

EXCERPT FROM:

Chairman's Corner: Corporate Philanthropy

General Atlantic CEO Topic: Corporate Philanthropy

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Though many executives dedicate a significant part of their free time and wealth to philanthropic causes, the social roles and responsibilities of the corporation outside of the four-walls of the business are a source of ongoing debate. The definition and implementation of "Corporate Social Responsibility" (CSR), and, in particular, corporate philanthropy as but one facet of CSR, remains challenging for many companies. However, in most cases correlating business objectives with philanthropic causes provides increased business motivation, community benefits and intrinsic rewards when implemented through thoughtful and successful programs. CSR is a comprehensive area encompassing not only how one acts as a corporate citizen but how the corporation treats and should treat all its constituencies: employees, clients and the broader community in which it operates. Corporate philanthropy is one important aspect of CSR reflecting the culture of an organization. One of the strongest arguments in favor of corporate philanthropy is that, through a focused charitable program, a corporation can do more good than could be accomplished by distributing the same capital to individual stakeholders. Corporations have greater resources than an individual for identifying the most effective grantees, drawing in additional sponsors, assisting the grantees in execution and advancing the knowledge and practice of the grantee through innovation within and around the designated cause(1).

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The benefits of sound corporate philanthropy programs are multi-fold. There are clearly gains to be made through marketing around philanthropic efforts that are incorporated into corporate business strategy. Corporate sponsorships of the Olympic Games associate a company's brand with hard work and achievement while targeting a global audience. Lenovo's sponsorship of the 2006 Olympics tied an element of its CSR initiatives with its strategic imperative to extend global brand awareness. The Avon Breast Cancer campaign appealed well to their target market, as did the Nike "LiveStrong" bracelets campaign for cancer research, while raising funds for very worthy causes.

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Aside from external image-building, much corporate philanthropy is tied back to employee morale, retention, motivation, or even leadership skills development. Most corporate matching programs are well-received by employees, as General Atlantic has determined with our own long-standing program.

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Volunteerism provides employees with the ability to extend their skill set and make an impact within an area of interest. The Committee to Encourage Corporate Philanthropy, an international forum of over 120 CEOs and chairpersons focused on advocating and promoting corporate philanthropy, published a Best Practices Study in January 2006, which revealed that a more effective strategy for employee involvement in corporate philanthropy was encouraging volunteerism(3). At General Atlantic where a pillar of our business strategy is our value added approach, we have found that this same desire to make a significant difference extends to the nonprofit arena.

There are several organizations in which we have had an early role as a financial contributor but even more importantly as an involved and active partner. Notably these organizations effectively reflect our corporate philosophies and extend our business strategies to the nonprofit sector. One example is our involvement with Venture Philanthropy Partners, an organization founded by Mario Morino (the founder and CEO of one of GA's earliest investments). Venture Philanthropy Partners (VPP) is a philanthropic investment organization focused on improving the lives of children from low-income communities. Not only does VPP provide funding, but most importantly significant strategic assistance in the form of management expertise and other non-financial resources that are too rarely available to nonprofits. Moreover, VPP works closely with others in the field of philanthropy to inspire philanthropists, corporate and nonprofit leaders, and public policymakers to help increase the effectiveness and the flow of capital, talent, and other resources to nonprofit organizations meeting the core needs of children.

Another organization which extends GA's philosophy of identifying and funding outstanding management teams to the social sector is Echoing Green (EG). EG identifies funds and supports the world's most exceptional emerging leaders and the organizations they launch. Through a two-year fellowship

program, EG helps passionate social entrepreneurs develop new solutions to some of society's most difficult problems in the US and globally.

As globally focused investors with a diverse employee base, our philanthropic interests reach well beyond the US. Reflecting our interest in education and developing global leaders, we are active with Stanford University and are on the Advisory Board of the School of Economics and Management at Tsinghua University in China. On the humanitarian front, as a firm and with widespread employee participation, we have organized and provided financial support of several disaster relief efforts (i.e. earthquakes in India and Pakistan and the tsunami in Southeast Asia).

There are many examples of successful corporate philanthropy programs. Research suggests that the most successful programs are clearly defined and centrally managed as an integral part of the business. Defining the goals of corporate philanthropy helps employees understand how they can be more involved in the appropriate programs and helps shareholders understand the long term benefits of such programs across constituencies. In addition, by tying the effort to business objectives, a company can gain alignment across the organization to maximize the community and strategic impact of the program.

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