

COMMUNIQUÉ

Trends, Best Practices, and Opinions on Community Involvement

What Are Best Practices in Corporate Citizenship Today?

Part 1 of a 4-Part Series

How would you fill in the blank for this question: “What is the best practice for _____?” Chances are, there are lots of ways you would fill in the blank.

We are asked—and answer—this question all the time. The question is getting harder to answer, though, because the practice of corporate citizenship has changed so much since we last formally researched best practices.

In 2007, LBG Associates published the report “Trends and Best Practices in Corporate Community Involvement.” Since then, corporations have experienced national and global economic changes, including a punishing recession. The world is simply not the same as it was a decade ago.

We began our quest to identify best practices in all aspects of corporate citizenship by holding brainstorming meetings with a number of company CSR representatives. These conversations, plus our experience with clients over many years and recent publications by others, formed the basis for our best practices.

However, before we could delve into the subject matter, it was critical to define what we meant by a best practice. According to the experts in the room it is: *an effective way to achieve a desired result that has been proven valid in multiple companies and sectors. It should be scalable, repeatable, efficient, measurable and able to be used as a benchmark.* According to the dictionary, it is: *a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.*

Using these as our standard, we looked at best practices in the following areas:

- Strategy
- Corporate and foundation giving
- Employee engagement
- Communications
- Evaluation

Let's start at the top with **Strategy**.

The key requirement for any impactful corporate citizenship (CC) program is that it is strategic. This strategy will serve as a guide for both the giving and employee engagement initiatives. Such programs share the following best practices:

- Are aligned with the core competencies of the business, its values and imperatives
- Are authentic to the culture of the company
- View citizenship as a social investment (ROI) and business imperative as opposed to “nice to do”
- Have cross-collaboration within company departments, businesses and brands
- Have internal and external buy-in
- Have leadership support
- Are flexible enough to remain relevant as company and social issues change
- Have clearly defined goals and measurable outcomes

Without senior management buy-in, cross-company collaboration and support, and a strong alignment with the company’s business goals and values, it will be very difficult for a corporate citizenship program to be considered best-in-class.

Coming next: Best Practices in Corporate and Foundation Giving

About LBG Associates

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What Are Best Practices in Corporate Citizenship Today?

Part 2 of a 4-Part Series: Corporate and Foundation Giving

This is the second part of a four-part series on best practices in corporate citizenship (CC). As we learned in Part 1, CC practitioners are eager to understand the practices followed by best-in-class companies so they can incorporate relevant ones into their programs. While we have not conducted a formal study on this since 2007, the following recommended best practices are a result of brainstorming sessions held by the LBG Research Institute with thought leaders in the industry, our experience with many clients over many years and recent publications by others.

In the first Communiqué we discussed best practices regarding strategy. In this issue we will focus on corporate and foundation giving.

Giving

Strategy

Whether the grants are made directly by the company or through a foundation, the giving program should have a strategy that is aligned with the overall citizenship strategy. Some best practices include:

- Have a mission statement and giving guidelines
- Have one or two authentic focus areas that are narrow and strongly supported
- Allocate funding to focus areas and other giving categories based on the strategy
- Leverage as many company resources as possible, including senior executives on key boards (integrated grantmaking)
- Focus on fewer, larger grants
- Be proactive in finding nonprofit partners
- Support programs rather than general operating support (GOS) but include needed administrative funds in the grants you are making
- Ensure that the programs incorporate strategic community partnerships and collaboration

One caveat is that foundations need to be mindful of remaining in compliance with the IRS regulation which states that the foundation must operate at "arm's length" to the company.

Structure

There is a continuum of ways to structure a giving program, from having a centralized program where all decisions are made at headquarters to creating a decentralized program where decisions are made in the field. The middle ground, or a combined centralized-decentralized program is a best practice. In this case, the strategy is set by headquarters, but its implementation is left to the CC staff in the field.

Additionally, whether the giving is being done through the company or its foundation, best-in-class companies have an executive decision-making body, such as a contributions committee or a foundation board that oversees the giving program, provides guidance and approves the largest grants.

Budget

The amount of money donated is always a critical component of any program. Best practice companies:

- Donate an average of .95% of pretax net income (this might vary depending on size of program, industry and other factors)
- Have dedicated budgets for charitable giving, volunteerism, in-kind donations and sponsorships
- Keep multiyear pledges to a minimum—no more than 20% of the budget. This is particularly important when budgets are being reduced or a company is undergoing an upheaval, such as an acquisition or a sale

Grants Management Processes

We all recognize that managing grant requests can be a very time-consuming process if efficient and effective processes are not put into place. For this reason, best practice companies:

- Have databases and systems that allow for efficient processing, tracking, measurement and payment of grant requests
- Have a comprehensive vetting process for applicants
- Empower contributions staff to make funding decisions

Coming up next: Best Practices in Employee Engagement



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What Are Best Practices in Corporate Citizenship Today?

Part 3 of a 4-Part Series on Best Practices: Employee Engagement

This is the third part of a four-part series on best practices in corporate citizenship (CC). A primary focus for any corporate citizenship program is employee engagement. Indeed, many CEOs have told us that this is the most valuable benefit of such programs. The advantages of involving employees are well-known, so we will not cover them here. Suffice it to say that a best-in-class citizenship program has a very strategic employee engagement program that impacts the company, community and employees alike.

Employee engagement in the corporate world usually involves both volunteer activities and employee-directed giving. The best practices of each are considered below.

Employee Volunteerism

The best practices include the following:

- Having a thoughtful strategy that reflects the company's values and beliefs in regard to volunteerism. The strategy includes:
 - A mission statement
 - Policies and guidelines, including release time or paid-time-off
 - A clearly defined program structure, process and procedures
- Creating a corporate culture that makes employees want to get involved
- Educating employees and management on the importance of volunteering and training them on how to get involved
 - Create strong, clear messaging to generate enthusiasm
- Encouraging senior management to:
 - Buy into and support volunteerism
 - Participate in community and board service activities
- Incorporating a range of activities to appeal to employees at their level of interest and time commitment
 - Have traditional as well as skills-based opportunities
 - Have pro bono opportunities for professional staff
 - Have micro-, Done-in-a-Day and longer-term volunteering opportunities
- Recognizing volunteers in an informal or formal way
- Tracking employee engagement
 - Measure and evaluate the data
 - Use the data for communication and/or continual improvement

Employee-Directed Giving

Most companies provide employees the opportunity to donate time or money by facilitating the contribution and often matching it as well. Best practices within this area include:

- Having a Matching Gifts program
 - Most match at a 1:1 ratio
 - The major giving category for Matching Gifts is education
- If there is a workplace giving program, providing one that is open and not restricted to funding just the United Way
- Offering a Dollars for Doers or volunteer grant program
 - The volunteer hour is usually valued between \$10-\$15 per hour

Coming up next: Best Practices in Communications and Evaluation

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Part 4 of a 4-Part Series on Best Practices: Communications and Evaluation

In this fourth part of a four-part series on best practices in corporate citizenship (CC), we discuss communications and evaluation.

Although separate topics, the two are related. Communications tell the story of CC, and often include the results of the evaluation. When they do, they strengthen the story the company is telling of its citizenship. Even without being communicated, the results of rigorous evaluation help inform and direct corporate contributions of all types.

Communications

To understand why communications are so important, let's go back to the reasons why companies even have corporate citizenship programs. For many, a primary reason is to enhance their brand, reputation and image. In this socially conscious age, a company needs to have a good reputation and build positive relationships in its community, among employees and potential employees, with clients and with regulators and elected officials. This is very difficult, if not impossible, to achieve without good internal and external communications.

The number one best practice is to create both internal and external communications strategies that clearly articulate what will be communicated and by whom, the audiences, the time frame and the medium. More specifically:

- The messaging should connect to and align with the overall business strategy
- There should be regular internal/external communications as well as different channels that are appropriate for different stakeholders
 - While there is a growing emphasis on social media, it is important not to forget more traditional types of communications such as flyers, posters, and town hall and community advisory group meetings
- External publications should include at a minimum an annual community, foundation or CSR report
- The impact on the target population should be included
- Senior leaders should be provided opportunities and talking points/sound bites to ensure regular and consistent messaging

Additional best practices include:

- Encouraging nonprofit partners to release their own communications regarding the partnership
- Building strong relationships with the corporate communications team

- It can provide some communication metrics, such as social media likes, media mentions, website impressions, press clippings
- It can increase the likelihood that corporate citizenship stories are included in the company publications such as newsletters, emails, etc.

Evaluation

There are many levels to measuring the success of a CC program. Inputs, outputs, process, outcome and impact are the five types of data that can be collected. While impact data are highly desirable, gathering that for every grant or program is just not feasible. Best practices in evaluation include the following:

- Clear goals and measurable objectives for the overall CC program
- Clear understanding of the goals of the specific grant programs to be measured and the data needed to evaluate success
 - Seek agreement with the partner(s) on the data to be collected
 - Include evaluation funding in the grant
- Measurement of:
 - Individual participant outcomes
 - Program/organizational outcomes
 - Community-level outcomes
- Assigning the appropriate level of evaluation to each grant or program
 - Signature programs and large grants deserve more rigorous evaluation than small grants
- Measuring data across grantees by focus area or other aggregation

We'd like to thank the members of LBG Research Institute's Thought Leader Forum for their time and insight into delineating best practices. Their input was critical to building these lists.

For help aligning your corporate citizenship program with best practices, call us for a free half-hour consultation.

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