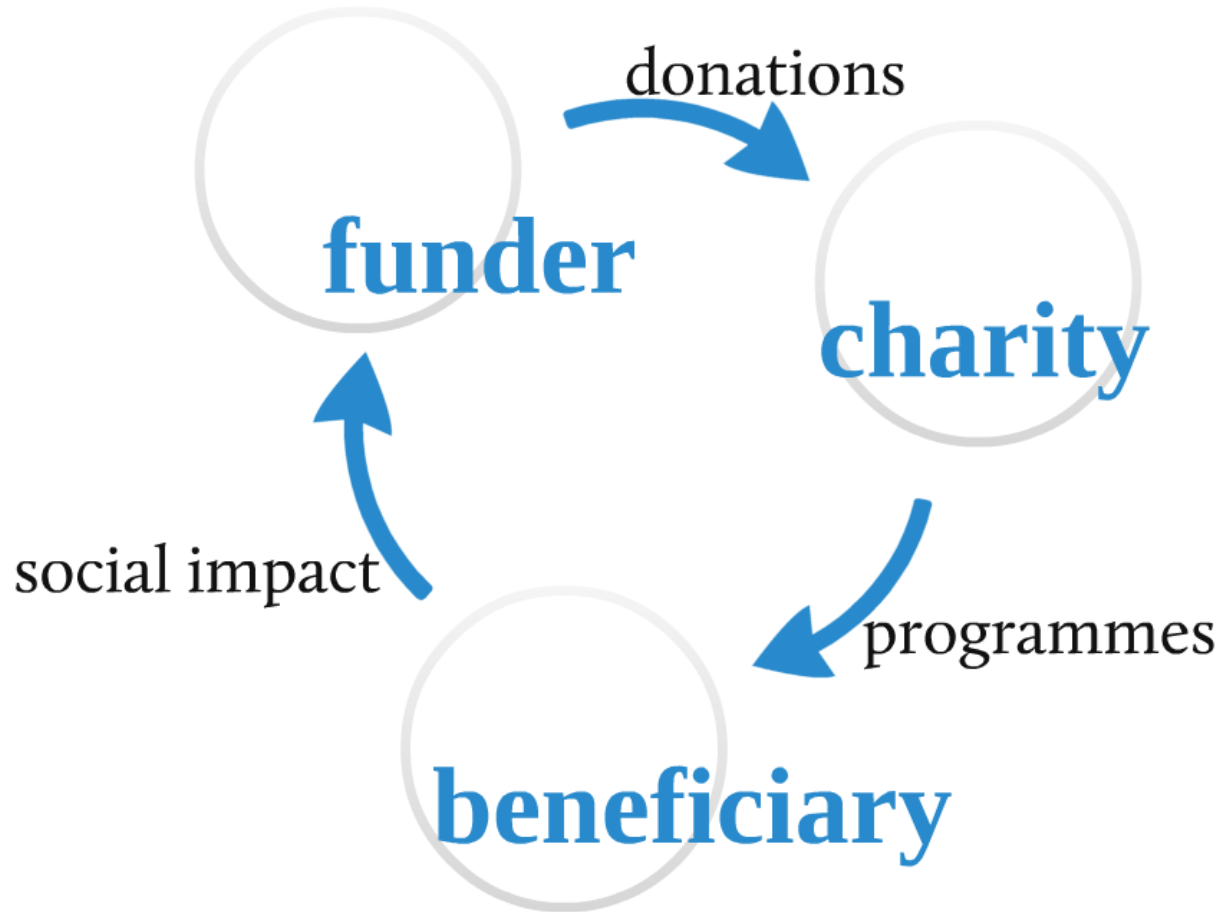
Why do businesses support NPOs*?

- To improve people's lives—social impact
- To improve the business—bottom line

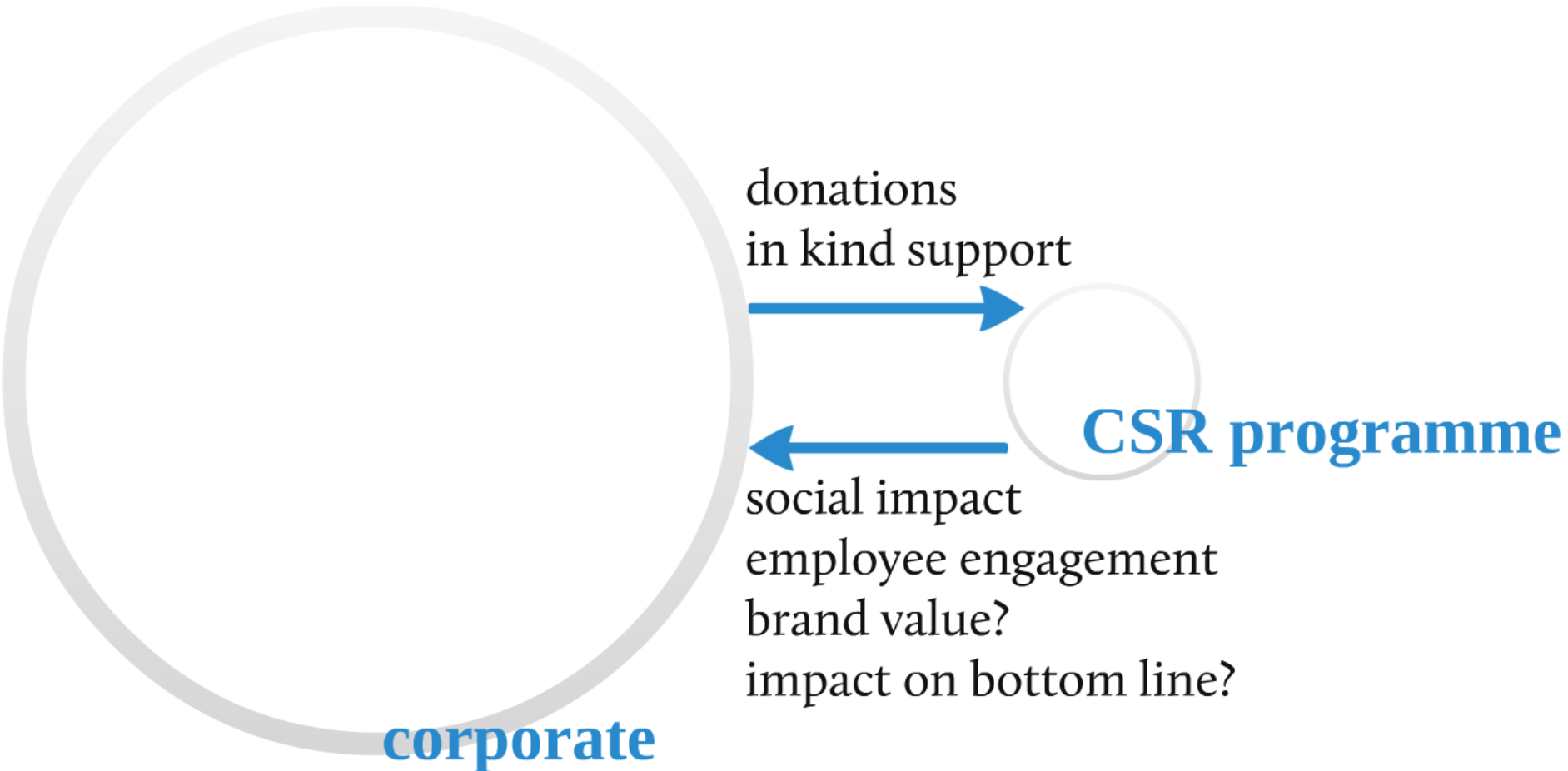
*Nonprofit organisation (NPO) = amuta



Funders are part of a cycle



Relationship with corporate parent makes corporate giving unique



What does effectiveness mean for corporate giving?

- Maximising social impact*
 1. Clear objectives
 2. Defined strategy to achieve them
 3. Track progress towards them
 4. Gather evidence of progress/impact
 5. Review, learn, improve and communicate

*These aspects come from the five key questions—NPC/Midot

What does effectiveness mean for corporate giving?

- Answer five key questions
 1. What's the problem we're trying to address?
 2. What do we do to address it?
 3. What are we achieving?
 4. How do we know?
 5. How are we learning and improving?



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Effectiveness means...

- Clear objectives
 - CSR programme's vision & mission
 - Defined programme areas
- Defined strategy to achieve them
 - Making donations?
 - Playing active, public role as donor?
 - Strengthening NPOs & sector?

vision & mission
programmes
objectives

plan



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Effectiveness means...

finding
funding
non-financial support
smart processes

do

- Defined strategy
 - Identify NPOs aligned with objectives
 - Donations to effective NPOs
 - Appropriate type of funding
 - Support to improve NPOs?
 - Smart processes



What is an effective NPO?

- Is addressing an important social* issue
- Knows what it's trying to achieve
- Knows whether it's making progress
and that it avoids doing harm
- Achieves its objectives efficiently
but efficiency is second to effectiveness
- Shares what it learns and continuously improves

*or environmental etc.



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How can corporates identify effective NPOs?

- Proactive research
 - Sector/issue-based research
 - Best approach based on context/needs/evidence
- Application process looks for evidence of
 - Theory of change
 - Objectives
 - Measurement framework
 - Evidence of impact



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reporting
evaluating
NPOs' capacity

Effectiveness means...

measure

- Track progress
 - Reporting framework designed to help NPOs capture what they need on impact
- Gather evidence of progress/impact
 - Big picture—is the needle moving?
 - NPOs' impact
 - CSR programme's impact



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NPOs' impact
your impact
learning & improving
communicating

Effectiveness means...

review

- Review, learn, improve & communicate
 - Are CSR programme's objectives being met?
 - How can the approach be improved?
 - How can NPOs improve?
- Communicating your impact

If you take effectiveness seriously, how can you get started?

- Review your approach
- Get help with
 - Planning – sector research, identifying NPOs
 - Funding – advice on grant-making, providing support
 - Measuring – your approach, reporting by NPOs
 - Reviewing – evaluating, learning & communicating
- Talk to others
 - Who are your peers, and what can you learn/share?

What does effectiveness mean for corporate giving?

- Maximising impact on the business
 - Also true for social investment
- Traditional view:
 - Employee engagement
 - Brand value
- Emerging view:
 - Shared value
 - Reshaping business to meet social needs

The relationship between effectiveness and competitive advantage

- Question: Does focusing on effectiveness in corporate giving help the business?
 - Employee engagement—do employees care about maximising impact?
 - Brand value—are consumers starting to value real impact more than simple CSR?
 - Shared value—where will a focus on effectiveness lead us?



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Shared value—CSR drives change in business to improve long-term model



SHELL
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GE Foundatio



Google™

shared value
sustainability
long-term bottom line

CSR programme

corporate



Not all donors are driven by social impact, but some are, and they're influential

Repayer

"I give to my alma mater"
"I support organizations that have had an impact on me or a loved one"

Casual Giver

"I primarily give to well known nonprofits through a payroll deduction at work"
"I donated \$1,000 so I could host a table at the event"

High Impact

"I give to the nonprofits that I feel are generating the greatest social good"
"I support causes that seem overlooked by others"

Faith Based

"We give to our church"
"We only give to organizations that fit with our religious beliefs"

See the Difference

"I think it's important to support local charities"
"I only give to small organizations where I feel I can make a difference"

Personal Ties

"I only give when I am familiar with the people who run an organization"
"A lot of my giving is in response to friends who ask me to support their causes"

As more people seek effective NPOs, effectiveness drives competitive advantage

- Consumers become more aware of long-term impacts of businesses
- Explosion of information available to consumers
- Consumers become more informed about purchasing decisions
- ✓ Corporate giving that truly embraces effectiveness can gain competitive advantage for the business
- ✓ And in future, it may reshape the business...



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Tris Lumley

New Philanthropy Capital

tlumley@philanthropycapital.org

tris.lumley (skype)

www.philanthropycapital.org