

Future Trends in Corporate Giving with CECP

December 2, 2010

Open Q&A with the Audience

Type your questions into the question box on the right panel.

We will pose them to the speakers for everyone to hear.



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Future Trends in Corporate Giving



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VolunteerMatch Webinar

Thursday, December 2, 2010

Follow on Twitter: **#BPN_CECP** and **@VM_Solutions**

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Committee Encouraging Corporate Philanthropy

Who We Are

- The only international forum of business CEOs and chairpersons with an agenda exclusively focused on corporate philanthropy.

What We Believe

- Philanthropy is a long-term investment
- Executive leadership is essential
- Corporations have unique resources
- Philanthropy requires business discipline and measurement, like any other business unit

Who is Engaged

- Over 180 CEOs and Chairpersons
- Companies from each industry sector

What We Do

- Global Leaders conferences
 - CEOs
 - Corporate Giving Professionals
- Peer Benchmarking
- Excellence Awards
- Research and Thought Leadership
- Media Opportunities



“At CECP, we strive to engage a community of like-minded executives to advance both the social and business value of corporate philanthropy.”

- Terry McGraw, CECP Chairman

Session Goals – “Future Trends in Corporate Giving”

- Share findings from research conducted by CECP and McKinsey, which showcases an emerging new model of corporate engagement on solving social problems: Sustainable Value Creation.
- From a senior executive and practitioner vantage point, examine how some corporations are putting theory into practice—creating holistic strategies for impacting social issues.
- Explore the implications and mechanics of incorporating these ideas, touching on topics such as: choosing the right social issue to address, pitfalls to avoid, and the role of collaboration.
- Discuss how these new models of corporate engagement will affect how other sectors collaborate with business in the future.

CECP's Latest Research

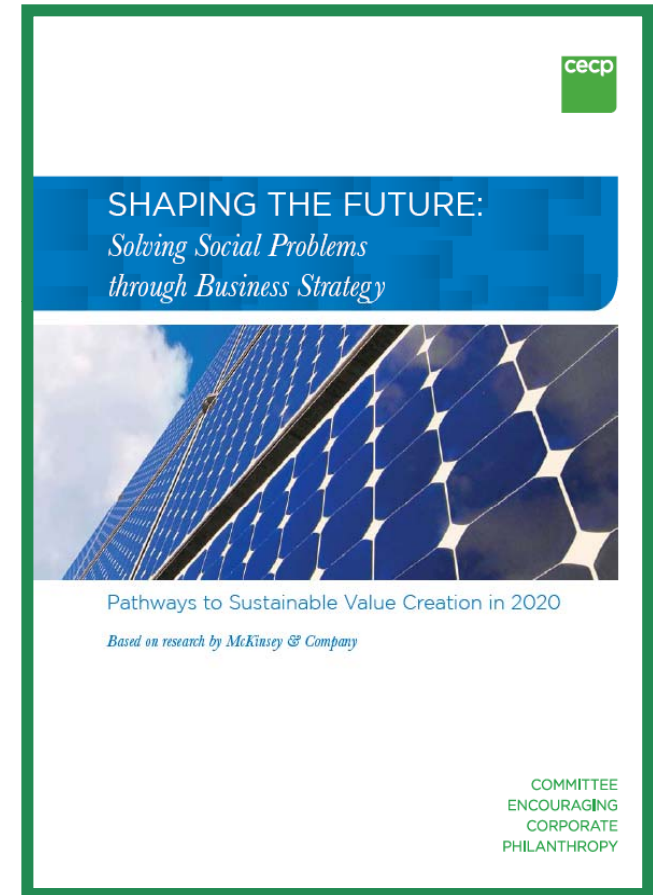
Shaping the Future: Pathways to 2020

Research Questions

- What will the next decade look like, and what are the implications for corporate involvement in solving social issues?
- How can corporations position themselves now to maximize the profitability and societal impact?

Information Sources

- In-depth interviews with leading corporate CEOs
- Live event polling at CEO conferences
- Original research conducted by McKinsey economists
- Interviews with thought leaders from the nonprofit, academic, and government communities.





CECP's Latest Research

Shaping the Future: Pathways to 2020

Report highlights include:

Global Forces. McKinsey has identified five game-changing trends that will affect the future of the global economy.

Key Uncertainties. The level of proactive action on behalf of companies and the expectations that are placed upon the private sector.

Scenarios for the Future. These certainties and uncertainties combine to create four possible scenarios for 2020: the optimal being “Sustainable Value Creation” and the worst being the “Vicious Circle”.

Capturing the Opportunities. Both business and society have responsibility for which scenario ultimately is realized; both have ownership over the future. Sustainable Value Creation requires new forms of collaboration across sectors to achieve results. This report shows how corporations are shifting their view on globalization and economic development – they will work in partnership with nonprofits and government in the future, taking a leadership role on social issues for positive business and societal outcomes.

Ten years ago, would you have imagined?



Cellular-telephone adoption increase from 738 million in 2000 to over 4.6 billion in 2010



Warren Buffet and Bill Gates lead the world in philanthropy



Investments in renewable energy technologies overtake investments in fossil fuel technologies

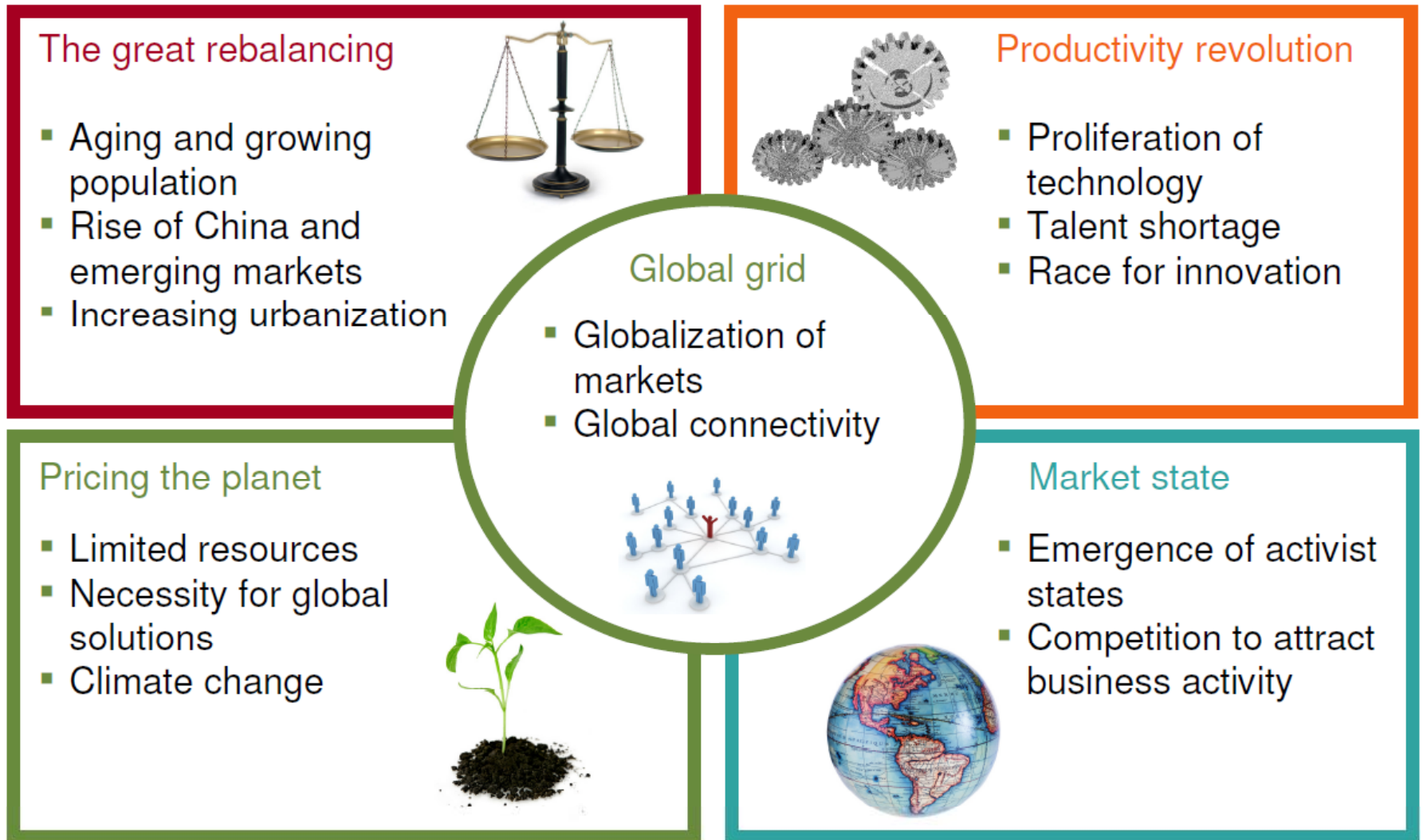


Greenpeace partners with multiple multinational corporations

SOURCE: United Nations Environment Programme (UNEP), Sustainable Energy Finance Initiative, International Telecommunication Union (ITU), US Chamber of Commerce, organization website

Corporate Philanthropy – looking forward to 2020

Five transformative forces will shape the environment for business over the next decade.



Implications of Global Forces

Global forces ...

The Great Rebalancing



Pricing the Planet



The Global Grid



The Productivity Imperative



The Market State



... are shaping a new world for business and society

The rise of emerging markets

Climate change and resource scarcity (water, food, energy)

Spread and influence of information technology

Talent shortage

New role for governments

Towards a fundamentally different operating environment, where

- Governments struggle to find solutions
- Trust in business is decreasing
- Businesses are increasingly expected to address social and environmental issues

CEO Poll Question: Global Forces

Over the next 10 years, which one of the following is most likely to keep a corporate CEO awake at night? PICK ONE (multiple choice)

- A** Unpredictable policy landscape (nationally and/or internationally)
- B** Center of economic activity shifting away from the West
- C** Further erosion of corporate reputation/trust
- D** Increasing scarcity of natural resources
- E** Weak social service infrastructure (education, healthcare, etc.)

CEO Poll Question: Global Forces

Over the next 10 years, which one of the following is most likely to keep a corporate CEO awake at night? PICK ONE (multiple choice)

Results from CEO Conference in New York, February 2010

Unpredictable policy landscape (nationally and/or internationally)



51%

Center of economic activity shifting away from the West

6%

Further erosion of corporate reputation/trust

11%

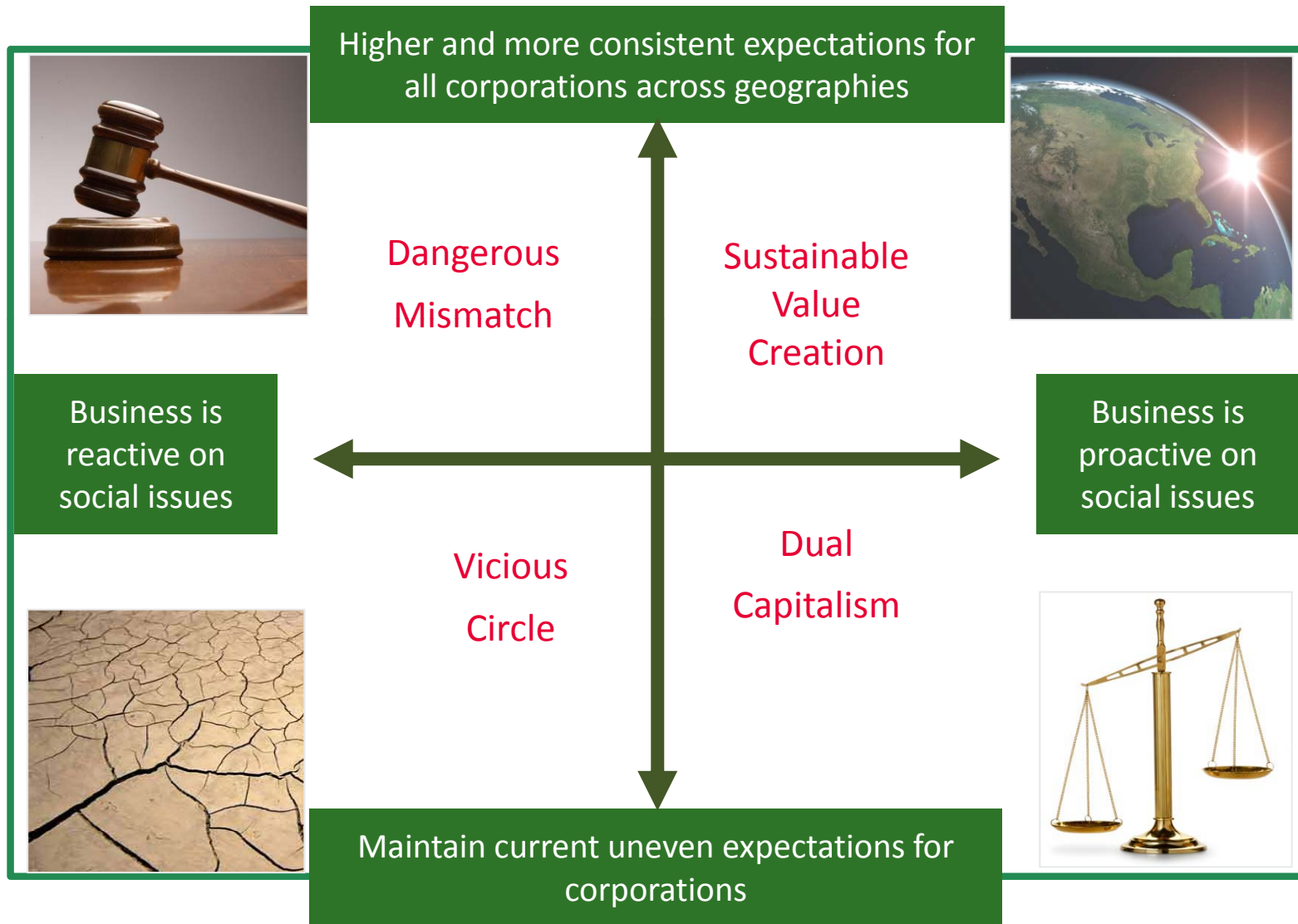
Increasing scarcity of natural resources

14%

Weak social service infrastructure (education, healthcare, etc.)

14%

Business' Actions and Society's Expectations



Source: McKinsey & Company

Worst Scenario: Vicious Circle



- Business is reluctant to engage in social and environmental issues
- Governments and NGOs struggle to find solutions on their own
- Trust in business bottoms out
- Environmental and social issues worsen
- Economy suffers from increasingly pressing social problems and unpredictable policy environment

Best Scenario: Sustainable Value Creation



- Business develops robust voluntary standards that address social and environmental issues
- Business builds partnerships with governments, NGOs, and other businesses
- Trust in business is high
- Business innovations drive improvement in social and environmental issues
- Economy benefits from robust business climate and innovation

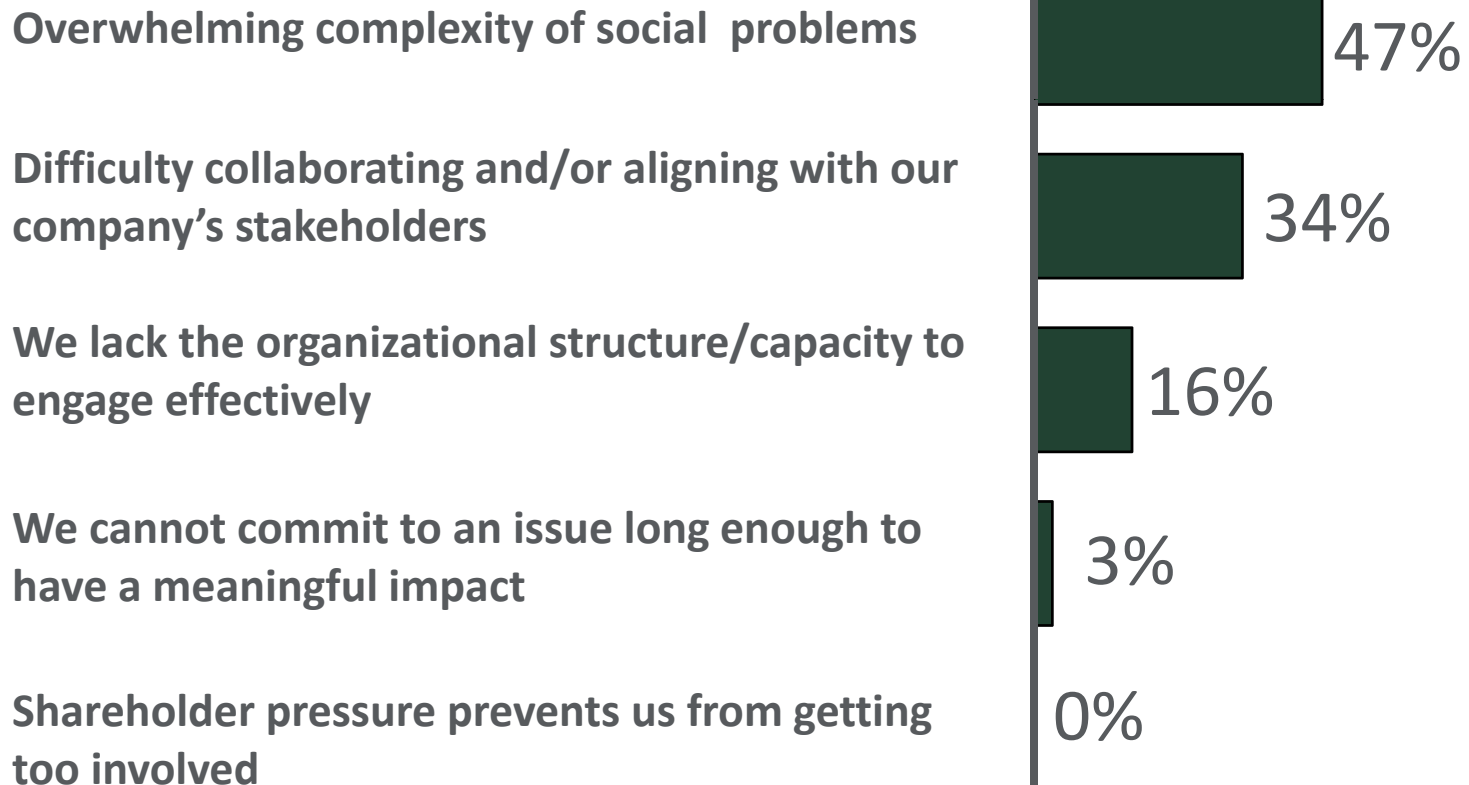
CEO Poll: Challenges to Action

What is the biggest barrier your company faces today in preparing to address the oncoming social problems that are important to your business?

- A** Overwhelming complexity of social problems
- B** Difficulty collaborating and/or aligning with our company's stakeholders
- C** We lack the organizational structure/capacity to engage effectively
- D** We cannot commit to an issue long enough to have a meaningful impact
- E** Shareholder pressure prevents us from getting too involved

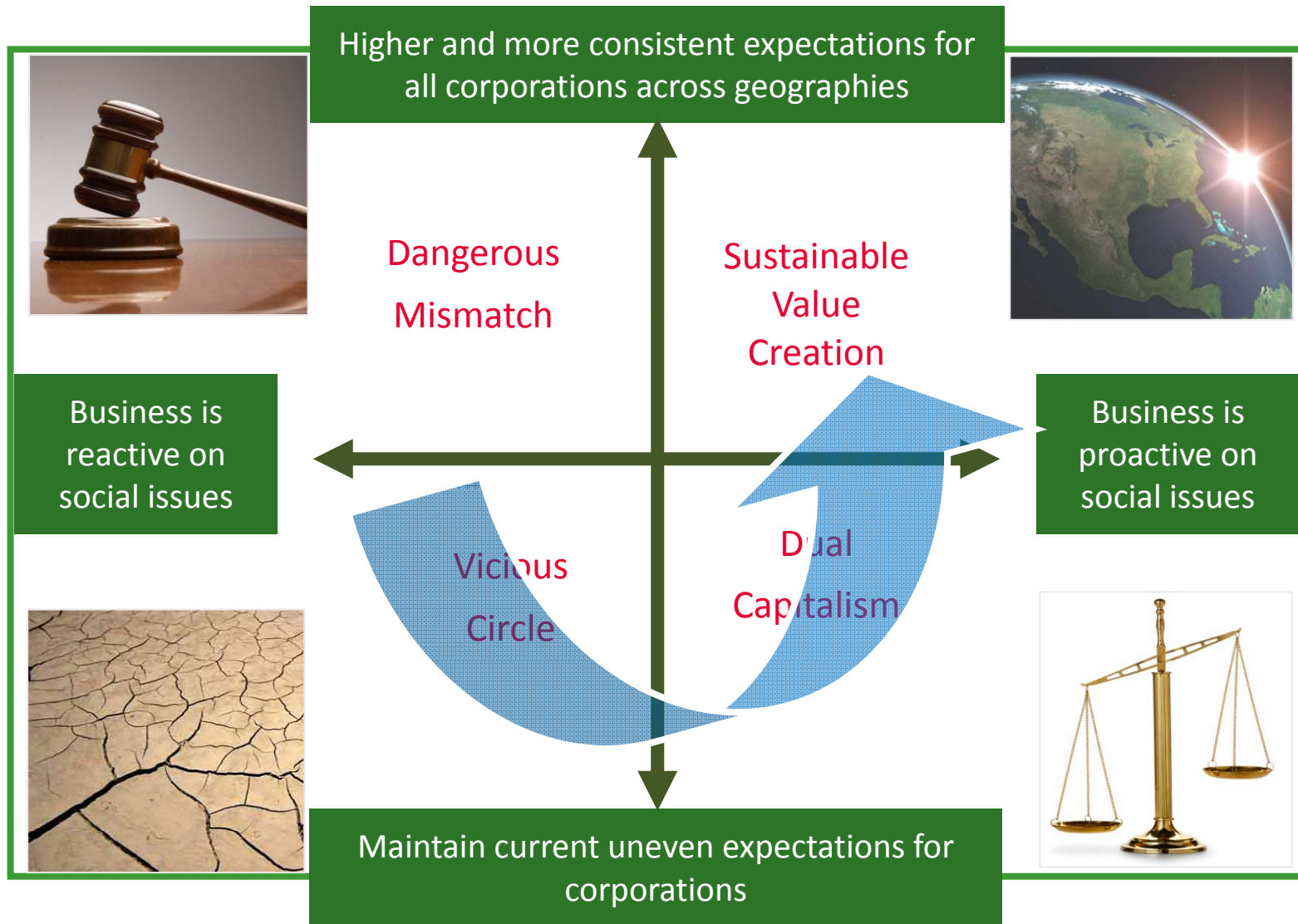
CEO Poll Question: Challenges to Action

What is the biggest barrier your company faces today in preparing to address the oncoming social problems that are important to your business?



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Business' Action and Society's Expectations



Source: McKinsey & Company

CEO Poll Question: What Action to Take

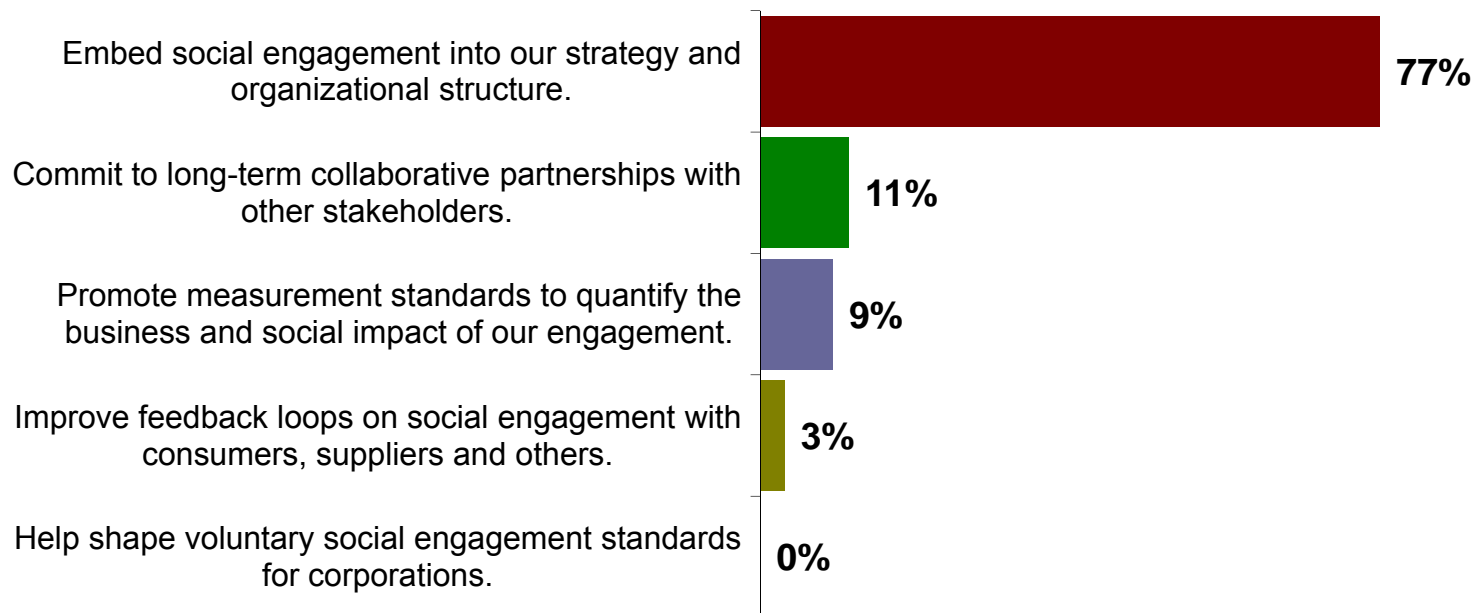
Which one of the following actions could you, as CEO, initiate today to best prepare your company to address the social problems that will affect your business in 2020?

- A** Embed social engagement into our strategy and organizational structure
- B** Commit to long-term collaborative partnerships with other stakeholders
- C** Promote measurement standards to quantify the business and social impact of our engagement
- D** Improve feedback loops on social engagement with consumers, suppliers and others
- E** Help shape voluntary social engagement standards for corporations

Corporate Philanthropy – CEO Perspective

Poll Question – CEO Conference, February 2010

Which one of the following actions could you, as CEO, initiate today to best prepare your company to address the social problems that will affect your business in 2020?



Corporate Philanthropy – CEO Perspective

“Shaping the Future: Solving Social Problems through Business Strategy”

“More will be expected from market leaders and globally successful companies, and those companies who are most involved will be most successful, creating an upward spiral.”

- Mike Duke, Wal-Mart Stores

“Done right, social engagement is incorporated into the mission of the company, which means that the CEO must be the person who shapes the agenda and communicates the message around it.”

- Ken Powell, General Mills

“We all have to contribute to sustainable solutions over time—not any one group can do it alone. If we do not align ourselves and work in a collective way on these social issues, everybody will be worse off.”

- Bill Weldon, Johnson & Johnson

“If you can’t get alignment on values with potential partners, you have to be prepared to walk away from otherwise attractive opportunities.”

- Andrew Witty, GlaxoSmithKline

Corporate Philanthropy – Company Examples

“Shaping the Future: Solving Social Problems through Business Strategy”

GlaxoSmithKline incorporates social issues into business strategy



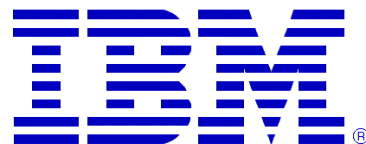
Developed innovative strategies for reducing the cost of medicines that are sold in the Least Developed Countries

General Mills employs core competencies for social development



Partners with USAID to improve the capacity of small and medium-sized food businesses across Sub-Saharan Africa

IBM prepares employees for leadership with its Corporate Service Corps program



Sends teams of best emerging leaders to perform community-driven economic development projects around the world.

Alcoa sets ambitious social and environmental targets



Reports specific company wide targets for ensuring a diverse workforce and reducing environmental footprint

Corporations can respond at an individual level to address social issues critical to their business



In 2005, Wal-Mart committed the company to the following environmental goals

- To be supplied 100 percent by renewable energy
- To create zero waste
- To sell products that sustain people and the environment



Western Union advocates for migrant rights and has commissioned the studies on remittances to examine the power of remittances to promote long-term economic development

Western Union funds "Our World Our Family" to provide migrants with community orientation, basic language skills, job preparedness tips, and personal finance support



Current Examples of the SVC Mindset



Nestlé is the world's largest milk company, making high-quality supply crucial... but they need to collaborate with government and NGO partners to manage supply chain risks for sustainable value. Nestlé works directly with farmers to promote development in farming communities. Nestlé provides:

- Collection, storage and transportation
- Training by agronomists and field technicians
- A range of quality control systems and financial support through microfinance loans
- Local employment opportunities



The Importance of Choosing the Right Issue

Society's expectations

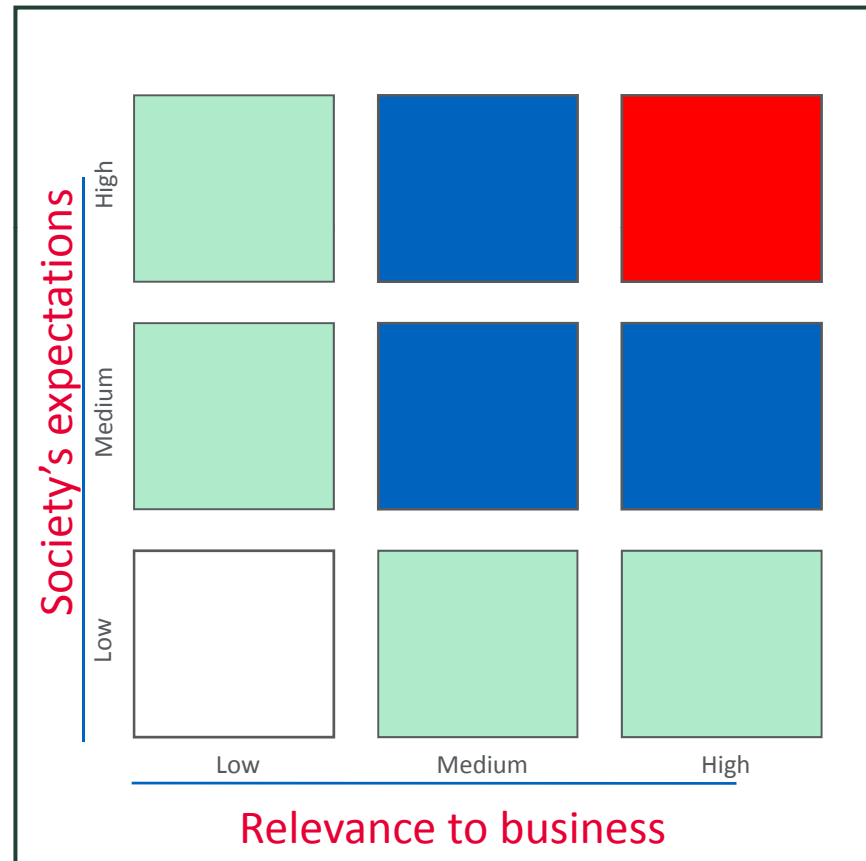
- Perception of the severity of the issue to current or future generations
- Perception of company's capacity to affect the issue
- Perception of company's responsibility for the issue
- Potential to push for regulatory change
- Potential for consumer/employee backlash
- Willingness of stakeholders to collaborate

Relevance to business

- Evidence of gravity or magnitude of issue on the company, now or in the near future
- Core competency of the business to address the issue
- Legitimacy of the company as a leader on addressing the issue
- Potential for new business opportunities
- Resonance of issue with company values and core competencies

Should we engage in the issue?

- Lead
- Take action
- Light touch
- Irrelevant



SOURCE: McKinsey analysis, expert interviews

Determining whether to tackle the issue independently or collectively

Act alone if the company ...

- Derives a competitive advantage from being the first among their peers to get involved
- Has an opportunity to play a unique catalytic role
- Must respond immediately to protect the company from an impending threat

Act alone

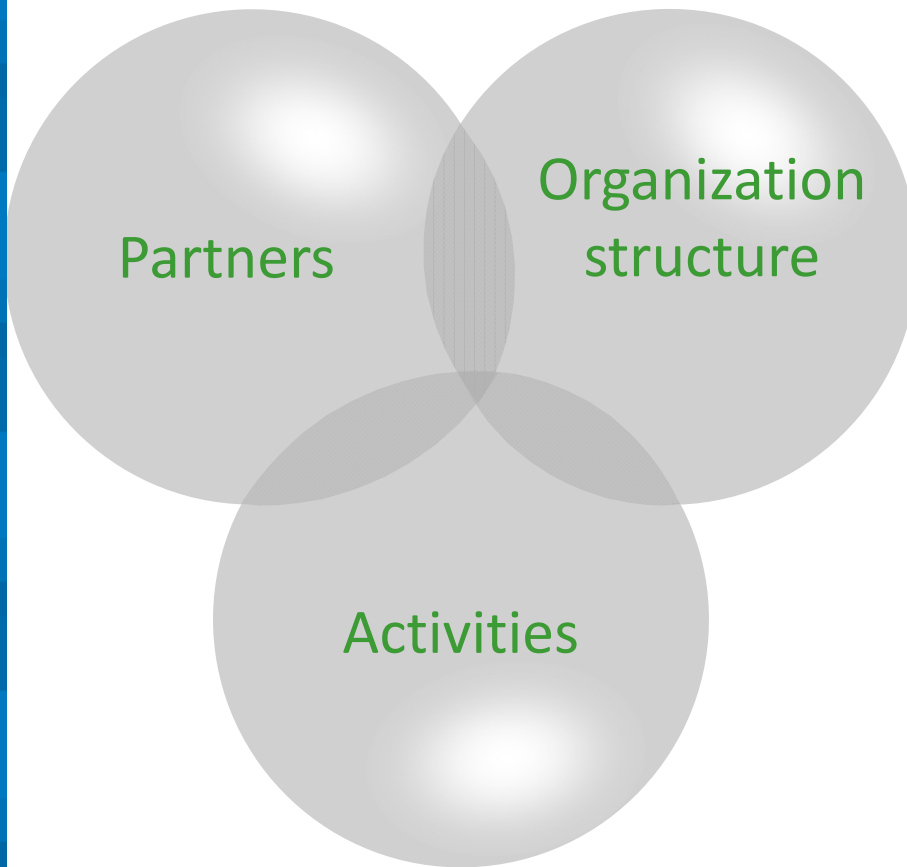
Social
issue

Collaborate

Collective response appropriate when ...

- A combined approach can accomplish ends that no one single player can achieve
- The complexity of the targeted social issue requires broad skills and experience
- A large constituency (of which the company is a member) benefits from unified action

The next decade will see the advancement of new collaborative models with innovative groupings of partners, organization structures & activities



- Build a group of natural allies
- Create a partnership aligned around the root causes of an issue
- Ensure partners trust one another and have the ability to work together
- Meet in a safe space to communicate and measure progress
- Take early steps to show progress and build trust

CEO Poll Question: What Role to Play

What do you think is the appropriate role of a company in solving a social problem that is important to its business?

Drive the solution: take leadership and ownership over getting results

Be part of the solution: collaborate in problem-solving without seeking a leadership role

Fund the solution: primarily contribute cash / resources

Invest pragmatically: only address a social problem if it connects directly to shareholder value

Do not engage: business should have a negligible role in solving social problems

CEO Poll Question: What Role to Play

What do you think is the appropriate role of a company in solving a social problem that is important to its business?

Drive the solution: take leadership and ownership over getting results

50%



Be part of the solution: collaborate in problem-solving without seeking a leadership role

42%



Fund the solution: primarily contribute cash / resources

6%

Invest pragmatically: only address a social problem if it connects directly to shareholder value

3%

Do not engage: business should have a negligible role in solving social problems

0%

CEO Poll Question: Choosing Partners

Who is it most important for your company to collaborate with in solving social problems important to your business?

Companies in my industry/supply chain

Nonprofits

Companies outside my industry/supply chain

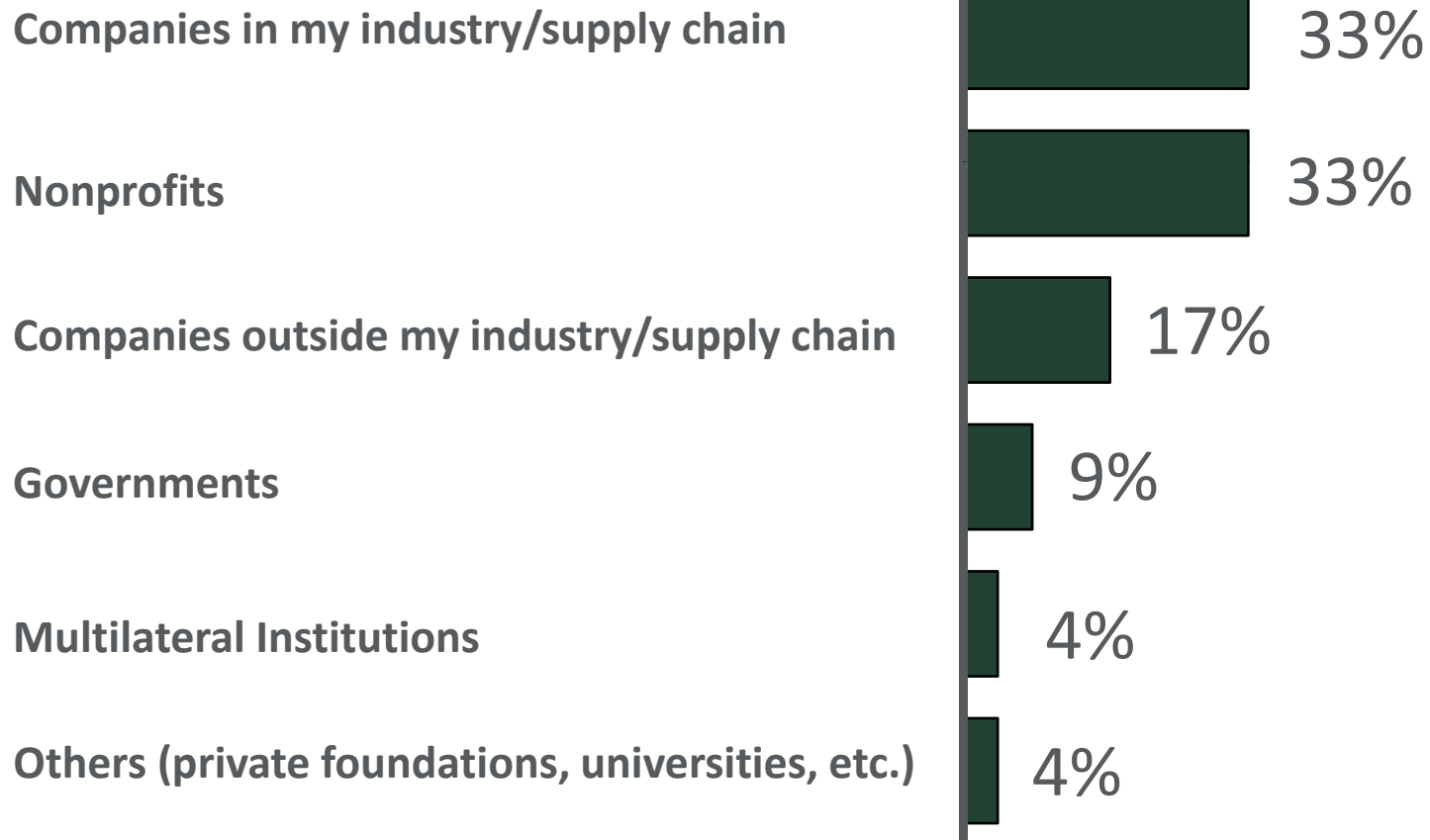
Governments

Multilateral Institutions

Others (private foundations, universities, etc.)

CEO Poll Question: Choosing Partners

Who is it most important for your company to collaborate with in solving social problems important to your business?



SOURCE: CECP Board of Boards CEO Conference Series 2010



Companies and NGOs: Examples of Unique Assets

Companies

Tangible Assets

- Cash
- Products
- Facilities
- Technology and logistics infrastructure
- Leadership development frameworks

Intangible Assets

- Can absorb risks and conduct pilot projects
- Can influence those in supply chain
- Expertise in negotiation, project management, legal issues, communications, etc.

NGOs

Tangible Assets

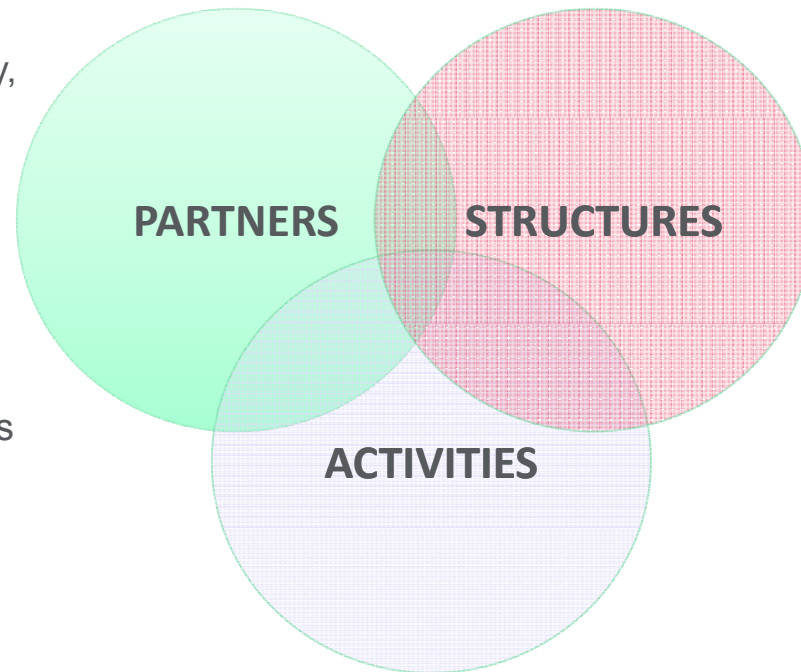
- Local offices
- Service infrastructure
- Trained staff
- Volunteers

Intangible Assets

- Subject-matter expertise
- Credibility
- Knowledge of community needs and customs
- Relationships with relevant leaders
- Ability to mobilize others
- Access to media

New Collaborative Models for Innovation

- Industry, cross-industry, or sub-industry groups
- Foundations (community, family, private)
- NGOs
- Think Tanks
- Governments
- Sovereign wealth funds
- Universities
- Convening Bodies (CGI, Davos)

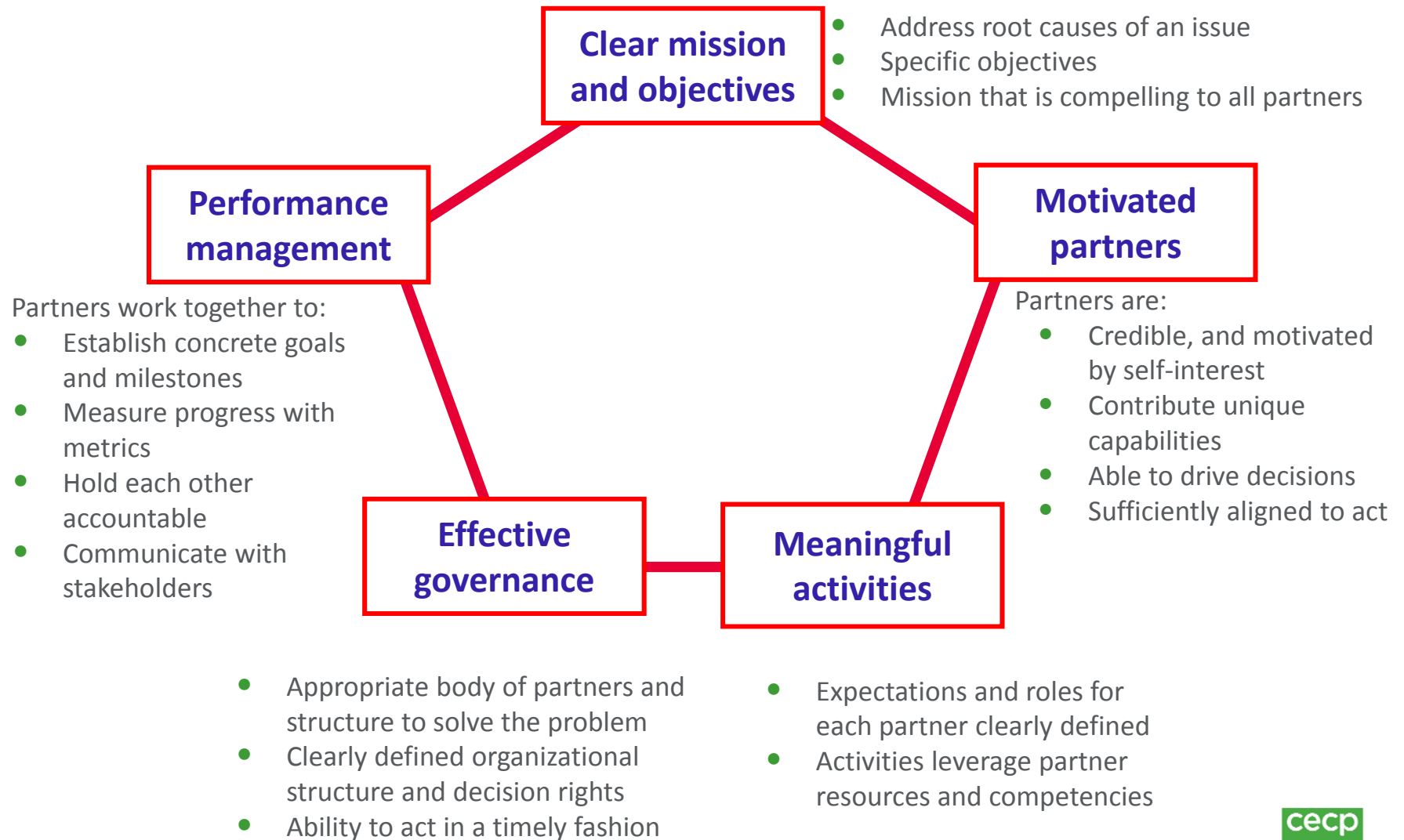


- Cross-industry partnerships
- Public-private partnerships
- Purchasing consortia
- Joint ventures
- Open-source consortia
- Venture capital models
- Voluntary conferences
- Research collaborations
- Networks

- Pool financial resources
- Co-develop products/services
- Co-invest in infrastructure
- Create consortia for sharing knowledge
- Create or adopt voluntary industry standards
- Advocate for regulation and policy change
- Educate public
- Influence key stakeholders

Source: McKinsey & Company

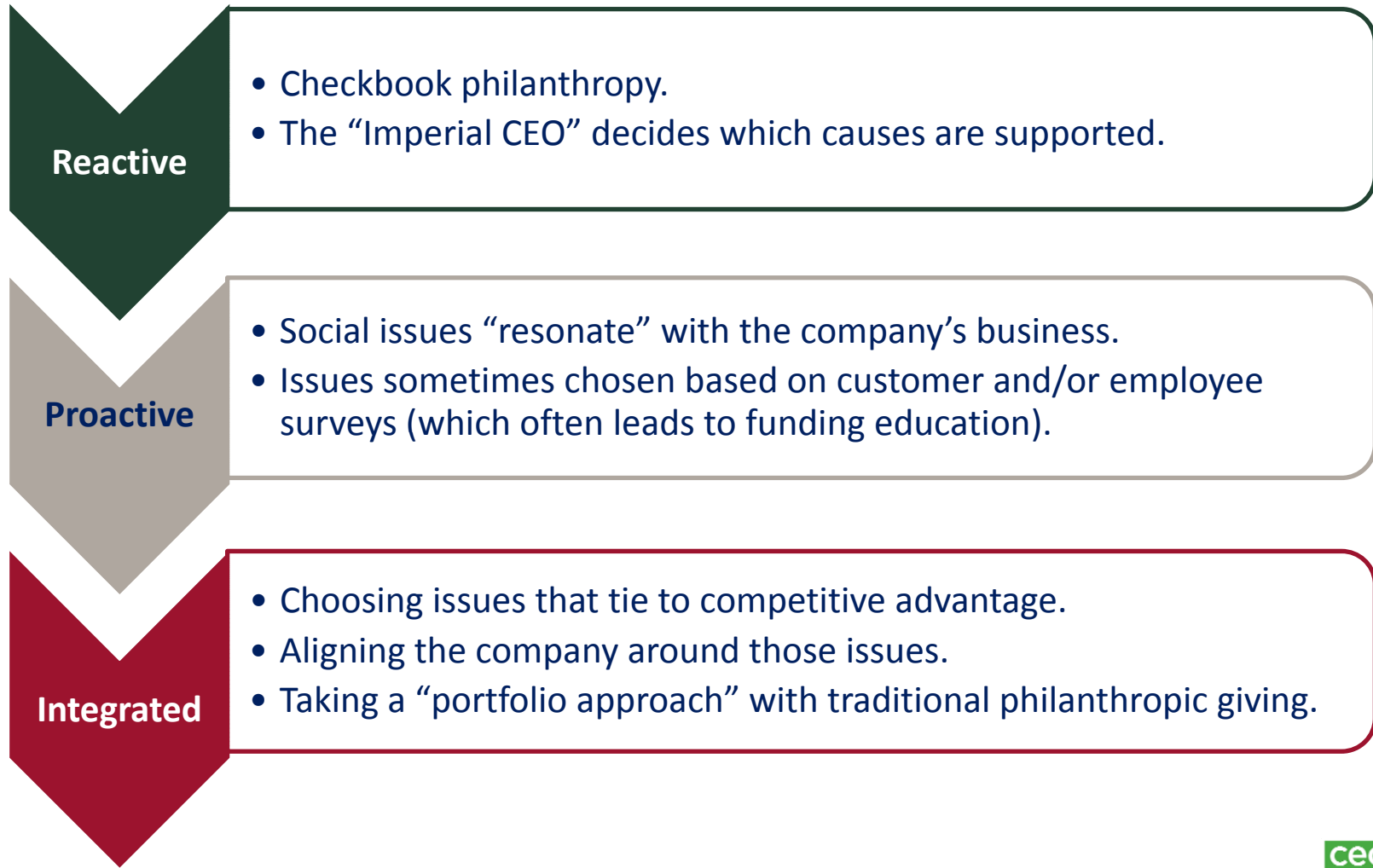
McKinsey: Keys to High-Performing Partnerships



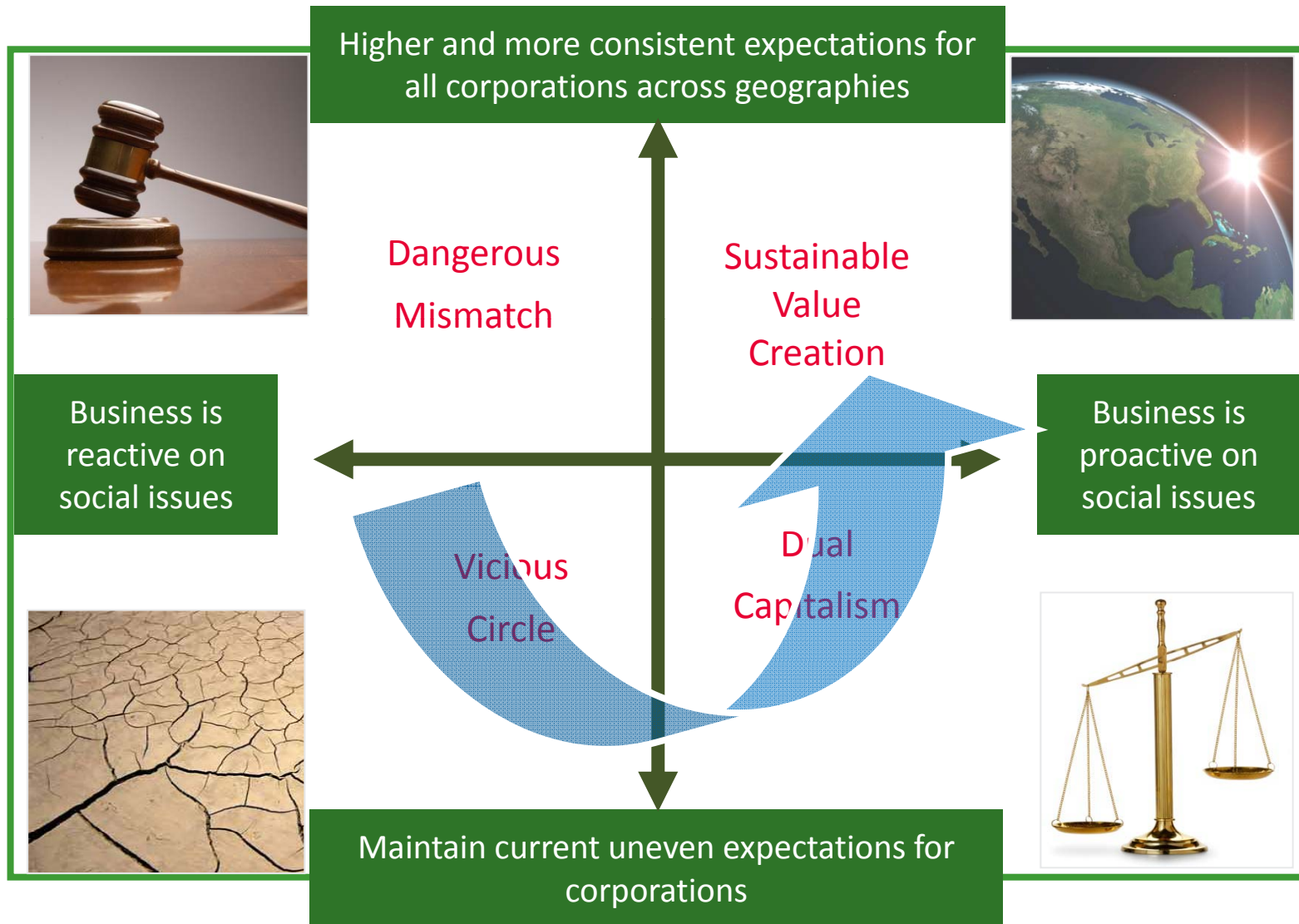
SOURCE: McKinsey analysis



Evolution of Corporate Engagement



Conclusion: Business has the power to shape the future and move us toward sustainable value creation

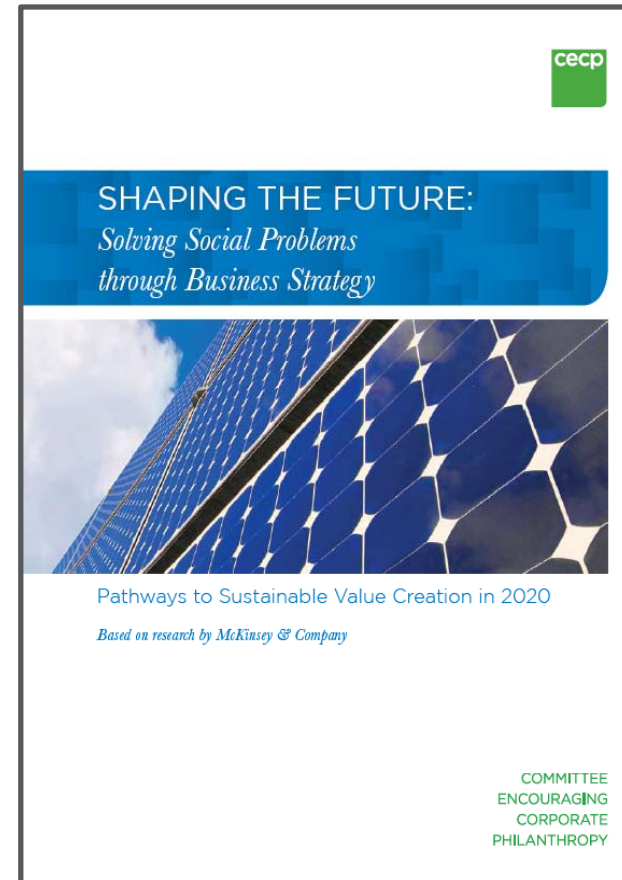


Source: McKinsey & Company

Thank you
Questions?

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Report is available for free download:
<http://www.CorporatePhilanthropy.org>



Stay Informed:

The screenshot shows a blog post on the VolunteerMatch Solutions website. The main title is "Volunteering is CSR" with the subtitle "The VolunteerMatch blog for business leaders". The post is titled "“Creating Change” with Pro Bono: A Q & A with Discovery Communications" and is by Robert Rosenthal, dated October 15, 2010. The featured image is for "Discovery IMPACT CREATING Change". The text discusses Discovery Communications' commitment to social responsibility and their "Discover Your Impact Day" event. A sidebar on the right contains a "FREE WEBINAR !!!" for "PRO BONO VOLUNTEERING" on 10/21, a "SEARCHLITE WIDGET" for tracking hours and events, and a "WELCOME" message.

Volunteering is CSR
The VolunteerMatch blog for business leaders

VOLUNTEERMATCH SOLUTIONS ABOUT THIS BLOG HOME

“Creating Change” with Pro Bono: A Q & A with Discovery Communications
by Robert Rosenthal on October 15, 2010

Discovery IMPACT CREATING Change

Most people are familiar with [Discovery Communications](#) for the award-winning work of its entertainment and news brands, including Animal Planet, Discovery Channel, TLC, and Trøehugger. The Silver Spring, Maryland, company also has a strong [commitment](#) to social responsibility.

Inspired by its first ever global service event last June, “Discover Your Impact Day,” this December the company will launch an innovative program to deliver pro bono expertise to nonprofits, called “Discovery Impact: Creating Change” [...]

{ 0 comments }

VolunteerMatch Solutions

FREE WEBINAR !!!

PRO BONO VOLUNTEERING
8 Proven Models for Community and Business Impact
10/21 | 10AM PT / 1PM ET
[Register](#)

VolunteerMatch Solutions

Track Hours
Manage Events
Engage Community
Service Causes

The VolunteerMatch **SEARCHLITE WIDGET**
[DOWNLOAD](#)

WELCOME

Volunteering Is CSR is our argument to business leaders that volunteer engagement can and should be a prominent part of the CSR mix. VolunteerMatch can help. [Learn more](#).

Read Our Blog

www.VolunteeringIsCSR.org

Receive our Newsletter

solutions@volunteermatch.org