

A Glimpse at the “New Normal” In Corporate Social Responsibility and Corporate Philanthropy

The economic crisis that is still churning through the global markets has also had an impact on corporate giving – down nearly 8% in 2008 according to the Chronicle of Philanthropy. But the news is not all bad. In fact, we may be at a pivot point for understanding what the “new normal” will look like in corporate philanthropy and Corporate Social Responsibility (CSR).

From one point of view corporate philanthropy has no where to go but up. Currently, corporate giving accounts for only 5% of all philanthropy and only 200 companies are responsible for 70% of all giving. A recent *Forbes* report shows that when it comes to corporate philanthropy, many CEOs maintain that the first and only duty of the corporation is to make money for its shareholders.

The collapse of financial markets in 2008 had led to a reexamination of corporate giving and CSR strategy and has created an opportunity for corporate leadership to invest in a “new normal”. In a recent survey of consumers, 82% said they believe philanthropy can restore public trust in the business sector- clearly corporate giving can also accrue to the bottom line and enhance brand reputation.

This “new normal” was the topic of discussion at SM&’s Panel on *Corporate Social Responsibility: Creating and Communicating a High Impact Strategy in Challenging Times*. The panel included Ann Fudge, Former Chairman & CEO, Young & Rubicam Brands; Bob Glassman, Co-Chairman of Wainwright Bank and Trust Company; Ellen Remmer, President & CEO, The Philanthropic Initiative (TPI); Helene Solomon, CEO of Solomon McCown & Company; and Renee Loth, Editorial Editor of *The Boston Globe* as moderator. The discussion was framed by the release of TPI’s preliminary findings, “Redefining Corporate Philanthropy in an Era of Scarcity.”

The panel agreed that authenticity is the foundation from which the “new normal” will evolve. Authenticity will be demonstrated in at least three ways: alignment with business goals; engagement with employees; and finally, demonstrating impact which, as Helene Solomon pointed out, is critical when communicating with shareholders and consumers alike.

Alignment with Business Goals

Ann Fudge believes that in order to be authentic, “CSR and corporate philanthropy strategies must be baked in to the company’s DNA”. Business sustainability is interdependent on social and environmental sustainability and, Ellen Remmer said, “a strategy that reflects this reality and builds on the company’s strengths will

resonate as authentic with stakeholders and will have greater impact over the long term". TPI's research offers several examples including Boston Scientific and TJX.

Engagement with Employees

TPI's research, as well as a recent study by the Massachusetts Business Roundtable, tells us that not only do employees want to be involved in the development of the CSR and philanthropy strategy, a program that includes employees can be a key factor in attracting and retaining personnel. In tough economic times companies like Putnam Investments and Mintz Levin have found that employee participation is a way to better leverage all the company's resources to achieve impact. Taking things one step beyond employees, an unfolding trend in the "new normal" are companies like American Express that are inviting consumer participation in corporate philanthropy through their websites.

Impact

In the "new normal" corporations will be creative in how they achieve impact with increased scrutiny on how they measure impact. Bob Glassman tells us, "We need to switch to a different currency – it is not just writing checks- impact and reporting impact is important." That is why Wainwright Bank and Trust Company addresses its corporate philanthropy in its annual report.

Helene Solomon cautions that to be authentic, the impact of philanthropy and CSR cannot be measured in press clips. CEO's should engage stakeholders to hear directly how the company's strategy impacts the community. There was a time when corporations didn't want to hear the bad news that a philanthropic strategy failed. In the "new normal," as companies seek to weave together multifaceted goals of engaging employees and communities and aligning philanthropy and CSR with strategic business goals, it becomes essential to create measurable goals. Helene recommends that companies use every available outlet to communicate impact both internally and externally, especially through social media including Twitter, Facebook and company blogs.

Finally, a new development to watch is collaboration among corporate philanthropies. Collaboration is a completely new strategy for corporate giving because, in the past, companies been reluctant to cede the absolute control of their philanthropy. An example is State Street Bank's collaboration with other Boston philanthropies to support a new youth violence prevention initiative. Collaboration is one way to have impact on some of society's most challenging issues- it is also a strategy for doing more with less.

As the "new normal" evolves, it is important that companies, "ask before you announce." Reach out to employees and key stakeholders and test new approaches first. Then be transparent in announcing change. Openly discuss the why, how, and

what of the changes. Announce the changes to employees, stakeholders first and be proactive and forthcoming with the media. In the end, authenticity in philanthropy and CSR will rely on transparency as companies' transition to the "new normal."