FAIR trade

Company giving can come in many forms, but it doesn't always offer maximum benefit to charities. DENISE LILLYA picks apart trends in corporate giving and warns fundraisers what to watch out for

With reduced statutory funding and less money circulating within the voluntary sector, it is inevitable that fundraisers will begin to look more towards the private sector where there is clearly huge potential for greater support.

However, the Directory of Social Change's research for the latest edition of *The Guide to UK Company Giving* shows that the downturn has triggered an overall reduction in community contributions from companies. The top 600 companies gave around £762m in community support in 2009/10, including £512m in cash donations. This was up just 2.3 per cent on the previous year's levels (compared to a 36 per cent rise in the last edition of the guide) but we consider this to be outweighed by the 100-or-so extra companies listed in the new guide.

Despite economic constraints, in general, companies clearly have the capacity to give much more than they do. In our latest research of the top 600 giving companies, the average given as a percentage of pre-tax profits is only 0.43 per cent, and much of this is 'in-kind' rather than cash. Over the past ten years the average is 0.4 per cent.

This stagnation, however, cannot be blamed entirely on companies. Many charities are still unclear about the most effective techniques to employ to secure contributions from the private sector. This is not surprising given that information about company community support programmes can still be very difficult to access, or does not exist at all.

The key for fundraisers is to produce more effective funding applications, but also for companies to step up to the plate and get serious about their giving. That means not just more money and resources, but greater transparency about what they give and clearer information about how they want to be approached.

The corporate social responsibility of companies to their communities is no longer perceived as just making financial contributions. Our research shows that companies are moving towards giving in-kind, for example, by providing employee volunteering time, pro bono work or the secondment of key staff.

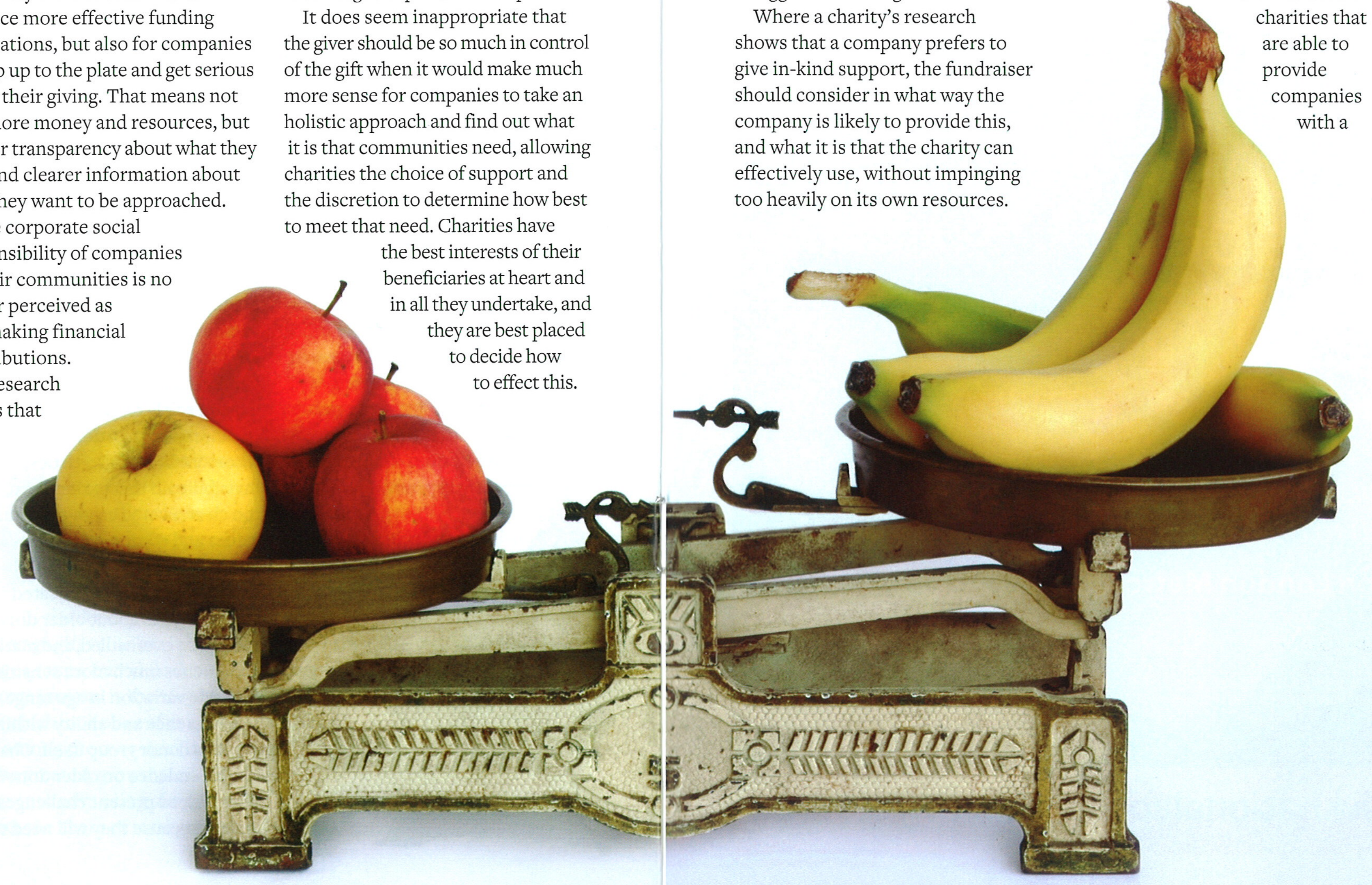
Many companies now see the benefits for the company itself (and its staff) of being proactive and engaged in their communities or with society at large. However, they need to listen to what their communities actually want.

Cash contributions

In a survey conducted by DSC last December, 83 per cent of respondents agreed with the statement: 'Giving in-kind rather than cash disguises a lack of cash donations flowing from companies to charities, and that charities prefer cash to other kinds of support.'

A sample of the comments sent in response summed up the general feeling of the majority. They complained about the cost of providing volunteering opportunities and the limitations of untargeted pro-bono help.

It does seem inappropriate that the giver should be so much in control of the gift when it would make much more sense for companies to take an holistic approach and find out what it is that communities need, allowing charities the choice of support and the discretion to determine how best to meet that need. Charities have the best interests of their beneficiaries at heart and in all they undertake, and they are best placed to decide how to effect this.



In-kind donations

The term 'in-kind' can be misleading – it can include anything from the 'gift' of an old computer or a group of enthusiastic but unfocused volunteers with little to offer practically, to the really worthwhile contribution of pro-bono legal work or the secondment of a key member of staff to achieve a significant target for a charity.

Where an in-kind contribution can be effectively used it should be said that its value may be much more to the charity than the cost to the company, for example, when giving products, facilities such as meeting rooms or venues, or professional and technical advice. Standardised valuations for in-kind donations have remained elusive, which makes attributing the cost of a particular donation in-kind problematic.

Companies which now only contribute in-kind support are likely to exclude those smaller and medium-sized charities which struggle for funding.

Where a charity's research shows that a company prefers to give in-kind support, the fundraiser should consider in what way the company is likely to provide this, and what it is that the charity can effectively use, without impinging too heavily on its own resources.

Partnerships

The trend towards larger companies becoming more proactive in their community giving and being more focused and corporate in their approach also does not bode well for most small and medium voluntary organisations looking for a 'no-strings-attached' source of cash.

It suits the organisation that is willing and able to fit its activities into a company's idea of what enhances its business, but for many this will be almost impossible.

This approach by companies can have a direct effect on the money available for their charitable cash donations. It could mean potentially less opportunity for those voluntary organisations that might struggle to fit into the required corporate image.

While DSC acknowledges that there are benefits in securing the partnership of a company, the risk of this 'company first' trend for the voluntary sector as a whole is that relatively few organisations appear likely to reap the rewards. The larger, well-established charities that are able to provide companies with a significant return on their investment by way of marketing, publicity, brand association, and are able to 'pitch' to the company, are at a distinct advantage.

Sponsorship

Business sponsorship needs to be distinguished from in-kind contributions in that it is not a donation and the fact that one party is a charity is largely irrelevant. It is a business arrangement. The sponsor's contribution is usually money, although it could be a gift, such as football kits, or services. Many companies will provide much more in sponsorship than they would as a donation, but only as long as the commercial benefits warrant it.

Terms and conditions

Charities entering into contracts with companies, whether by partnerships, sponsorships, or promotions, need to be clear about the terms and conditions that apply. They need to make sure they know where they stand legally, not just for any specific pitfalls but for the overall risk-assessment issues like liability, how the company may use the charity's logo etc. The company will invariably hire a lawyer to advise on the paperwork and the charity will also need a legal adviser to safeguard its interests and to advise its trustees.

Greater transparency is crucial for both companies and fundraisers. Companies with clear guidelines and priorities will attract those charities that fit the bill, while charities can then target those companies that are most likely to contribute to their cause.

The aim of the new edition of *The Guide to UK Company Giving* is to provide the knowledge necessary to obtain company support through the provision of profile information on individual companies, identifying the kind of support available and how to access this effectively. ■

Denise Lillya is a senior researcher at the Directory of Social Change