

FUNDRAISING & PHILANTHROPY

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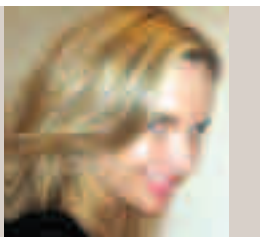
Corporate giving study shows shift to in-kind support

INSIDE

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Corporate giving shifting to in-kind support

Corporate giving is up on last year, but it's also shifting to greater in-kind support, according to a new report by Haystac Positive Outcomes. **Diana Elliott** reports.



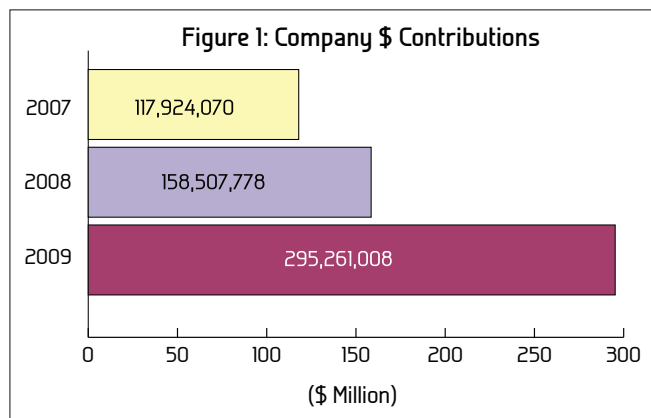
Diana Elliott

Diana Elliott is a specialist writer for Haystac Positive Outcomes

The 2009 LBG annual benchmark report, released in November, delivers some useful insights on corporate community investment in Australia and New Zealand. The study examines the changes in corporate support to the nonprofit sector by 42 Australian and New Zealand companies who form part of the London Benchmarking Group (LBG) network.

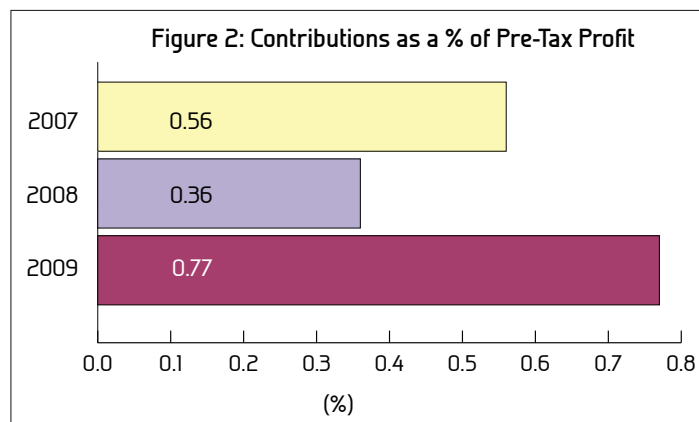
2009 Key Highlights

Despite tougher economic conditions, over \$295 million in community contributions were reported by LBG member companies during the year, a significant increase on the \$158 million contributed in 2008 (see Figure 1).



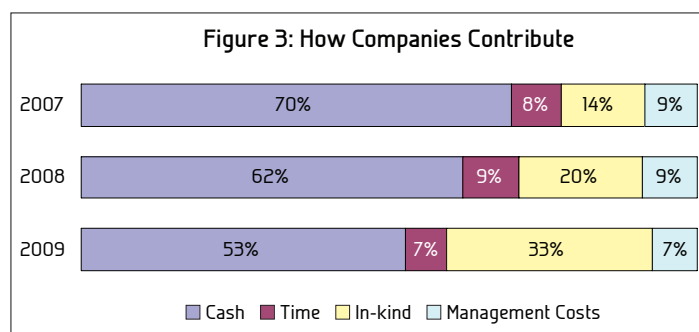
There are a number of possible reasons for the steep increase. One is there are more members reporting, up from 34 in 2008 to 42 in 2009. Also, most members reported a significant increase in their contributions to the community this year, some of which may be attributed to companies giving to Victorian bushfire and Queensland flood appeals.

Furthermore, as members improve their data collection procedures and systems, they find more cash, time and in-kind given by other areas of the business. Most members will naturally increase year on year as they get better at collecting data on their contributions.



A Shift From Cash To In-Kind

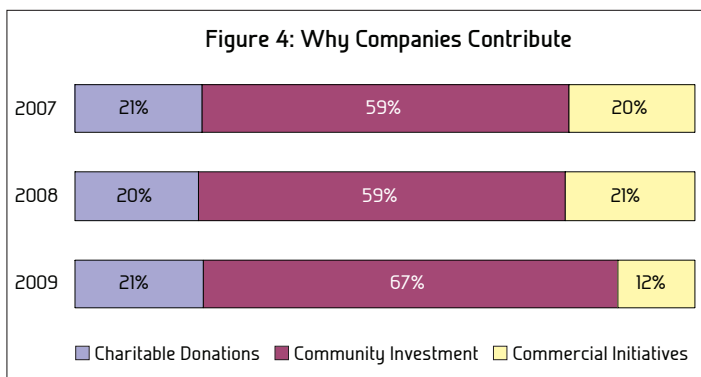
The trend over recent years towards a shift from cash contributions to in-kind support has continued in 2009 (see Figure 3). A contributing factor to the marked increase in in-kind contributions (up by 13% from 2008) this year was the unprecedented and unplanned contribution by member companies to emergency relief following the Queensland floods and Victorian bushfires.



The downturn may also have played a role in the increase, with some directed by budget to give away less cash. However, as the shift from cash to in-kind support has been a progressive trend, it is perhaps indicative that corporates are becoming more strategic about how they can contribute resources other than cash, such as capacity building expertise, a specific service or their own product.

Commercially Driven Support Declines

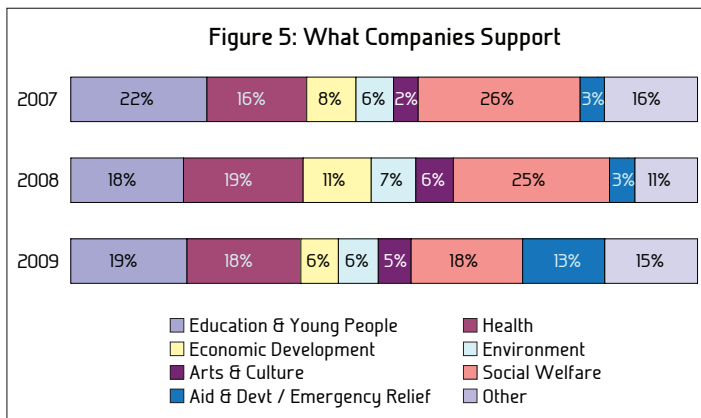
A key principle of the LBG model is recognising the motivation for contributions. Over the last three years, the percentage of contributions noted as charitable donations has remained virtually unchanged (see Figure 4).



Community investment has increased from 59% to 67% from 2008 to 2009. The proportion of contributions motivated by commercial initiatives in the community (i.e. sponsorships or other types of support where there are clear and definite marketing/sales advantages to the company) has declined by 9% over the same period. Part of the reason for this decline may be because corporates are taking a more holistic approach to supporting nonprofits.

What Members Support

Education and young people, health and social welfare continue to be the main areas of focus for members.



Employee Involvement Steadily Increasing

Over the past three years, employee participation in corporate community investment has been steadily increasing, as measured by paid volunteering and employee giving via payroll and donations. In 2009, 37,356 employees volunteered on paid company time (an increase of 5% from 2008).

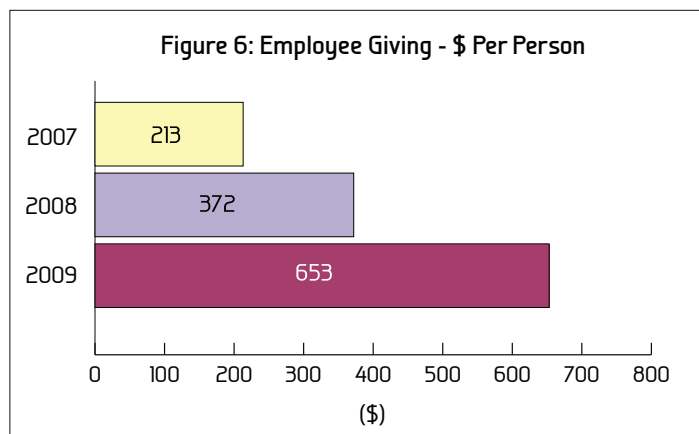
The Impact of the Downturn

With so much anecdotal evidence abounding that corporate support has been slashed due to the downturn, some nonprofits may find it surprising to read these results. However, readers need to keep in mind that the dollar figure of contributions to the sector also includes in-kind support, of which there has been a substantial increase of late.

Further Analysis

Rachael Simmelmann, LBG manager at Haystac Positive Outcomes says the 2009 results show an increasing tendency towards long-term community partnerships and a shift away from cash donations as a way of contributing.

"Over the last three years, there has been a consistent trend towards members reducing the amount of their cash contributions and increasing their in-kind support for the community," explains Rachael. "This indicates that companies are adopting a more strategic community investment approach and



looking for ways to use their own resources and capabilities to make an enduring impact in the community."

The devastating Victorian bushfires and Queensland floods and the unprecedented outpouring of support from the Australian community is also reflected in the results. "LBG members reported in excess of \$36 million in emergency relief contributions in 2009, with a further \$30 million raised as leverage," says Rachael.

"What is interesting is that an informal survey with a small sample of our members found that funding for such contributions came from elsewhere in the company's budgets, rather than being redirected from planned community investment activities." Many members utilised their own products, services and capabilities to support emergency relief efforts, often in addition to generous cash donations.

About the 2009 LBG Annual Benchmark Report

The London Benchmarking Group (LBG) model is the international standard for measuring, reporting and benchmarking the contributions by companies in the community. Originating in the UK in 1994, the LBG network now comprises more than 200 companies around the world.

Since its establishment in 2005, the Australia/New Zealand LBG network has grown to 44 companies in 2009, an increase of 18% from 2008. Members include leading companies operating in a variety of sectors, including:

- Consumer Goods
- Energy and Water
- Financial Services
- Retail
- Entertainment and Media
- Telecoms
- Resources

Simon Robinson, corporate community investment director at Haystac Positive Outcomes (HPO), the facilitators of LBG in the region, says companies are increasingly seeking to be transparent and accountable for their community investment to shareholders, employees and the general public.

"Corporate community investment is not philanthropy," says Simon. "A healthy, educated and cohesive society is one that is better for business and better for economic stability and growth. This is well understood by a growing number of businesses across Australia and New Zealand who have sought to better manage their community investments by joining LBG. If you can't measure it, you can't manage it, and LBG provides a global framework for companies to do that."

The LBG model helps companies understand where their community investment dollar is going, how effective it is and how it compares. The metrics include measuring:

- **How** members contribute
- **Why** members contribute
- **Where** the investment is directed