

CORPORATE RESEARCH



THINK's research



Global

- desk research (source list is included)
- interviews with charities
- interviews with companies
- interviews with institutions
- analysis



context →

- companies have enjoyed globalisation, economic liberalisation and increased trade, investment and financial benefit
 - without the equivalent adjustments in obligations and responsibilities
 - particularly noticeable in developing countries




context →

- environmental disasters / social injustices
 - linked to large corporations
 - or specific industries





context →

- growing acceptance that government alone cannot meet the needs of its citizens




context →

- failed attempts by government to regulate large corporations (led to)
 - criticisms – public, opinion formers, academics, influencers etc.
 - increase intention to collaborate and partner

“Enron and the credit crisis damaged public trust in the private sector - particularly toward large companies. Rebuilding trust is core to collaborating with governments and society.”

Andrew Witty,
CEO
GlaxoSmithKline




context →

- consumer mistrust

24/7 WALLST Insightful Analysis and Commentary for U.S. & Global Equity Investors

The 15 Most Hated Companies In America

- employees
- shareholder return
- customer satisfaction / reputation
- brand value
- the views of taxpayers and government

<http://247wallst.com>

The 8 least trusted institutions across Europe*

Rank	Institution	Trust	Little to no trust
1	Politics	8%	89%
2	Advertising	13%	83%
3	Government	22%	75%
4	Trade Unions	31%	64%
5	Civil servants	33%	62%
6	International companies	32%	63%
7	European Union	37%	59%
8	Banks	37%	58%

32,163 participants across Europe

think

context →

- growing consumer awareness
- growing consumer conscience

FAIRTRADE Guarantees a better deal for Third World Producers

NO LOGO

(RED) DESIGNED TO HELP ELIMINATE AIDS IN AFRICA

PRODUCTS (RED)NIGHTS LAZARUS EFFECT IMPACT NEWS ABOUT (RED) TAKE ACTION

think

context →

- high-profile international issues
 - activists mobilised

BOYCOTT

think

context →

- historic, relatively low engagement and levels of investment from companies into the voluntary sector

think

context →

- expansion of the NGO sector
 - growing in trust and authority
 - seeking new areas
 - influence
 - engagement

GREAT Nonprofits

Rank	Charity	RANK Highest Ranked in Trust
1	(2) Cancer Research UK	1 St. Jude's Research Hospital
2	(5) BBC Children in Need	2 Susan G Komen for the Cure
3	(4) RSPCA	3 Mayo Clinic
4	(1) Macmillan Cancer Support	4 Cleveland Clinic
5	(12) Great Ormond Street Hospital Children's Charity	5 Doctors without Borders
6	(8) Marie Curie Cancer Care	6 The Smithsonian
7	(6) British Heart Foundation	7 Make-a-Wish Foundation
8	(19) Royal British Legion	8 Habitat for Humanity International
9	(3) NSPCC	9 Heifer Project International
10	(9) British Red Cross	10 Salvation Army

think

context →

CEO's report that a range of partnerships is important

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

33% Companies in my industry/supply chain

17% Nonprofits

9% Governments

41% Others (e.g., private foundations, universities)

14% Multilateral institutions

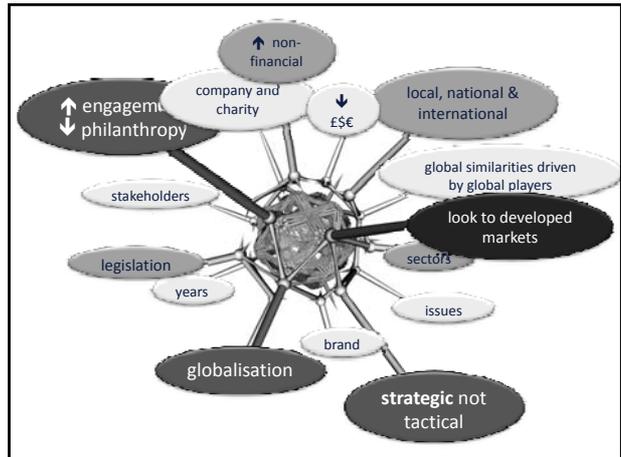
SOURCE: CEBP Board of Boards CEO Conference, February 2010.

think

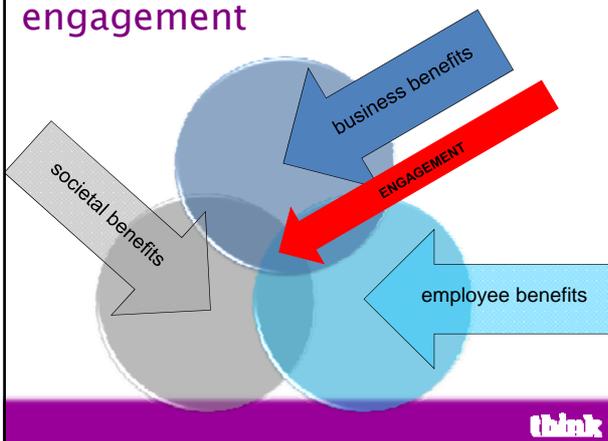
so this much we know



- corporate success is judged on more than profit
 - business achievement is increasingly linked to society's well-being
- government can't do everything
- consumers are more active and better informed
 - they are looking for trusted, authentic brands
 - and take action against offenders
- woolly corporate rhetoric is having to be replaced with real promises that have a demonstrable impact



engagement



generalised company profiles



- global links e.g. UN Millennium Development Goals
- lead programmes for programme
- strategic business alignment
- devolved budgets – national delivery

- less likely to have a clearly defined philanthropic / engagement programme
- typically aligned to business drivers
- often used matched giving to get staff involved

- mostly responsive and tactical
- more likely to be philanthropic with a view to generating some low level business benefits
- show a preference for local / small national charities as their level of donation does not get 'lost'



generalised company profiles



- proactive and reactive
- ADDED VALUE

- mainly reactive
- ADDED VALUE AND PROGRAMMATIC

- almost totally reactive
- PROGRAMME FUNDING



generalised company profiles



- multi-year, signature programmes

- single year e.g. COTY
- multi-year programmes, e.g. M&S

- predominantly single year

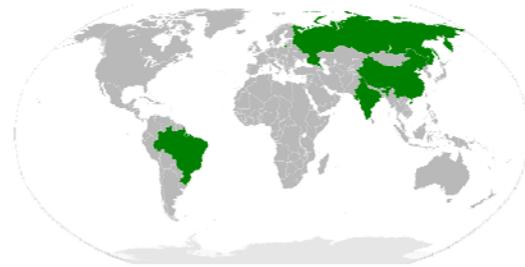


typically

- signature programmes – aligned to strategic business outcomes
 - typically multi-year programmes
 - 2-3 years donation levels set

Which means there is a LAG in the impact of the economic downturn.

think



- emerging BRIC
- west to east

think

differences...



Legislation and regulations

- government increasing its involvement in regulation
- varying legislative pressures across the globe
 - introduction of the Companies Act in 2006 demands greater social / environmental reporting
- companies will want to report their impact

“There is no doubt that consumer tolerance for corporate mis-steps has never been lower and at the same time, regulatory oversight continues to strengthen.”

Ken Powell
CEO
General Mills

think

staff...

- shrinking labour force
 - fall of almost 3% in the top 300 corporate givers
- talent shortage

= **↑ need for staff involvement as part of corporate engagement**



think

corporate toolkits



think

here's a few...

1. IPSOS Mori
2. London Benchmarking Group
3. Cone
4. The Partnership Initiative
5. SROI
6. The Institute for Social and Ethical Accountability 'Accountability' AA1000
7. Global reporting initiative

This list is not exhaustive however demonstrates the common themes...

think

common themes

- environmental (79%*)
 - climate change
 - disasters
- social issues (59%*)
 - boycott for ethical reasons

fashion & celebrities
*respondents to the SEE report

www.seewhatyouarebuyinginto.com

think



common themes

- political issues
 - trade sanctions
 - oppressive regime
- economic issues
 - global financial downturn
 - pockets hit hardest
 - impact of poverty
 - mental health / drugs / alcohol

think

issue ripeness grid

Issue ripeness, a tool for picking where to get involved

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

Issue ripeness

	Low	Medium	High
High			E.g. water scarcity
Medium		E.g. talent shortage	
Low			
	Low	Medium	High

Legend:
■ Lead
■ Take action
■ Light touch
■ Irrelevant

Ref: McKinsey

think

economic downturn

- The Social Investment Consultancy research estimated that corporate income will drop by 34% (based on the results of a survey with 450 senior business leaders)
- giving linked to profits
 - biggest falls – top donors
 - (08/09 was the first year Microsoft experienced a drop in giving)
 - domination of financial sector

think

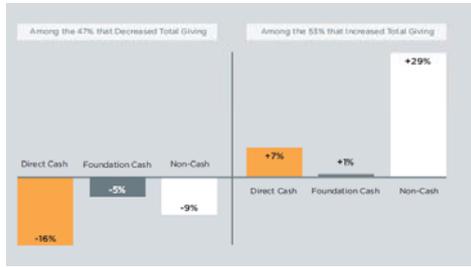
economic downturn

- USA stats
 - 53% increased their donation
 - 47% decreased their donation
- UK stats
 - 51.5% increased their donation
 - 48.5% decreased their donation

In the US corporate giving accounts for 5% of the overall total. In the UK it accounts for just 3%.

think

economic downturn



economic downturn

- currency exchange fluctuations
- mergers



WCI table

Company	Fiscal year	WCI
AstraZeneca	Dec 09	£481m
GlaxoSmithKline	Dec 09	£467m
BHP Billiton	Jun 09	£119.3m
Tesco	Feb 09	£85.4m
Rio Tinto	Dec 09	£73.3m
BP	Dec 09	£65.8m
Royal Bank of Scotland	Dec 09	£63.9m
HSBC	Dec 09	£61.6m
Barclays	Dec 09	£54.9m
Anglo American Plc	Dec 09	£50.8m

The combined gifts of the top 20 = 88% of the overall total of the top 300



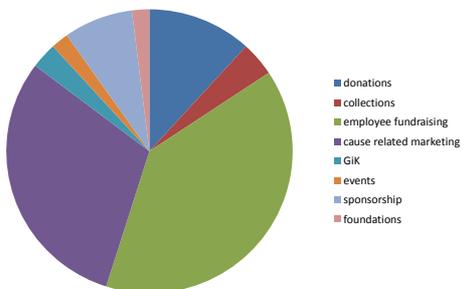
anomalies...

figures skewed:

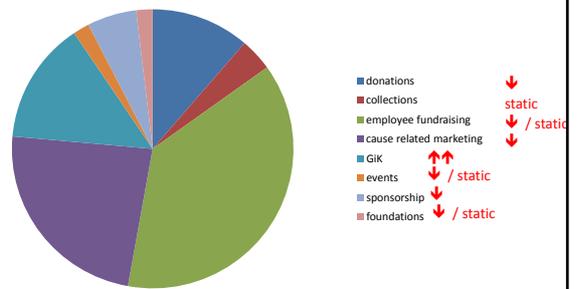
- inclusion of a value for in kind gifts
 - e.g. both GlaxoSmithKline and AstraZeneca have implemented a policy of reporting the value of product donations at cost as well as market value
- further skewed by pharmas...

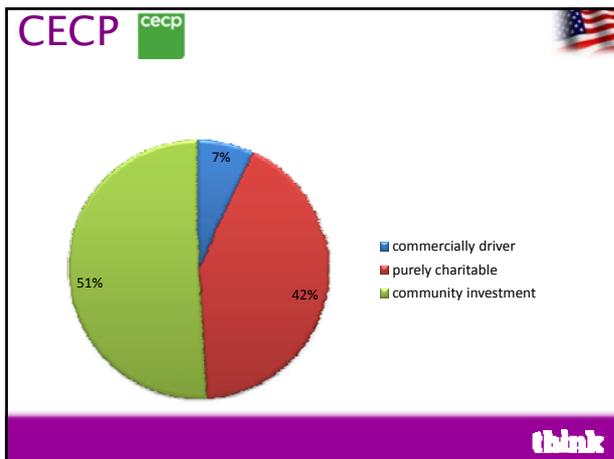


mechanisms



the future?





economic downturn

- impetus to measure the non-financial and demonstrate impact
 - GIFTS IN KIND
 - sped up
 - models of best practice
- 

gifts in kind

- introduce a non-financial target
 - develop a way to measure this
 - if possible, use a scoring model that is aligned to the corporate one
 - know what the companies you are targeting do in terms of their non-financial contributions.
- 

importance of brand

Business 
Community 

- almost 1 in 2 consumers changed their purchase behaviour to participate in a CRM programme
 - 30% consumers switched brands as a result of a CRM partnership
 - 7 out of 10 reported a positive impact on their behaviour or perceptions when they participated
- 

importance of your brand

Business 
Community 

- 80% of participants will continue to feel positive about the company
 - more than 2 in 3 people think companies should be involved in cause-related marketing
- 

brand benefits

- 82% consumers said CRM enabled them to support a charity or cause more than they would have otherwise ^{*1}
- in 2004 £54.1million raised for charities and cause partnerships through 66 different CRM programmes (involving 58 UK businesses and benefiting 42 charities/cause partnerships) ^{*2}
- not just about you choosing a brand to work with companies do their research on you!

^{*1} Giving Now, 2003

^{*2} Cause related marketing tracker, 2004



the arts / heritage



typical audiences:

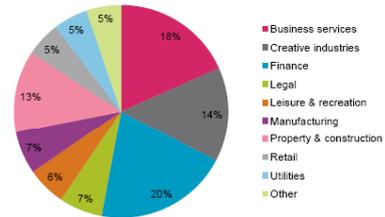
- educated, wealthy and cultured (middle class)

typical engagement:

- sponsorship
 - benefits such as branding / tickets / previews / opportunities to be seen
- CSR
 - access / community involvement / widening participation / bringing culture and heritage to people

think

the arts / heritage



So this offers good brand alignment
PLUS - patronage of the arts is (in many countries) seen as a traditional area for philanthropy

think

education



typical audiences:

- educated, mixed wealth (life stage) but likely to earn 'more' in later life

typical engagement:

- aligned key constituency e.g.
 - subject / faculty like science
 - geography
 - prestige

So offer good branding

PLUS - patronage of education is borne out of the well-meaning, well educated desire to support others to achieve.

think