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## OPINION

### How to Get an Extra \$1-Billion From Business

By Evan Hochberg

As nonprofit groups seek to accomplish their missions as efficiently as possible, they often look to corporations for help. Most of the time, what nonprofit groups want is money. Indeed, according to a study conducted last spring by Deloitte & Touche USA and the Points of Light Foundation, a solid majority of nonprofit executives believe financial contributions are what they need most from corporate America.

While U.S. corporations generously donated \$14-billion last year to nonprofit groups, according to *Giving USA*, an annual philanthropy yearbook, that sum represents only about 1 percent of the operating budgets of nonprofit groups.

Even so, corporations have far more to offer than just dollars: their expertise in business strategy, operations, technology, marketing, human resources, finance, and many other areas.

Sadly, too few nonprofit groups do enough to tap into the intellectual capital and business expertise that resides in many corporations — expertise that can be of far greater value than the cash that companies give or the manual labor that employees are often asked to provide as volunteers. And corporate America is not doing enough to push this idea either.

Consider this: Ninety-one percent of nonprofit groups reported a need for capital to invest in technology, while only 37 percent of them said that they were able to secure the needed capital, according to a report by the Listening Post Project, a Johns Hopkins University research effort that conducts regular surveys on issues facing nonprofit groups.

In addition, more than two-thirds of organizations said they needed capital to invest in the development of staff members, but only 26 percent got the money they sought. Meanwhile, 53 percent wanted capital to conduct strategic planning, and only 31 percent of those groups obtained it.

One of the most promising ways to deal with these issues is to apply a new approach to corporate-community involvement that is based on the companies contributing their intellectual capital as a key part of their philanthropy.

In other words, nonprofit groups must seek out the business skills that would satisfy their ultimate needs. The key to taking advantage of corporate expertise is for nonprofit groups, corporations, and the volunteers themselves to redefine philanthropy and volunteering, and focus on the intersection between the business challenges facing nonprofit groups and the deep experience that lies within corporate America.

Companies can contribute business savvy through employee volunteers and board members, or by providing pro bono services — or all those approaches.

Suppose the members of a corporate-finance department want to volunteer for a nonprofit group that feeds the homeless. The charity, which is struggling under budget pressures, probably needs volunteers to work in its soup kitchen. But would the organization benefit more by handing those volunteers a ladle and an apron, or asking them to conduct a cash-flow analysis and recommend options to enhance their resources, which will help alleviate their financial stress?

If the results are like those achieved by people at my organization, it makes little sense to put these volunteers to work in the soup kitchen.

In Dallas, some Deloitte & Touche employees who have expertise in helping retail businesses visited a local Catholic Charities thrift store to plan for a traditional volunteer event — one where they would be sorting clothes and straightening up the facility.

But while they were in the store, the Deloitte workers saw opportunities for the thrift store to borrow merchandising techniques deployed by for-profit clients. The changes they suggested, such as moving better-selling merchandise to the front of the store and cross-selling related items, were modest. But the impact was great: Average monthly revenue at the store rose 20 percent, providing Catholic Charities with more dollars to spend on local community needs.

Now what was an impromptu suggestion has turned into a more formal volunteer effort. Deloitte volunteers are helping Catholic Charities analyze the layout, product assortment, pricing, and promotions at three local stores, with the goal of greatly increasing the revenue taken in by the stores.

If that kind of interaction happened regularly across the country, the value to nonprofit groups would be worth many millions of dollars.

At least six million professionals are available in corporate America to volunteer, according to the Taproot Foundation, a San Francisco charity that seeks to link such professionals with nonprofit groups that need their assistance.

If those volunteers provided an hour of traditional hands-on volunteering, the value to nonprofit groups would be \$108-million, based on the rate of \$18.05 an hour that Independent Sector advises charities to use in assessing how much a volunteer's time is worth.

But many of the tasks professionals can provide would be worth far more.

If these same six million people applied their professional skills as volunteers — and that was valued at an average consulting rate of \$150 an hour — corporate America's contribution to the nation's charities would be closer to \$1- billion. With such powerful potential results, it would seem that everyone would be racing to match skilled corporate workers with charities that need their expertise.

Indeed, more than three quarters of nonprofit leaders (77 percent) believe skilled volunteers could significantly improve their organization's business practices, according to the Deloitte/Points of Light study, and 73 percent of volunteers like the idea.

But only 12 percent of nonprofit groups actually put volunteers to work on assignments that require the volunteers' professional expertise.

To be sure, creating opportunities for volunteers to use their business skills can be challenging. It's not enough to just offer help and expect that nonprofit groups will be ready and willing to accept it. Nonprofit organizations must be better prepared to identify and put to use the professional skills of volunteers. They must be able to align the skills of volunteers with projects that could provide the greatest value.

For a nonprofit group to start taking advantage of the professional skills of its volunteers, it must first assess its business challenges. For example, does it need help building a system to manage donor records, or help figuring out appropriate staffing? Or maybe it needs publicity expertise or information-technology advice.

Equally as important, charities must make sure they have the capability to work with the company that supplies volunteers and devise an approach that works well for both the business and the nonprofit organization.

Sometimes getting help from an organization that focuses mainly on volunteering issues, such as the local volunteer centers across the country, can be useful.

Corporations that want to link their employees with charities in need of their expertise must take an inventory of their employees' skills and develop flexible, creative volunteer programs that foster the contribution of professional skills. They must also recharacterize what it means to volunteer, so that employees realize it is just as valuable, if not more so, to offer professional skills to charity, rather than performing traditional service activities.

Putting a company's intellectual capital to work for society is not just altruistic; it is good for business. Not only will companies make more-valuable contributions, but their employees will gain important professional-development opportunities and greater personal fulfillment. What's more, the corporation will have an opportunity to showcase its professional skills to everyone who interacts with the charity.

Charities will also get more than they expected: As people throughout a business get directly involved in helping a charity improve its operations, it's likely that both the company and its workers will find additional ways to support the cause.

While businesses, charities, and volunteers must make a considerable commitment of time and energy to this new approach to corporate giving, when nonprofit needs and corporate skills are properly matched, it can unleash a creativity and passion that will make a real difference to society.

At a time when nonprofit groups are expected to achieve far more with ever tighter resources, we must all work together to tap the tremendous value that corporate professionals can offer to charities in every community.

*Evan Hochberg is the national director of community involvement at Deloitte Services.*