

# Despite Grim Outlook, Some Corporate Philanthropists Stay Upbeat

By Caroline Preston

NEW YORK

Like most corporations, General Electric has been suffering a string of punches to the gut of late. Its profits fell 46 percent in the last quarter of 2008, and the bad economy forced it to pursue cost-cutting measures such as laying off workers and slashing its dividend—for the first time since 1938. Its chief executive declined a bonus last year.

But Robert L. Corcoran, the company's vice president of corporate citizenship and president of the GE Foundation, said in a recent meeting that the conglomerate would still donate as much this year as it did in 2008.

"We haven't had a problem getting Jeff's time or funding our budget," he said, referring to Jeffrey Immelt, chief executive of GE. "Our budget is being held flat, and it's one of the very few corporate budgets that is, and that's a huge endorsement of the value."

## Reduced Budgets

Mr. Corcoran's company may not be typical of under-performing businesses, many of which plan to cut giving in 2009 and have already eliminated jobs in their corporate-giving offices. Forty-five percent of companies surveyed in February by the Conference Board, for example, said they had already reduced their 2009 philanthropy budget. Another 16 percent were considering doing so.

It is also a reflection of just how dismal the economy is that news of a company maintaining its philanthropy begins to sound like a bright spot.

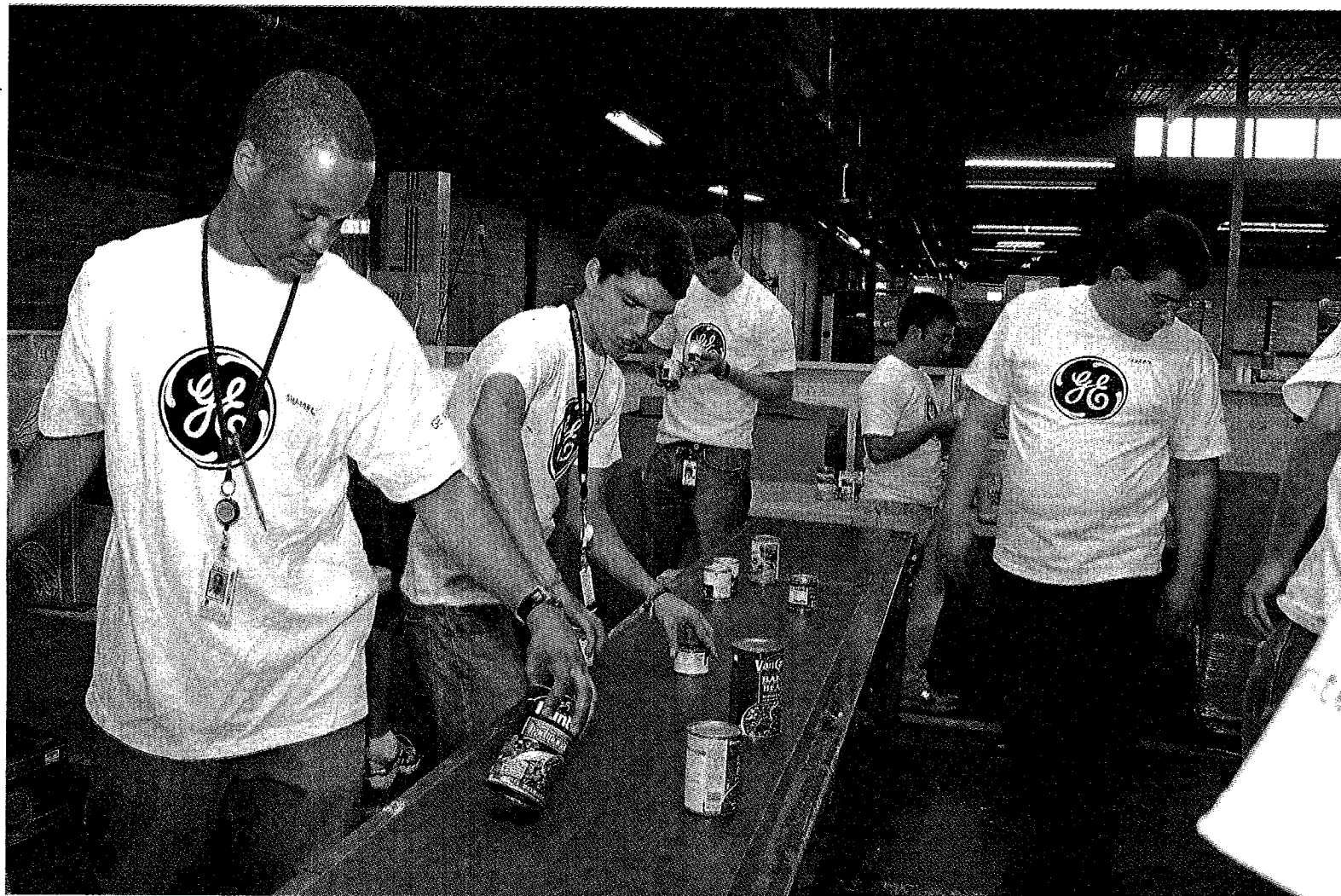
But in a meeting last month of four leaders of corporate foundations, held on the Committee Encouraging Corporate Philanthropy's "international corporate philanthropy day," all said their businesses will maintain or increase their giving this year.

IBM and General Mills's foundation executives said they would give more, while leaders from GE and Moody's anticipated their philanthropy would be on par with last year.

None had eliminated positions in their corporate foundations.

The corporate-giving officers said companies that are able to demonstrate how their philanthropy advances business goals have the best chance of maintaining giving during the recession.

"If it's about 'spare change,' and pure generosity is the only measure of success, then it's going to be subject to economic changes, up or down," said Stanley S. Litow, president of the IBM International Foundation, paraphrasing the argument of an article in the *Harvard Business Review*. "If it's tied to your



GE CORPORATION

General Electric workers volunteer at Cincinnati's Freestore Foodbank as part of the company's new-employee orientation. The company's head of philanthropy says no cut is planned in its giving in the coming year.

business strategy and is building shareholder value, then it will fare well because it will be about real change." IBM plans to give 10 percent more this year.

But the Conference Board study found that for many corporate-giving officers, that may be a tough sell. Fifty-seven percent said they were either making fewer grants or considering doing so, and 48 percent reported they had either reduced the size of their grants or were mulling such a step.

## Rethinking Priorities

The recession has caused leaders of corporate foundations across the country to reexamine how they give. Volunteerism is expected to increase, according to the Conference Board survey, as more corporations try to find ways that go beyond giving cash to help charities.

Among the foundation leaders who met last month, IBM's Mr. Litow said his business was expanding and fine tuning its pro bono consulting program. Moody's recently started an afternoon of service to enable its employees to volunteer as part of a team in their local area, according to Frances G. Laserson, the foundation's president.

Other companies are reallocating their financial resources. In the Conference Board study, 41 percent said they were cutting their support to arts groups, while 28 percent reported spending more on environmental efforts.

Mr. Corcoran said that General Electric is among those businesses giving less to the groups it usually supports, such as those focused on education, the environment, and global health, in order to give more aid to social-service charities.

The company announced in December that it would steer

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more money this year to people directly affected by the economic crisis. The company plans to earmark the money it gives in 2009 to the United Way (about \$10.5-million) for charities that provide food and shelter. It will also set aside \$1.5-million for housing and hunger issues in 15 countries where it has workers, according to Mr. Corcoran.

In addition, GE started providing \$2 for every \$1 its em-

ployees give to social-service charities, a doubling of support.

"We had to find a way to address this current crisis within our budget," Mr. Corcoran said. "We found a way to cut some programs and reduce the funding to some others. Everybody got a little bit of a hair cut."

One area that the philanthropy executives said would remain strong during the recession: marketing ventures with charities.

"Cheerios' consumers like the fact that we give money to support childhood reading; our Yoplait customer really cares about the fact that Yoplait has contributed \$14-million to the Race for the Cure," said Christina L. Shea, president of the General Mills Foundation. "The more you can build giving back into what your company is doing or what your brand stands for, the more sustainable that giving is."

In addition to being bullish about charity marketing deals, the foundation leaders were relatively sanguine about the likelihood that corporations would continue to grow their giving overseas.

"If your program is really strategic, it will reflect where the growth is in your business," said Ms. Laserson, of the Moody's Foundation. "Our growth is coming from outside the United States and our philanthropy is increasing outside the U.S."

The foundation execu-

tives who met last month also stressed that philanthropy could play an important role in helping to maintain some good will toward corporations in an era in which hefty bonuses, the near-collapse of many financial institutions, and the Madoff scandal have produced a backlash against big business.

Quoting a friend, Mr. Corcoran, of GE, described philanthropy and corporate social responsibility as "insurance 2.0" on a company's reputation.

"If you have, as a company, a good, responsible reputation for being part of the community, when something does happen, you get the benefit of the doubt," he said. "But if you've never lifted a finger to do good for any reason, you don't get the benefit of the doubt."

Charles H. Moore, executive director of the Committee Encouraging Corporate Philanthropy, said he is stressing more than ever to businesses that "there is no conflict between creating value for shareholders and helping solve the vexing problems around the world."

He also urged those who lead corporate-giving efforts to move quickly to make a compelling case for the importance of philanthropy to their business and the people who have an interest in it.

"They need to talk to their CEOs, or whoever the senior person is, before the edict comes down that we're going to have to cut 10 percent of giving," said Mr. Moore.