

Donations can mean more than a cheque

Some companies are cutting their charitable spending in these tough times. Others are making more strategic choices. **Nikki Mandow** reports on a ShapeNZ/Fairfax survey into corporate social responsibility.

Last week, a member of construction company Mainzeal's executive team, engineer Ross Copland, headed to Samoa.

Copland leads a five-man team tasked with re-establishing water and sewer services to 1250 homes in one of the areas devastated by the recent tsunami.

What makes this group different from some of the other volunteers in the Pacific? Copland's salary and other costs for the three-week project will be covered by Mainzeal. The salaries of two plumbers in the team will be paid by their employer, DL Good.

Mainzeal general manager Paul Stewart says sending Copland, an engineer and the company's sustainability manager, to Samoa is part of the organisation's commitment to social responsibility. But, say experts in sustainable business, it's also good strategy.

Mainzeal could simply have sent a cheque, explains Nikki Wright, a public relations consultant whose agency, Wright Communications, specialises in triple bottom-line reporting. That would have been helpful for Samoans, but not necessarily strategic.

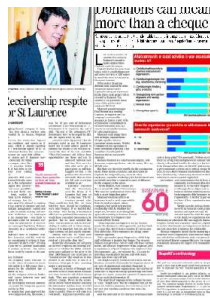
Because Mainzeal is a construction company, both donor and recipient get better value for money this way, Wright says.

But there are also other benefits for the construction outfit. These include experience and motivation for Copland, the feel-good/loyalty factor for other employees, a possible marketing point for the brand, and potentially providing a competitive point of difference for the company in the future.

"At the moment, most tenders are driven around the dollar," Stewart says. "But there are sophisticated clients that look at other things than price."

Mainzeal's decision reflects an important trend in social responsibility from the traditional path, where companies had a relatively random relationship with the charities they supported, towards a more thoughtful approach, according to Business Council for Sustainable Development chief executive Peter Neilson.

"Many organisations support a charity, because maybe the chairman's wife suggested it, and they think it's a good idea. But it's just a donation; it's not an area that adds value. Other companies are taking a more strategic approach."



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Take supermarket group Progressive, which helps staff with loans to insulate their homes. The strategy, Neilson says, provides a win for staff, who have warmer homes, and a win for Progressive which, hopefully, gets a reputation as a “good” company with employees and the community. And – the strategic bit – it’s a win for individual supermarkets because staff with warm homes take fewer days off sick.

The ShapeNZ survey conducted for Fairfax and the Business Council for Sustainable Development shows 50 per cent of organisations contribute financially to charities and community organisations, but only half of them have a long-term strategic partnership with these groups (see chart). Just under a quarter of organisations have no social involvement at all.

“The majority of companies write a cheque because it’s easy,” Wright says. “But the companies that get the most out of [their community involvement] are the 43 per cent that contribute employee time or in-kind services.”

Isn’t this a bit hard on the charities, which need hard

cash to keep going? Not necessarily, Neilson says. If there’s a strong relationship between company and charity with mutual benefits, the charity is far less likely to be dumped when times are hard. It’s pretty easy for a previous donor to decide not to write a cheque this year, he says. But it’s harder to tell employees they can’t have their monthly volunteering afternoon at the local school or to cancel a special supply deal.

Interestingly, even organisations that do have active community involvement often don’t measure it. As the other ShapeNZ chart on this page shows, 45 per cent of business decision-makers surveyed said their companies didn’t measure social responsibility. A further 21 per cent did not know if their organisation measured it or not.

Wright says she advises clients involved in corporate social projects to measure and report not only the amounts spent, but what the impact is on the charity or organisation receiving

the money or volunteers. She also suggests donor and recipient should meet regularly – quarterly, if possible – to review what benefits are being received by both sides and talk about how to improve the relationship.

She says companies should also be measuring how corporate social responsibility contributes to employee and stakeholder satisfaction to make sure projects are well-targeted. Energy company Mercury, for example, consistently measures the impact of its community work.



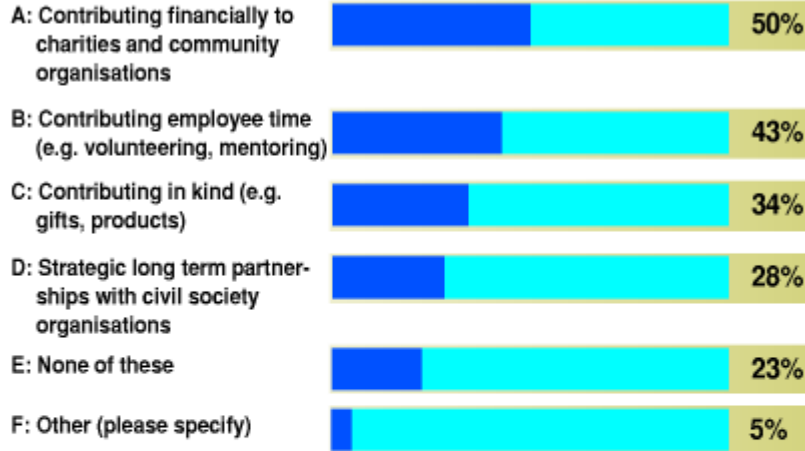
ShapeNZ’s methodology

This poll was conducted nationwide online by ShapeNZ. Its panel of more than 14,000 people is built from purchased e-mail lists to represent the New Zealand population at the 2006 census.

Results are weighted by age, gender, ethnicity, personal income, employment status and party vote at the 2008 election to provide a maximum margin of error on the national sample of more than 2850 respondents to this survey of +/- 1.8 per cent. The maximum margin of error for results based on 705 business decision-maker respondents is +/- 3.7 per cent. For the 1782 respondents in employment, the maximum margin of error is +/- 2.3 per cent. An independent report on ShapeNZ’s methodology is available at www.shapenz.org.nz



What community or social activities is your organisation involved in?



603 business decision makers

Does the organisation you work for or with measure its community involvement?



605 business decision makers