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Benefits, Corporate Motives, and Communication Patterns in Strategic Philanthropic Relationships as Perceived by Nonprofit Partners

Gregory Grant Rumsey

University of Tennessee - Knoxville

To the Graduate Council:

I am submitting herewith a dissertation written by Gregory Grant Rumsey entitled "Benefits, Corporate Motives, and Communication Patterns in Strategic Philanthropic Relationships as Perceived by Nonprofit Partners." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Communication and Information.

Candace White, Major Professor

We have read this dissertation and recommend its acceptance:

Eric Haley, Ronald E. Taylor, David W. Schumann

Accepted for the Council:
Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

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Acceptance for the Council:

Linda Painter_________________
Interim Dean of Graduate Studies

(Original signatures are on file with official student records.)

BENEFITS, CORPORATE MOTIVES, AND COMMUNICATION PATTERNS IN STRATEGIC PHILANTHROPIC RELATIONSHIPS AS PERCEIVED BY NONPROFIT PARTNERS

A Dissertation
Presented for the
Doctor of Philosophy
Degree
The University of Tennessee, Knoxville

Gregory Grant Rumsey
December, 2006

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ABSTRACT

Businesses are increasingly held accountable both to their owners and to the larger society in which they operate. Accordingly, many companies are extending their resources to meet community needs through philanthropic partnerships with nonprofit organizations. Such ventures, however, have drawn close scrutiny of motives and benefits. For example, some consumers register skepticism when evaluating the sincerity of corporate intent in cause-related marketing arrangements. Attribution theory suggests that altruistic reasons for corporate good deeds may be discounted in the context of apparent self-interest. Likewise, a debate between shareholder and stakeholder theorists introduces questions about possibly conflicting obligations facing corporate managers. Some contend that good business and stakeholder accommodation do not mix. The emergence of strategic philanthropy potentially serves both interests, but little empirical study has been devoted to understanding the dynamics of such partnerships. Of particular interest is the perspective of nonprofit organizations who receive strategically motivated corporate gifts.

This study used a grounded theory approach to tap the perceptions of nonprofit managers regarding these issues. Through in-depth interviews, the researcher learned that nonprofits commonly see in their partners a pattern of multiple corporate motives, with varying blends of altruism and self-interest. The largest donations were generally reported from companies expecting marketing benefits in return for their philanthropic investment. However, participants stressed that those expectations most often were unstated by the company. They described a negotiating environment in which nonprofits thoughtfully analyze potential corporate donors' needs and then pitch mutual-benefit packages to engage them in partnership. In the most strategically driven alliances, relationships were characterized as interdependent, and benefits were viewed as approximately equal. Nonprofit managers reported that they work hard under the strategic model to obtain corporate gifts, but they also experience deeper, more satisfying relationships with their partners than in the past. Communal qualities were often described. In some partnerships, corporate motives were seen as evolving from a primarily marketing interest to an increasingly altruistic interest in the nonprofit mission.

Theoretical implications and a proposed model are presented to guide further study. Observations and recommendations for corporate managers are also offered.

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CHAPTER 1
INTRODUCTION

The corporate world today faces new standards of accountability. Stakeholders expect business organizations to behave, as well as to perform. Surveys show that the public believes it is incumbent on companies to share their resources to benefit society (Thatcher, 2004). These general sentiments, plus a rash of ethics scandals and image crises since the 1980s, have increased calls for good citizenship in business. In response, many firms have engaged in corporate philanthropy and other forms of corporate social responsibility. Corporate funding of charitable causes grew from about $7 billion a year in 1994 (Tokarski, 1999) to $10.8 billion in 2000 (Lavelle, 2001) and then to more than $12 billion in 2005 (Kramer & Kania (2006). In 2002, cause-related marketing alone accounted for $828 million in corporate donations (Porter & Kramer, 2002).

Corporate philanthropy initiatives meet with varied reactions and results. Many programs succeed and are highly regarded, benefiting all parties involved (Leeper, 1996; Tokarski, 1999). Often, however, critically thinking citizens – not to speak of the media – are skeptical of such activity (Webb & Mohr, 1998; Bronn & Vrioni, 2001; Macleod, 2001; Dean, 2003). The very announcement of a socially responsible initiative seems to invite a search for the ulterior motives behind the publicly stated reasons for the program and questions about what the company is trying to gain under the guise of altruistic deeds.

This raises intriguing questions. What *are* corporate motives for entering into philanthropic relationships? Can mutual benefits accrue both to the companies that donate their funds and to the social causes receiving them? How do nonprofit organizations view corporate philanthropy? And what role does communication play in the perception of motives by various stakeholder groups?

With the maturing of public relations philosophy, social responsibility has gained recognition. Many organizations now see opportunities – and duties – to improve an imperfect world. Leaders in the public relations field call on their colleagues to lead the way in this movement (Parnell, 2005). To do so, practitioners must accurately assess all stakeholders' knowledge, experience and attitudes regarding corporate citizenship, and then respond appropriately.

Corporate Philanthropy Under Scrutiny

Public Expectations of Corporate Social Responsibility

Society has raised the bar in what it expects of corporate America. Business entities are viewed as having "an implied social responsibility toward the community" (Dean, 2003, p. 92). According to a survey by the Institute of Business Ethics, 80 percent of the public believes large corporations have a civic duty to contribute to society's well being (Thatcher, 2004). Some call this the notion of "stakeholder capitalism" (Badaracco, 1996). Under this doctrine, a business blessed with prosperity owes a debt to the society that makes possible the organization's success. Indeed, the challenge of corporate citizenship directly faces every boardroom in the Western business arena.

Discretionary Social Responsibility

Several definitions of corporate social responsibility (CSR) appear in the literature. Gillis and Spring (2001) equate CSR with "operating a business in a manner that meets or exceeds ethical, legal, commercial and public expectations that society has of a business . . ." (p. 23). Maignan and Ferrell (2004) suggest that "organizations act in a socially responsible manner when they align their behaviors with the norms and demands embraced by their main stakeholders" (p. 6). Lichtenstein, Drumwright and Braig (2004) define CSR as "the company's status and activities with respect to its perceived societal obligations" (p. 20). To meet these expectations and norms, a company might adjust its policies, clean up questionable conduct, donate cash, sponsor an event, give its employees incentives to volunteer time or provide other resources.

CSR can be broadly classified into two types, depending on their negative or positive orientation. The negative variety is represented by David, Kline and Dai's (2005) *moral CSR*, which addresses legal and ethical constraints in the treatment of key stakeholders and competitors. This fits with Immanuel Kant's categorical imperative to abide by universally binding constraints against lying, coercion, false advertising, etc., which he called "perfect duty" (Bowie, 1999, p. 26). The positive type of CSR is represented by David, Kline and Dai's *discretionary CSR*, reflecting voluntary choices to improve the condition of society. Corresponding to this is Kant's concept of "imperfect duty," i.e. going the extra mile for the well being of the community.

Discretionary CSR has taken root in America. For example, FleetBoston's Fleet Community Bank assists minority and low-income citizens with their underserved banking needs, and Hewlett Packard promotes recruitment of minorities into technology careers through its partnership with universities (Husted, 2003). Avon has earned high respect with its breast cancer awareness and fund-raising events, while Patagonia and others have made their mark in environmental preservation and improvement (Lichtenstein, Drumwright & Braig, 2004). Merck has contributed vast resources for the treatment of river blindness in Africa (Gillis & Spring, 2001). "Corporate social responsibility has struck a chord" (Caulkin, 2003, p. 10). While commitment to any particular project is discretionary, it is increasingly incumbent on firms to go the extra mile in some way or another. "Corporate citizenship is now a must-do priority, not a nice-to-do add-on" (Anderson, 2005, p. 47).

CSR and Corporate Philanthropy

Discretionary CSR most commonly takes on the form of corporate philanthropy. In its traditional form, this occurs when corporations share their wealth or services with charities in return for tax write-offs and goodwill generated by their benevolence (Tokarski, 1999). However, several newer forms of philanthropy have appeared in the past generation. Three of these are sponsorships, cause marketing and strategic philanthropy. *Sponsorships* – often contracted for sporting and other events -- involve a fee paid by a corporate entity for the right of "access to the property's exploitable commercial potential" (IEG In-Depth, 2005). In *cause-related marketing* (CRM), a company donates to a nonprofit a specified percentage of each purchase of its product by a customer. CRM came into vogue after American Express announced its campaign in 1981 to help fund the restoration of the Statue of Liberty (Lachowetz & Irwin, 2002). Some argue, however, that CRM does not constitute true philanthropy because it emphasizes "publicity rather than social impact" (Porter & Kramer, 2005, p. 58).

Most recently, the notion of *strategic philanthropy* has arisen. According to Tokarski (1999), strategic philanthropy is "the process by which contributions are targeted to serve direct business interests while also servicing beneficiary organizations"

(p. 34). More will be said about this concept later, as the focus of this study is strategic philanthropy.

Questions About Motives

The promotion of CSR does not necessarily boost a firm's reputation. In some ways, it may risk being counterproductive if ulterior motives are suspected. For example, Philip Morris contributed $75 million to charities in 1999 and then spent $100 million advertising those programs. "Not surprisingly, there are genuine doubts about whether such approaches actually work or just breed public cynicism about company motives" (Porter & Kramer, 2002, p. 57).

In less controversial product categories, as well, some consumers are doubtful of corporate claims of social responsibility and the intentions behind those claims (Webb & Mohr, 1998; Bronn & Vrioni, 2001; Dean, 2003). Cause-related marketing is scrutinized especially closely in studies reported to-date. While CRM initiatives became fashionable after the Statue of Liberty campaign, announcements of CRM programs began to backfire. The underlying reasons for CRM, in which donations to a cause are linked directly to sales, began to be viewed as suspect (Varadarajan & Menon, 1988). Others suggest that corporate philanthropy weakens the fiber of free-market enterprise (Badaracco, 1996). The media, as well, often raise a skeptical eyebrow. One survey of media elites revealed a common belief that companies "are not doing CSR for altruistic reasons" (Macleod, 2001).

Americans' skepticism of business in general has progressed to cynicism, according to Kanter & Mirvis (1989). Skepticism, they say, is a short-term reaction to the substance of a message; cynicism is a deeper, ongoing doubt about *motives*, as well as substance. This may be reflected in reactions to recent announcements by soft drink manufacturers that they would voluntarily withdraw distribution of their products in elementary schools throughout the nation. Consumer advocate Michael Jacobson commented, "This does indicate that the industry is willing to make some small sacrifices, *if only to protect its reputation*" (Wilbert, 2005, p. A7, emphasis added).

In the case of discretionary CSR, Thatcher (2004) says the skepticism may be due to the rush to leap on the popular CSR wagon without a strategic approach. "The unfortunate backlash has been accusations of corporate responsibility being little more than "an exercise in PR" (p. 2), with little connection to the realities of commerce and business. Corporate motives are certainly scrutinized more closely than in the past.

Nonprofit Organizations as Stakeholders

Because of consumers' instrumental position in the company's galaxy of relationships, their response to corporate giving has drawn considerable interest among marketing researchers. Customers' attitudes – skeptical and positive -- about motives and the division of benefits enjoyed by the company and the social cause it supports are important to marketers.

Yet from a public relations stance, the perspectives of other stakeholder groups warrant equal attention. An organization relates to multiple publics outside of the customer circle. In Freeman's (1984) view, anyone who affects or is affected by an organization can be considered a stakeholder. In the context of social responsibility and corporate philanthropy, the beneficiary of a company's financial support – the social cause receiving the support – constitutes a significant stakeholder. Typically, this cause (and by extension the community segment it serves) is represented by a nonprofit organization. Whether it is a health association, the local food bank or a literacy agency, the nonprofit group is central to the extension of the benefits of corporate philanthropy to those who ultimately receive those benefits. Nonprofit managers have been encouraged to make more effort to "woo corporations," yet nonprofits have tended to regard businesses as "adversaries rather than allies" (Muehrcke, 1995, p. 60). Even when relations are friendly, they often are seen as a quid pro quo type of exchange, rather than genuine philanthropy (Wagner & Thompson, 1994).

The purpose of this study is to examine, through the eyes of nonprofit managers, the compatibility of corporate benevolence and corporate strategy. Of special interest are perceptions about the genuineness of corporate motives for discretionary, yet strategic, support of nonprofit causes.

CHAPTER 2
LITERATURE REVIEW

Benefits of Corporate Philanthropy

Nearly twenty years ago, a philosophy was emerging in corporate America that philanthropy should be viewed as an investment (Varadarajan & Menon, 1988). Since then, a groundswell of businesses and their public relations officers have learned that what is good for the community is often good for the company's success, as well (Leeper, 1996). As the practice of corporate philanthropy evolves into more strategic forms, evidence is mounting that such activity is beneficial both for the companies that give and for the social causes that receive (Tokarski, 1999). Socially responsible partnerships in the form of "venture philanthropy" (Gillis & Spring, 2001, p. 26) have been shown to yield strategic, bottom-line gains for sponsoring corporations.

Lachman & Wolfe (1997) believe that organizational effectiveness and corporate social performance are compatible ideals. Anecdotal evidence from General Electric executive Jack Welch reinforces this trend. "Winning companies give back and everyone wins," (Welch, 2005, p. 356). Others see philanthropic relationships associated with "social capital" (Berger & Gainer, 2002, p. 409), emphasizing mutual benefits through collaboration and cooperation. For some companies, establishing a reputation as a responsible player has become "another way to differentiate us from our competitors" (Beadle & Ridderbeekx, 2001, p. 23). The consensus is that philanthropy potentially offers two-way value to donors and their recipients.

Strategic Philanthropy

Historically, the corporation's share of these benefits was assumed to be primarily reputation-oriented. Philanthropy was benevolent rather than strategic, and a company's choice to support charity was regarded as unrelated to its prudential performance (McAlister & Ferrell, 2002). Even today, some argue that most corporate giving is "diffuse and unfocused" (Porter & Kramer, 2002, p. 58) – aimed at creating goodwill rather than being strategically productive. As indicated earlier, however, a more strategically driven approach has appeared during the last 15 or 20 years. Tokarski (1999) attributes this to the growing financial pressures on businesses to account for the dollars they donate in terms of the profit line. The resulting emergence of *strategic philanthropy* is blending business objectives with the needs of beneficiaries in the community.

Some have defined strategic philanthropy as "the synergistic use of organizational core competencies and resources to address key stakeholders' interests and to achieve both organizational and social benefits" (McAlister & Ferrell, 2002, p. 690). Under this paradigm, philanthropic and business goals are viewed as mutually enhancing each other. Business executives surveyed on the topic defined strategic philanthropy as a way to find community issues that "mesh with the purpose of the firm" and that warrant enlisting a firm's broader resource base in the giving process (Saiia, Carroll & Buchholtz, 2003, p. 181).

When charitable giving is channeled in ways that genuinely strengthen the quality of a company's business environment and competitive context, Porter & Kramer argue, "corporate philanthropy and shareholder interests converge" (2002, p. 59). As an example, this occurred in the case of Cisco's Networking Academy initiative to commit its resources for training teachers and school administrators in computer networking. An efficient, high-caliber curriculum was developed. Consequently, the academic community was empowered to capitalize on information technology and Cisco's customer base expanded markedly. Strategic philanthropy combines benevolent giving and long-term gain for the company (Southall, Nagel & LeGrande, 2005). "This redefinition of philanthropy recognizes that while businesses should be good corporate citizens, they must not forget their fundamental obligation to their shareholders and employees, and to the company's profit-and-loss statement" (p. 159).

Many have seen a dichotomy between performance-oriented (instrumental) and morally based (normative) justifications for stakeholder relationships (Donaldson & Preston, 1995), as will be elaborated later. This can also be referred to as a distinction between "pure business" and "pure philanthropy" interests (Porter & Kramer, 2002, p. 59). Strategic philanthropy would appear to resolve at least some of the tension between those categories. If both the corporation and the community gain, the interests of business and benevolence, indeed, converge.

To this end, many advocates of strategic philanthropy believe that the marketing role should go *beyond* promotion. Philanthropy becomes part and parcel of the company's marketing strategy and its larger goals and purposes (Collins, 1993). Social and economic value are created together. In a survey of Orange County, California, corporations, 52 percent reported that philanthropy programs are managed in their marketing departments (Tokarski, 1999). While it is unlikely that all of these are engaging their core resources in the philanthropic programs, it may signal a shift in that general direction.

While the ideal of strategic philanthropy is now a popular topic in the literature, very little empirical research has been done on it. Perhaps that is because it is difficult to spot in actual practice. Porter and Kramer address “The Myth of Strategic Philanthropy” (2002, p. 58) and the abundance of programs such as cause-related marketing that masquerade as strategic philanthropy. The chief benefit with CRM, however, is goodwill, rather than genuine strengthening of a company’s competitive position. There seems to be potential for obtaining further insights into the perceived benefits of philanthropy as it now occurs.

Philanthropy Benefits as Customer Value

A discussion of the benefits of corporate philanthropy resonates in some ways with the marketing concept of customer value. This has been defined by Woodruff and Gardial (1996) as “the customer’s perception of what they want to have happen (i.e., the consequences) in a specific use situation, with the help of a product or service offering, in order to accomplish a desired purpose or goal” (p. 54). Value is the trade-off between positive and negative consequences, as perceived by the customer. Positive consequences are benefits; negative consequences are sacrifices or costs. Customers may be end consumers or they may be business customers.

In a broad sense, a corporate donor might be thought of as a “customer” of a nonprofit agency or a social cause. At the same time, the nonprofit organization might also be seen as a type of customer in the corporation’s network. Especially in the context of strategic philanthropy, each has potential benefits to offer the other. Each can affect the success of the other. Understanding the perceived net values involved in that relationship from either the corporate or the nonprofit perspective may offer valuable insight. Specifically, research is needed to assess the *kinds* and the *extent* of value/benefits that are perceived to accrue. Do nonprofits receive only dollars from corporate philanthropy? Or do they also receive expertise, time commitments and perhaps other kinds of value? Do the corporate donors receive only goodwill from their good citizenship? Or do they receive direct (though perhaps long-term) prudential gains, as well? If philanthropy is, in fact, strategic, these are relevant questions to examine.

Perceptions of Corporate Character and Motives

In the same breath with benefits and value, the motives for corporate generosity beg consideration. Conflicting views concerning financial vs. moral grounds for socially responsible conduct imply fundamental questions about the reasons behind corporate actions. Are they self-serving or altruistic? Or are they a combination of both? Furthermore, how are those motives communicated, explicitly or implicitly, by the corporation? In social and business relationships, the *intent* as well as the *effect* of human action can be important.

Impression Management and Credibility

Indeed, this concept lies at the root of impression management (IM) theory. Originally developed in psychology (Goffman,1959), the concept is also known as self-presentation. The IM theory describes a person's deliberate strategies to control information to fit with his or her desired image. It suggests that people are commonly affected, on a personal level, by the motives they perceive in each other.

The IM concept has been applied to organizations in recent decades. In today's corporate and media environment, the press will often shine its probing light, lying in wait to catch any stumble. Ginzel, Kramer and Sutton (1992) observe that Dow Corning learned a painful lesson when the crisis erupted over its silicon breast implants in the early 1990s. High-level executives constructed initial accounts intended to generate maximum sympathy and minimal antagonism, but they erred in their judgment of how to do that. This forced them, under pressure, to modify later statements and acknowledge the problem more candidly.

While this story involves crisis management, it may have implications for how companies manage and talk about their philanthropic investments, also a subject of media attention. Closely tied to IM are the reasons behind human behavior. "Impression management theory focuses in part on actors' motives" (Sallot, 2002, p. 151). Motives, and how they are perceived, contribute to the reputation of an individual or an organization. Callison and Zillmann (2002) note that those receiving a message construct a meaning for *why* a communicator advocates a certain position, and this assumed explanation affects the perceived credibility that receivers attach to the source. It is interesting to consider the implications of this theory for relationships between corporate philanthropists and the nonprofit causes they support. Questions about the relative benefits shared by two entities in a partnership suggest the importance of the motive factor. How do stakeholders see corporate motives for their good deeds?

Research on Consumer Attitudes About CSR

As noted before, scant research has been done on these issues from the nonprofit perspective. A number of studies have focused on consumer evaluations of, and reactions to, corporate support of social causes – especially in the context of cause-related marketing. Those perceptions have reflected a wide range of opinions. Half of the consumers in a qualitative study by Webb and Mohr (1998) expressed negative reactions to cause-related marketing, largely rooted in doubts about corporate motives. In-depth interviews (*n*=44) yielded data for classifying participants into four groups: skeptics, balancers, attribution-oriented and socially concerned consumers. Asked directly about the *firm's* motives, "approximately half mentioned only self-serving goals, whereas the other half credited the firm with at least some altruistic goals" (p. 236). In all groups, however, most consumers' attitudes toward the *nonprofit* organization were "positive" or "qualified positive" (p. 233). Among the skeptics, 100 percent were positive without qualification.

Consumer assessments appear to be more positive when there is a logical fit between a company's product and the community project(s) it supports. Pracejus and Olsen (2004) exposed students to pairs of theme park advertisements, one of which included a statement that $5 of each admission ticket for the next month would go to a specified charity. The high-vs.-low fit between the park and the nonprofit organization was key to the study. When the Children's Miracle Network -- predetermined as a high fit -- was identified as the beneficiary rather than the Kennedy Performing Arts Center, subjects were much more likely to choose that park, even if they had to settle for fewer rides or mediocre food quality.

A study by Lafferty, Goldsmith and Hult (2004) yielded similar results, particularly when a good-fitting partnership involved a cause with which subjects were familiar. Surveys were administered to measure attitudes toward alliances between various product brands and various nonprofit causes. Results showed that both partners benefited from a logical, consistent cause-brand alliance. Specifically in this study brands of bottled water or canned soup in partnership with the American Red Cross or the Famine Relief Fund fared better than did other alliances. Haley (1996), too, found that the "match" between an organization and the issue it advocates is important, because "perceived expertise and logical association with an advocated issue are components of organizational credibility" (p. 32). This finding appears compatible with McAlister and Ferrell's (2002) emphasis on "the synergistic use of organizational core competencies and resources to address key stakeholders' interests" (p. 690) in strategic philanthropy, as noted earlier.

The focus of these studies is cause-related marketing – not traditional or strategic corporate philanthropy. Still, they indicate that perceived corporate expertise relevant to a social project appears to be an important factor for consumer acceptance. For *strategic* philanthropy to succeed – as in the Cisco case -- such expertise would seem to be doubly important. For a nonprofit beneficiary of strategic philanthropy, the potential value of the relationship could hardly be divorced from the closeness of fit between the company's knowledge and the community need being supported. Likewise, the perceived sincerity of the company's commitment might well vary with that degree of fit.

Attribution Theory

Consistent with impression management, attribution theory posits that inferred reasons for human actions often are more important than the actions themselves. Attribution theory emerged in the social psychology literature in the 1960s. It was articulated largely by Kelley (1973), drawing heavily from earlier work in the field by such scholars as Heider (1958) and Jones and Davis (1965). The central notion is that human beings naturally attempt to identify plausible explanations for why others act in certain ways. This often takes on the form of inferring motives for what other people do. As Cicero said, "The causes of events always interest us more than the events themselves" (quoted by Kelley, 1973, p. 127). Accordingly, Kelley reports that considerable research suggests attributions often influence future actions. For example, "the reciprocation of benefit has been shown to depend on the attribution to the actor of his helpful behavior" (p. 126).

A distinction is often made between *external* and *internal* attribution. External attribution refers to environmental or situational influences outside of the person exhibiting a given behavior. Internal attribution assumes choices a person makes because of intrinsic characteristics that predispose him or her to act that way (Kelley, 1967). When strong situational reasons appear to exist, they tend to diffuse attribution of an action away from the inherent disposition of the actor (Heider, 1958). Complicating the cognitive process of analyzing behavior is the frequent presence of multiple causes for a particular action. When that occurs, Kelley says the specific weight assigned to any given cause is likely to be lessened. This is called the *discounting effect* (1973, p. 113).

Like impression management, attribution theory has been adapted from psychology by organizational communication and marketing scholars. Stakeholders are believed to attribute character to companies that affect their lives (Sarbutts, 2003). Attribution concepts were used in the theoretical foundation of a study by Dean (2003) on consumer perceptions of corporate philanthropy. The theory was operationalized by describing the business of an athletic shoe manufacturer and its donations to UNICEF. Scenarios were varied to reflect different corporate character profiles in terms of treatment of overseas workers. They were also varied by type of donation -- unconditional gifts to UNICEF vs. "cause-related marketing" donations linked to consumer purchases of the company's products. Following attribution theory, Dean predicted that the unconditional donations would be perceived as more purely altruistic. Results generally followed that prediction.

Even without a direct donation-per-purchase tie, internally based altruistic motives for community service projects may be discounted if ostensibly good deeds net a prudential gain. "Where there is a clear advantage to acting as morality requires, there is a tendency to think that duty was not the motivation for the action" (Bowie, 1999, p. 123). People tend to become cynical and emphasize more opportunistic reasons, according to Bowie.

Both attribution and impression management theories suggest that motives of persons and organizations are often analyzed critically. Saiia, Carroll and Buchholtz (2003) call on future researchers to address the "why" questions in strategic philanthropy (p. 187). Embedded in this issue are questions about the obligations and priorities confronting the managers of a corporation in a free-enterprise system.

Conflicting Views on Stakeholder Obligations

The skepticism cited above, while by no means universal, reflects an ongoing debate about the nature of a business entity's obligations. Until recent decades, business corporations generally operated under the *shareholder* model of economics. It was assumed, under that model, that "the owners of shares of stock should be the prime beneficiary of the organization's activities" (Phillips, 1997, p. 52). Chief among the proponents of this view is Milton Friedman (1970), who argues that a corporate executive, as an agent of a company's owners, has no right to spend "someone else's money for a general social interest" (p. 33). To do so amounts to an arbitrary tax on shareholders to meet social needs. Indeed, Friedman argues that the sole "social responsibility" of business is "to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (1970, p. 126).

In the past generation, however, that notion has been challenged by *stakeholder* theory. Edward Freeman (1984), in particular, advanced the notion that shareholders are only one of many groups who have a rightful stake in what the company does. Employees, customers and a broad variety of community groups should be recognized as stakeholders in the organization. As the 21st century approached, the "imperfect duty" of corporate social responsibility gained stature as the norm. Recently Badaracco (1996) wrote, "[T]he politics of commerce now requires not only ethical behavior but a demonstration of civic conscience" (p. 14).

These developments have drawn increasing attention to a general distinction between a corporation's self-interested motives and its socially oriented, or altruistic, motives. Stakeholder relationships have been classified by Donaldson and Preston (1995) in three ways, two of which are especially relevant in this context. In the *instrumental* category, profits and traditional organizational performance are prioritized. In the *normative* category, moral and ethical obligations to stakeholders and the community are emphasized. Customer relationships, for example, typically are seen as instrumentally justified. This stakeholder group directly affects the company's success. Relations with an environmental group would more likely qualify as normatively based. Its interests are affected *by* the company's actions. Employee relations might well be regarded as instrumentally *and* morally based.

Moral accounts notwithstanding, critics of stakeholder theory suspect that stakeholder relationships are pursued primarily for their instrumental value, with the bottom line ever in view. They see business and ethics as occupying separate domains (Phillips, 2003). Managers, in their view, may talk about serving the interests of society, but their first loyalty is to shareholders, and any claims of noble motives must be taken with a grain of salt. This sentiment threatens to undermine corporate endeavors to build goodwill with stakeholders through philanthropy. At the same time corporate philanthropy is expected, in many circles, highly praised. For the business communicator, these tensions present a significant challenge unique to this generation.

Philanthropy, Relationships, and Communication

Discussions of motives, benefits and outcome value are hardly new. Eighteenth-century economist Adam Smith (2006) taught that society works best when every business person pursues his or her own self-interest. Led by "an invisible hand" (p. 9), such pursuits will collectively, though perhaps unwittingly, promote the well being of society. Similarly, the advocates of the traditional exchange model of marketing emphasize mutual benefits. Successful organizational relationships – while characterized by self-serving motives among all parties -- yield benefits that are fair and equitable (Southall, Nagel & LeGrande, 2005). As noted earlier, Friedman (1970) finds the notion of benevolent philanthropy incompatible with this model. On the microscopic level, managers should serve the self-interest of their shareholders; on the macroscopic level, nature will run its course for the best interests of society as a whole. Yet Freeman (1984) and his disciples argue for the multiple-obligations philosophy of stakeholder theory. Business owes a debt to society, as well as to its financiers.

As suggested earlier, the concept of *strategic* philanthropy may partially resolve this tension. Rather than viewing the two kinds of motives as incongruous, strategic philanthropists see benevolent and business motives aligning "in concert" (Southall, Nagel, & LeGrande, 2005, p. 160). Increasingly, companies and charities with matching missions are forming alliances. For example, Foster Parents Plan of Canada allied in the 1990s with the Second Cup coffee company to build communities in developing countries. The two organizations shared resources and promotional efforts to raise issue awareness and cultivate donations from franchisees and customers (Foley, 1998). Central to Maignan and Ferrell's (2004) model of corporate social responsibility and marketing is the notion of finding a point of convergence between an organization's norms and the norms of its stakeholders.

Grunig (2000, p. 23) submits that "[t]he core value of public relations is the value of collaboration." For a number of communication and marketing scholars, this implies *communal* rather than *exchange* relationships (Clark & Mills, 1979; Grunig, 2000; Aggarwal, 2004; Hung, 2005). Communal relationships transcend self-interest alone. Though they do not preclude an element of self-interest, much like family relationships, they are not motivated by quid pro quo expectations. "In a communal relationship, the receipt of a benefit does not create a specific debt or obligation to return a comparable benefit, nor does it alter the general obligation that the members have to aid the other when the other has a need" (Clark & Mills, 1979, p. 13). Motivated by that need, they each give benefits "to demonstrate a concern" for the other party (Aggarwal, 2004, p. 88). Benefits and motives, then, while not identical, find genuine common ground.

Implicit in this overlapping of priorities, it would appear, is the opportunity to promote jointly the real value and positive consequences of a philanthropic partnership, beyond merely creating an image of social responsibility. As Porter and Kramer (2002) put it, "As long as companies remain focused on the public relations benefits of their contributions instead of the impact achieved, they will sacrifice opportunities to create social value" (p. 67). Ironically, they may also miss out on the *economic* value that their social investment can potentially generate. In this age of "public skepticism" about business ethics, "goodwill alone is not a sufficient motivation" for corporate philanthropy (p. 67). It should, in the long term, be profitable enough that the company would be willing to pursue the relationship even without the publicity it brings. For Porter and Kramer, this goes to the heart of the *strategic* philanthropy concept.

For communicators, Porter and Kramer's advice is thought-provoking. It suggests emphasizing outcomes as well as – maybe *more than* – the amount of corporate dollars given to social causes. It implies careful monitoring of the results of philanthropic giving, which most corporations do not do (Tokarski, 1999). It also invites communication that highlights common values and goals. Corporate advertisements following a massive earthquake in Taiwan in 1999 reflected communal relationship building in the process of recovery (Ho, 2004). Companies' philanthropic initiatives were prompted by social *and* economic interests in the restoration of their communities.

Distinguishing between benevolent and business motives, of course, can be tricky. It is often difficult for stakeholders to "discern where one element ends and another begins" (Southall, 2005, p. 160). While consumers are generally willing to accept mutual benefits to the corporation and to the cause it supports (Haley, 1996), signs of disproportionate gains for the business can cause both partners' credibility to suffer (Gold, 2004). Poorly managed good deeds and their repercussions jeopardize a company's good name (Tokarski, 1999). Accordingly, Tokarski calls for fine-grained research to assess the benefits of strategic philanthropy, *as perceived by* the nonprofit organizations engaged in those partnerships. The role of communication in those relationships particularly begs study. Dawkins (2004) calls communication the "missing link" in CSR (p. 108). For Dozier, Grunig and Grunig (1995), symmetrical, two-way communication is crucial in building credibility and trust in organizational affiliations. They associate such patterns with the concept of communal relationships. Sinickas (2004) cautions, however, that relationship measurement alone does not account for the full picture; success in good corporate citizenship requires tangible organizational outcomes. Further research could yield valuable insights into these issues as seen by nonprofit managers.

Purpose of the Study

Several generalizations can be drawn from the literature review. Corporate support of charity has evolved from a long tradition of benevolent philanthropy to the innovation of cause-related marketing in the 1980s and then, in the 1990s, to the recognition that philanthropy can be strategic. Cause-related marketing and strategic philanthropy should not be confused with one another (McAlister, 2002; Porter & Kramer, 2002). In the past decade, cause-related marketing has drawn most of the systematic research among these three categories. Those studies reveal a wide range of public attitudes from praise to skepticism about benefits and motives.

In response to growing pressures for accountability – financially and socially – an increasing number of companies have adopted the "strategic philanthropy" label. While this term emerged more than a decade ago (Smith, 1994), little empirical research has been focused specifically on strategic philanthropy. When it does appear in the marketing or communication literature, it usually is in the form of anecdotal evidence, as noted by Saiia, Carroll and Buchholtz (2003).

Even more scarce is research about how *nonprofit* stakeholders view strategic philanthropy. Of special interest in the present project is the question of how perceptions about motives *and* the distribution of benefits play into *nonprofit recipients*' relationships with their corporate donors. The consumer skepticism toward corporations in cause-related marketing alliances, documented by Webb & Mohr (1998), implies a concern that worthy nonprofit partners are being short-changed. The time is ripe to ask them directly about that. Especially with the rise of *strategic* philanthropy, inquiry into the experiences of nonprofit managers with these evolving forms of corporate support should offer helpful insights. The literature reviewed above points to the need for systematic investigation of strategic philanthropy through the eyes of its beneficiaries. Accordingly, the following research question was formulated for this study:

As philanthropic partnerships between corporations and nonprofit organizations become more strategically driven, how do nonprofit managers perceive the benefits, corporate motives, and communication patterns characterizing those relationships?

The unit of analysis chosen for this study was the perceptions of nonprofit managers involved in strategic philanthropic relationships with businesses.

CHAPTER 3
METHODOLOGY

Primary Method of Inquiry

In order to better understand the phenomenon of interest -- *the meaning of strategic philanthropy to nonprofits* -- a qualitative research approach was designed. As McCracken (1988) states, "Qualitative research does not survey the terrain, it mines it" (p. 17). Preliminary field work for this study suggested in-depth interviews with individual participants as the most promising method to "mine" the terrain of their experiences. Through skillful interviewing, researchers can gather an abundant harvest of meaningful data from each individual participant, complete with attitudes and cognitions. This opens the door to the discovery of shared meanings. Later analysis of those meanings and patterns yields valuable data for a *grounded theory* (Strauss & Corbin, 1998) application of the field data. In the present project this sort of open-ended, discovery-oriented research was the goal.

Participant Selection Procedure

Participants for this study were executive directors and development officers of local and regional offices of nonprofit organizations in a metropolitan area in the southeastern United States. As a starting point in sample selection, Smith's (1994) outline of causes promoted by corporate philanthropy offered common categories to consider for the selection. Of special interest in that list were such issues as hunger, community development, health, and literacy and education, which seemed to fit with the notion of discretionary responsibility. Other categories, including family values and arts awareness, were added to that list as sample selection continued.

In keeping with the focus on *discretionary* social responsibility (David, Kline & Dai, 2005), preference was given to organizations addressing broad needs and interests in the community. To allow for the widest possible range of donor motives, from altruistic to self-serving, the researcher sought to identify widely respected nonprofits that were not serving a highly controversial purpose or a religious or political audience.

Preliminary Search for Partnerships

To prospect for specific candidates in the local community, several telephone conversations and an informal office interview were conducted with the vice president of marketing/communications at the United Way in that community. Additional phone calls were made to other administrative staff at United Way, as well as an affiliated center serving nonprofit organizations in the community. These contacts yielded an initial list of nonprofits included under the umbrella of the United Way that were believed to receive strategically motivated philanthropy. An office conversation with a faculty colleague who teaches classes in nonprofit management and has worked with local nonprofit agencies provided more names.

In selecting participants, a high priority was placed on identifying nonprofits that were, indeed, receiving some measure of *strategic* philanthropy dollars from corporate sources. The IEG Sponsorship Report (IEG Indepth, 2005) focuses on this point in differentiating strategic philanthropy from traditional corporate philanthropy. If it is strategic, marketing dollars should be spent purposively and selectively to promote the community project. For meaningful variation to be found, the data generated would need to represent partnerships that were similar in this respect.

While nonprofit managers would certainly have some knowledge of whether or not they were receiving strategically motivated donations, it was also important for the strategic element to be confirmed by some of their corporate partners. Such screening would minimize the risk of interviewing nonprofits actually involved in serendipitous relationships that were erroneously assumed to be strategic. Accordingly, the researcher created a corporate, as well as a nonprofit, list. As the preliminary field work continued, screening calls to nonprofit organizations revealed names of corporate supporters. One of the most productive "moments," however, was a lengthy phone conversation with the vice president for marketing/communications at the local Chamber of Commerce. From this contact, a substantial list of businesses that might be proactive in such relationships was identified. The Chamber source also offered names of executives to call at several of these businesses. Similar input was obtained from a telephone conversation with a veteran fundraiser and nonprofit manager, recently retired from a family services agency in the community. Also, the researcher consulted with work colleagues who do fundraising for their institution, and they suggested additional companies in the area thought to be active in strategic philanthropy.

A working list of nonprofit organizations and corporate partners was developed. The list was annotated with names and phone numbers of people to call, cross-referencing information about likely partners and other relevant details as they became known. Web sites were also consulted for background information on business and nonprofit organizations. Pages from these sites with material related to the organizations' philosophy, mission and philanthropic support of community projects were printed. These were stored in a binder, with the master list in the front.

Some criteria that had originally been envisioned for refining the selection of participants were dropped as screening factors. These included corporate initiation of a strategic relationship, publicly-owned status of the corporation and matching missions between the corporation and the nonprofit. As the preliminary field work progressed, it became clear that imposing all of these criteria would have narrowed the field of qualified candidates unrealistically. The question of partnership initiation did become a useful part of the interview schedule, however. Furthermore, nonprofit missions, while not rigorously analyzed for matching elements with corporate partners, were considered in light of the concept of discretionary social responsibility (David, Kline & Dai, 2005).

Screening Calls

Preliminary telephone calls were made to both businesses and nonprofit organizations. Business executives were asked if they were involved in strategic partnerships with nonprofit organizations and what made the relationships strategic. They were also asked if they committed marketing dollars to those partnerships or if they treated them as a business investment in other ways. Finally, they were asked to identify one or more nonprofit organizations in the community with whom they engaged in strategic philanthropy.

Partnerships labeled as strategic were marked, and notes were integrated into the master list. When company executives identified a strategic partner that was not already on the working list of nonprofits, it was added, with cross-referencing notes. In a few cases, the business contacts said that they were not involved in strategic giving at all.

Between 20 and 25 business executives took part in the telephone screening process. As these calls progressed, a list of "confirmed" recipients of strategic philanthropy began to emerge. All nonprofits on this list were named by at least one corporation as a strategic partner, except for the last one interviewed. (In that case a screening call only to the nonprofit director was deemed sufficient for selection.) Several nonprofits were named by more than one business.

The final list of interview participants is shown in Appendix 1. While the screening contacts on the business side were still being made, the researcher began calling the nonprofit organizations to explore the prospects of scheduling a face-to-face interview. If the nonprofit manager agreed that the organization was receiving strategically given dollars, and if he or she agreed to participate in a personal interview, an appointment time was set up.

Occasional telephone contacts with corporate managers continued into the first several weeks of the interviewing of nonprofit managers. This was helpful for confirming the strategic nature of their relationships and the ongoing selection of nonprofit organizations. Handwritten notes from these telephone conversations provided an important perspective on the partnerships to supplement the primary data pool derived from the interviews.

Interview Protocol and Recording Procedure

In-depth interviews were done in or near participants' offices. A consent form (Appendix 2), approved by the Institutional Research Board, was signed by each participant prior to the interview. Participants were assured of confidentiality. All of the data-gathering interviews were recorded on micro cassette audio tapes so that transcripts could be typewritten and systematically analyzed.

Sixteen interviews were completed during the spring and early summer of 2006. Each interview lasted from 45 to 60 minutes and yielded a typed transcript of about 15 to 21 pages. The interview guide can be found in Appendix 3.

Based on the data and the initial analysis of the first interview, the researcher refined the topics guide for subsequent interviews. Using the grounded theory perspective, researchers are encouraged to modify interview questions "on the basis of emerging relevant concepts" (Strauss & Corbin, 1998, p. 207). After the first participant spontaneously mentioned that some corporate executives hold seats on her organization's board, this point became a common question in future interviews. Another change in the interview guide occurred between the second and third interviews. Because the first two participants had indicated that multiple motives are now common in corporate philanthropy, the concept of motive compatibility emerged. Starting with the third interview, participants were asked if they believed marketing motives and altruism could coexist. This became one of the key issues to be explored in the remainder of the data-gathering process.

Further adjustments were made as the interviewing process continued. For example, the researcher began systematically asking near the beginning of each interview whether, and how, the nature of philanthropy had changed during recent years.

Coding of the Data

Open Coding Procedure

The purpose of open coding is to label individual events, objects and actions with abstract terms and categories that will facilitate conceptual analysis (Strauss & Corbin, 1998). These labels may take the form of root concepts or specific "properties" and/or "dimensions" of those concepts (p. 116-117).

In this study, each interview was transcribed in full, and analysis began before the next interview was recorded. The initial, line-by-line coding was done before the next interview was conducted, in keeping with Strauss and Corbin's (1998) recommendation that "data collection should be followed immediately by analysis" (p. 207). Using the "Insert Comment" function of Microsoft Word software, the researcher could easily add codes in the right column.

Brief memos were sometimes typed into the comment boxes, along with codes, to record thoughts and insights prompted by this first stage of analysis. These marginal notes made during open coding served to identify connections and focus on emerging concepts.

Outlining of Codes

Following the first several interviews, a working outline, consisting of open codes and accompanying excerpts from the transcripts to-date, was created. Once this procedure was established, it proved highly useful as a tentative organizing scheme. An initial structure of key concepts, subcategories and properties was developed, and each new transcript yielded a set of codes and data samples that were fitted into the outline. New categories and subcategories were added as they emerged.

Regarded as a tentative classification, the outline provided, at a glance, many of the choice morsels in the data pool in a configuration that set the stage for the more refined axial coding process that followed. Most importantly, the text from the interviews took on a conceptual hierarchy and shape early on. This allowed the researcher to begin abstracting and thinking analytically about the data. Integral to the work of open coding is the categorizing of concepts into related groups to make the data manageable (Strauss & Corbin, 1998, p. 113).

By the sixteenth interview, it was apparent that no major new categories or concepts were appearing. A content comparison between the first four interview transcripts and the last three interviews showed a high level of redundancy, conceptually, between the two sets. As Strauss and Corbin observe, the point of "saturation" is reached when "collecting additional data seems counterproductive" (p. 136). The decision was made to terminate the data-gathering process.

Axial Coding Procedure

"The purpose of axial coding is to begin the process of reassembling data that were fractured during open coding" (Strauss & Corbin, 1998, p. 124). To a degree, this reconstruction of the open codes originated during data collection. As noted above, this was facilitated when the working outline of categories and excerpts from the transcripts started to take shape and the first attempts were made to fit the pieces together in a logical framework. Comparisons, contrasts and patterns, while preliminary, began to appear. This included tentative grouping of concepts and abstracting into larger categories.

After the interviews were completed and reviewed, the working outline was revised, as the next step in axial coding. Specific excerpts from the data were repositioned to fit better in the category tree. Related excerpts were combined. Some new categories were created. After making these revisions, the researcher printed the outline and cut the pages into small clusters of excerpts, each headed by a subcategory label. The "fractured" data – appearing on 75 pieces of paper – were then reassembled by physically arranging them into major groups.

For the next several days of axial coding, the interview data were revisited in light of the developing conceptual structure. An intuitive sampling of more than 50 direct quotations was drawn from more than half of the 16 interviews, representing most major topic areas. During this process, the excerpts were hand-copied and memos were interspersed with the quotes. These passages were closely examined and compared for confirmation, exceptions and new insights. Again, clues to new or modified conceptual labels were noted.

Categories, properties and dimensions were studied for hints of possible relationships and patterns. Conditions and consequences were examined for signs of "crosscutting" (Strauss & Corbin, 1998, p. 126) with the central process. Throughout this intensive period of axial coding, the outline continued to undergo revision and refinement. Drafting of the analysis and findings commenced when the researcher was reasonably comfortable that this outline was close to final form. After studying the first draft and having it reviewed by a colleague, however, several more changes were made to strengthen the organizational structure.

Quality and Trustworthiness of Research

Member Checks and Peer Input

Each interview transcript was condensed into a summary of approximately two pages to aid in recognition of larger themes, shared meanings and emerging relationships between concepts. The 16 summaries appear in the Appendix 4.

Each interview participant received a follow-up email message with the two-page summary of his or her interview attached. The cover message (Appendix 5) requested participants to respond to the researcher with either corrections and suggestions or a confirmation that the summary accurately represented the "specific statements, as well as overall context, flow and emphasis" of the interview. The cover message also pointed out the measures taken to preserve confidentiality. All summaries were typed with names of people and organizations – both on the nonprofit and the business side – removed from the text. In place of organizations, codes were used to represent the nonprofits (NP-01, NP-02 . . NP-16) and the business corporations (C-01, C-01 . . C-68). Each summary included only those codes for organizations referred to in that interview. Attached on a separate page after the summary was a key that identified codes with organizations, only for the participant's reference and confirmation of content.

Because many of the participants were slow to respond, a reminder (also in Appendix 5) was sent via email about two weeks after the first message. This prompted responses from several more of the nonprofit managers. Ten of the 16 participants responded to the member-check email. All of them indicated their approval of the interview summaries. Two or three of them offered minor corrections of factual points. As mentioned above, the researcher enlisted the assistance of a teaching colleague who has experience with qualitative research to review the first draft of the findings. This input was highly valuable in confirming conceptual validity and "credibility" (Creswell, 2003, p. 196).

CHAPTER 4
FINDINGS

The purpose of this study was to explore the question of how nonprofit managers perceive the benefits, corporate motives and communication patterns characterizing strategic philanthropic partnerships between corporations and nonprofit organizations. In this chapter, the findings of this inquiry are reported.

Open Coding Results

More than 110 concepts were identified during open coding (see Appendix 6). Most of these were "discovered in the data" (Strauss & Corbin, 1998, p. 114) by the researcher. Some concepts, such as "exchange relationship," resembled those found in the literature, and others, such as "negotiation" or "endorsement," appeared in participants' own words as "in vivo" codes (p. 115).

A sample of the results of the open-coding process is seen in excerpts from the interview with Nonprofit #1, an arts organization. The participant was the chief development officer, who spoke about her organization's heavy reliance on event sponsorship. She referred to this as "the Nascar-izing of nonprofits," especially when a corporate partner signs on for a "series sponsorship" for an entire season. In this example is seen the general category of *event sponsorships*. Within that can be found specific properties, such as the *longevity of partnership* and the *size of gift* to which a sponsor commits. One lead partner paid $40,000 for a full-season sponsorship, representing a high degree of the latter property. Such early coding procedures set the stage for later comparisons and theoretical sampling, as additional data were gathered and analyzed.

Another illustration of open coding goes to the heart of the study. In the fifth interview, with the development director of an agency providing basic survival resources for its clients, the director addressed the notion of motive communication. He said companies seldom talk about the "image-building" side of their motives, which he termed as "the root cause" that they give. He called that "the unspoken secret between nonprofits and large corporations." Initially coded as the "unspoken secret," this was later coded as an *unstated intent* dimension of the property of *motive communication* within the larger category of *expectation of ROI (return on investment).* These codes were applicable to similar statements made in several other interviews.

Discovery Through Memos

Marginal memos on the transcripts were helpful. For instance, the development director of a family services agency cited the case of a partner in the insurance business who shares the agency's desire "to keep folks out of a long-term care facility." Because of this potential common benefit, it was marked as the first example of "deep-down strategic philanthropy" seen in the data. In another interview, the director of a health organization talked about the strategic "niche" that her nonprofit can help fill for a corporate partner. This resembled the notion of product differentiation, applied to the increasingly competitive, non-product arena of philanthropy. Later memos highlighted such issues as business-business-nonprofit triangles, obligations to shareholders and ambivalence toward corporate motives. For example, the president of a social services agency said a donor's motive is "not necessarily a driver" for him. Because several earlier participants had voiced that sentiment, a memo was made to compare this with similar statements in previous transcripts.

Content of the Developing Outline

By the end of the last interview, the working outline had grown to a 14-page single-spaced document. Eight major categories were found in this preliminary step toward axial coding. They were: 1) Trends in Corporate Giving, 2) Nature of Services, 3) Budgeting/Revenue from Corporations, 4) Nature of Relationship, 5) Corporate Personal Involvement, 6) Motives and Sincerity, 7) Benefits/Value in Partnership, and 8) Promotion of Partnership. Under each of these major categories were listed subcategories and/or properties, often to the third level of subordination in the outline. Ever-expanding lists of excerpts from the transcripts, which were inserted as the interviews were recorded and analyzed, illustrated those concepts. An extensive review of these categories and selected data excerpts will be presented in the axial/selective coding section.

Reflections on Open Coding

As the data-collection phase neared its completion, the researcher noted some tentative impressions and themes that seemed to arise from the transcript analysis. Under the old paradigm of corporate philanthropy, the relationship was a one-way street. The giver was rich and strong. The recipient was dependent and poor. It was almost a patronizing relationship, with the "candy daddy" sharing a little chip off his block of wealth. Now, in the era of strategic philanthropy, the relationship is more nearly symmetrical. The corporation needs the nonprofit, and vice versa. Consequently, the business gets to know its partner more closely, and a deeper relationship forms.

Further analysis and more in-depth review of the data, of course, were needed to check these preliminary impressions and develop concepts with rigor. The axial coding phase provided the opportunity to do that.

Axial and Selective Coding Results

During axial coding, the concepts found through open coding were compared, contrasted and incorporated into the working outline. In the process, they were sorted into seven major categories: 1) Conditions for Strategic Philanthropy, 2) Motives, 3) Relationships, 4) Communication, 5) Benefits, 6) Satisfaction and 7) Skepticism. With this framework in mind, the researcher revisited the data in search of new insights, concepts and clarification. This process spawned such phrases as "Knowledge of Partners" and "Benefits and Dependence." In some cases, categories and subcategories in the master outline were further integrated or otherwise reconfigured. Hints of crosscuts between categories were also noted. For example, high levels of satisfaction seemed to be found in relationships in which there was frequent communication with a corporate partner. Close analysis of the interview summaries also suggested that participants were most satisfied with symmetrical relationships in which effort and benefits were about equally shared.

Through selective coding, the outline was shaped into three major themes reflecting the general dynamics of strategic philanthropy grounded in the data produced in this study. These themes were as follows:

- Conditions: Trends in Corporate Giving and Corporate Motives.
- Actions/Interactions: Nature of Relationship and Communication Between Partners.
- Consequences: Benefits/Value, Satisfaction and Skepticism.

After a few more days, the analysis led to yet another generation in the refinement of the conceptual framework. This transpired through an alternating, iterative process of data examination and category reevaluation. Once again, the hierarchy of concepts was modified. "Communication Between Partners," for instance, which had been a major section of its own, was subsumed under "Nature of the Relationship," which itself was renamed "Engaging in Partnership." Furthermore, an entirely new major category was created, called "Courting for Dollars." The resulting outline looked like this:

- Conditions: Trends in Corporate Giving and Corporate Motives
- Actions/Interactions: Courting for Dollars and Engaging in Partnership
- Consequences: Partnership Benefits/Value and Satisfaction With Partnership

These formed the top-level categories to guide in, once again, revising the outline before drafting the comprehensive findings that follow. The complete outline is displayed in Appendix 7.

As selective coding proceeded, the interview summaries were studied closely for possible patterns and clustering of properties and dimensions. Notes from this exercise suggested interesting associations. Satisfaction levels appeared to be highest when multiple corporate motives existed and equal benefits were realized. High satisfaction levels also tended to be expressed when corporate motives were thought to be progressive as the relationship developed. Interview participants were somewhat – though not greatly – less satisfied with altruistic-only motives. The least satisfaction was registered among those who saw primarily business motives. As for skepticism, those who registered the least skepticism either in their own attitude or in the public's attitude toward philanthropic corporations were participants who saw a common benefit between partners.

To visualize the results of axial and selective coding, the researcher constructed a model (see Figure 1) corresponding with the outline and mapping the overall process of strategic philanthropy. As indicated, this process occurs within the larger framework of the competitive environment and the proliferation of nonprofit organizations. Arrows reflect tentative signs of relationships among antecedent conditions, central actions/interactions and consequences in the overall process of strategic philanthropy. Mixed corporate motives are antecedent to the kind of in-depth engagement found in strategic partnerships. Consequences in that pathway are equally shared benefits and high levels of satisfaction.

The condition of purely altruistic motives, because it was identified in a minority of partnerships, appears on the model. However, it is not a part of the total dynamics of strategic philanthropy. Therefore, the process flows directly from altruism to consequences, bypassing the core phenomena of "courting for dollars" and "engaging in partnership." Asymmetrical benefits are realized primarily by the nonprofit, and nonprofit satisfaction is at a moderate level. On the other hand, if corporate motives are totally self-interested, an engaging partnership is also unlikely to occur, but satisfaction levels are low. This condition appeared even less frequently in the data.

In the detailed description of findings that follows, each italicized, bold-face heading represents a thematic category from selective coding. Underlined and italicized

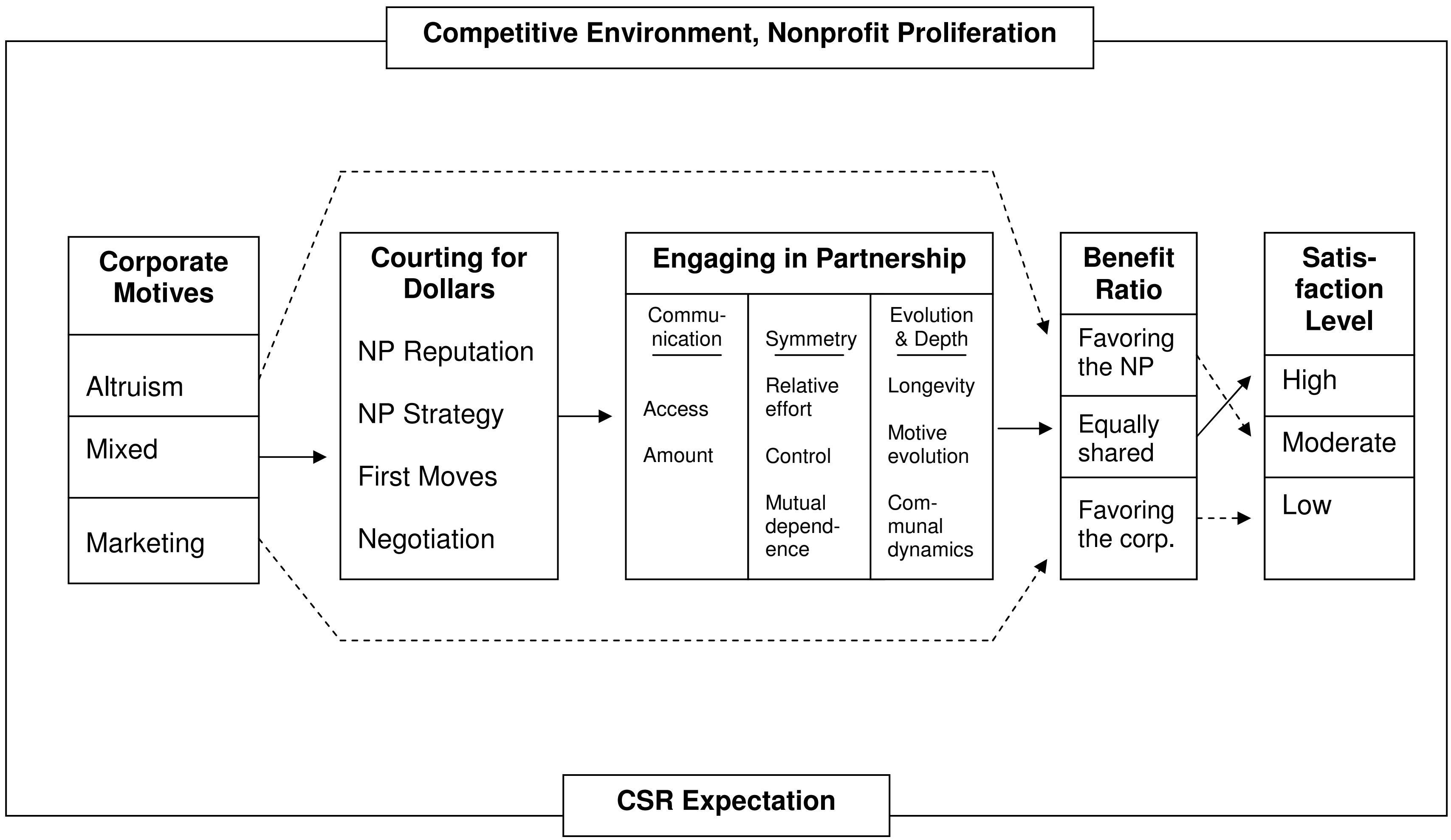

Figure 1. Expanded Model of Strategic Philanthropy

headings are used to denote subcategories identified through axial and open coding. Under each specific concept, selected excerpts are quoted for illustration and clarification. Interview participants are referred to by nonprofit (NP) code, and the companies with whom they partner are referred to by corporate (C) code.

Conditions: Trends in Corporate Giving Environment

Four significant trends were identified in the data as general conditions in the current business environment that help set the stage for the formation of philanthropic relationships. These trends are: 1) Competitive Pressure on Nonprofits, 2) Competitive Pressure on Corporations, 3) Selective Giving, and 4) Growth of Marketing Dollars in Philanthropy.

<u>Competitive Pressure on Nonprofits.</u>

The number of nonprofit organizations has mushroomed, as mentioned by several participants. Consequently, most corporations are "overwhelmed with requests" for money (NP-01), "getting just bombarded every other day" (NP-09). Research participants commonly talked about the competition that this creates for the nonprofit community. NP-05 said, "There's a lot of different causes out there. Some are more well-known than others. And I don't know where we stand in that pecking order." With thousands of nonprofits in a major metropolitan market asking for money, the competition is keen. NP-13 attributed a decrease in corporate giving to his organization in recent years to the major funds that were raised for a downtown redevelopment campaign.

As NP-11 put it, with "so many charities . . . what gives us an edge?" Differences in types of missions add to the competitive mix. In fact, opinions vary as to the definition of mission. NP-04, for example, whose organization provides basic human resources to low-income citizens, contrasted his nonprofit with fine-arts organizations. Fine arts, in his view, are "a *whole* different ball game" and "not a mission."

Competitive Pressure on Corporations.

Business firms, as well, are "very much in competition with one another" and "they want to look good" (NP-07). As they seek ways to differentiate themselves in the market place, NP-07 said that her organization strives to help them achieve that through partnerships. "[I]f there's a niche that we can be satisfying for that company over the long run," she said, the prospects of building a productive relationship are increased. NP-01 addressed the value to a corporation in being an exclusive partner in a category – "exclusive within their industry."

At times, business rivalries within an industry become apparent to nonprofit organizations with whom they partner. NP-16, for example, described a recent dilemma associated with perceptions of favoritism by the nonprofit:

> One of the hospitals feels that we were endorsing another hospital. We don't. We never will. We weren't. Because to say that one is better than the other is totally incorrect. That's not what we're saying. What we're saying is, these are great institutions that all have their strengths.

Favoritism or not, the pressures of corporate competition seem to be reflected in these accounts.

Selective Giving.

In this climate of competition, the nonprofit managers emphasized, almost without fail, that they see a more focused, restricted approach in today's style of corporate philanthropy. Because "everyone is asking for money," said NP-7, companies are being "much more discriminating in their giving." NP-10 concurred, saying, "It's a lot harder to get their dollars now. . . . They're much more selective in who they spend their dollars with." Similarly, NP-16 observed, "I think that they're utilizing the dollars that they have. They're channeling it more successfully than they were."

Others said, "They're really tightening on who they give money to" (NP-11), "it's a lot tighter climate than it has been in the past" (NP-13) and "donors now are more directive in their causes of giving" (NP-09).

Perhaps this trend stems partly from what Tokarski (1999) describes as the growing financial pressures on businesses to account for the dollars they donate in terms of the profit line.

Growth of Marketing Dollars in Philanthropy.

Accompanying this pattern is a shift toward funding philanthropy with corporate marketing budgets. "I think we get our money from their marketing dollars," said NP-10. For NP-13, that source of funding was unquestionable from certain partners. He said: "I know it's coming out of their [C-55] marketing department. . . . My contact is the CEO, who is on our board of directors. And then he kind of put our development person and their marketing people together." Likewise, NP-03, who worked at a bank before entering nonprofit management, commented, "I worked directly in the marketing department, so all the requests for donations came through our department."

Other sources of business contributions, including corporate foundations and traditional philanthropy budgets, were noted by participants. While these sources have not by any means disappeared, and in some cases they might even be strategically directed, they often are replaced by marketing money, invested in the nonprofit cause.

Conditions: Corporate Motives and Expectations

One of the key questions guiding this research was the issue of motives. Motive precedes action. One or more motives precede the formation of a relationship. In the present study, *corporate* motives and expectations constitute an important condition preceding the formation of philanthropic relations.

The Mystery of Motives.

In several interviews, the difficulty of a nonprofit manager in knowing the motives of a corporate partner was addressed. NP-10 said that motives are "hard to put your finger on." When motives are "known," that knowledge appears to be tacit rather than explicit, as suggested by NP-13. In comparing the motives of two partners, he indicated that tangible evidence of motives is hard to come by. "You'd have to be in my seat to sense that, I think. . . . I get the gut feeling that [C-19] is more philanthropic than what [C-05] is."

An interesting metaphor characterizing the complexity of corporate motives was offered by NP-04:

> You know companies – as churches – do things for reasons beyond what you think. I mean, people think corporations just do it for marketing. In reality they may be doing it to benefit their employees, too. People think someone is sitting in the pew because he likes what the minister is talking about. No, he's sitting in the pew because his grandfather did.

Similarly, NP-04 said, corporate motives are hard to identify, because "no one's ever going to *tell* you why" they contribute money. The comparison of motives in the boardroom and the sanctuary highlights an interesting question. Why do people, or organizations, *not* tell *why* they are taking certain actions? Whatever the roots of this complexity, NP-04 (Participant B) emphasized later in the interview that any statement by the nonprofit about corporate motives is "supposition on our part."

<u>Types of Corporate Motives.</u>

Given these factors, it must be acknowledged that any dissection of motives presents a certain risk of uncertainty. Motives often do not occur in clear relief or in isolation. Still, for purposes of this study, it is valuable to identify as many motives as possible in the corporate mindset, when giving to the community. Interview passages on this topic have been classified into five types: 1) Sense of social duty, 2) Belief in the nonprofit mission, 3) Employee relations, 4) Image/reputation, and 5) Return on investment. These might be viewed as falling on a continuum from the most *altruistic* types of motives to the most *self-interested* kinds of motives. While this characterization may be somewhat subjective, it generally resonates with the tone of statements found in the data as various motives are discussed.

Sense of social duty. Numerous corporate partners were described by nonprofit managers as conscientious, caring citizens of the community. They "want to be a good corporate citizen" (NP-07). Similarly, NP-09 says: "I really think their primary motive is being good citizens and good participants in the community and giving back to the community. I don't think they're in it for the marketing piece."

NP-05 comments on the "philosophy" at a major consumer goods manufacturer (C-20): "They've been blessed, so they want to pass it on." Another consumer goods company, C-05, according to NP-7, "is very generous with many charities, and they don't care about the marketing benefit that much." In the words of NP-02, one of the business owners he works with is "paying the rent" for the opportunity of doing business in the community. Phrases such as these imply a feeling of duty toward the community as a whole. In NP-10's eyes, C-06 is a model corporate citizen:

> You can just almost go to any nonprofit event, and [C-6] is involved – whether they are giving money, whether they're just, you know – their employees are involved. It's – I keep going back to them because they . . . set a very good example in the community.

In these examples, the motive appears to be rather generally focused on the good of the community and the sense of obligation to share corporate wealth.

Belief in the nonprofit mission. This motive is also regarded as altruistic, but it is more focused on a particular nonprofit organization's mission, rather than the good of the community at-large. As a case in point, NP-06 said:

> I've had CEO's tell me specifically, "We love what you do. We love what you stand for. We love the fact that you're family-friendly. That's a great thing. Our community needs that."

That kind of support for a given local charity can come from far beyond the immediate business community. NP-05 said, after receiving the donation of a truck from a national food industry firm, C-25:

> We applied and we got it. . . . They have a lot of interest in [our type of] programs. And I think that's a cause that they believe in. . . . I think it's a definite effort to help us do our job.

Belief in a specific nonprofit organization's mission sometimes results in low-profile giving, in NP-09's view.

> I know where their heart is. . . . I know what their motives are. I see what they do. I see what they do that nobody else ever knows they do. And I don't see that as self-serving.

Whether anonymous or not, corporate gifts in this category are perceived as being motivated by a sincere belief that the nonprofit recipient is accomplishing a purpose that is important to the giver.

Employee relations. This third concept emerged from multiple interview transcripts, with various subcategories. Within them can be seen a spectrum of motives, from altruistic to self-interested, indicating that a firm may be strategic about more than marketing objectives alone. Some participants reported that their corporate partners honor *employee requests* for the support of specific causes. Referring to C-06, NP-05 said, "They have a matching program where, if employees donate to a nonprofit they will match it one-to-one. And that shows me they're demonstrating an interest in the organizations that their employees are interested in." Others referred to matching gifts and to the importance some companies attach to causes that matter to their employees. It was also mentioned that employees like to work for a company with a positive reputation in the community.

Another form in which philanthropy is combined with employee relations is through *employee benefits*. NP-10 said, "We do know that some of our companies that have been with us for a long time . . . start using our events as a reward." They send their employees, as "a way to honor people, as kind of a treat." For some partners of NP-14, admission to the facility provides a benefit to employees:

> [W]e offer two free employee weeks, where their employees and families can come to [NP-14] for free for the entire week. And we do that two different times during the year. . . . They [C-20's employees] enjoy that a lot, and they publish it in their newsletters, and their employees and their families really take advantage of it. So I know that's something very tangible that we can offer them that can be a blessing to them and that they really enjoy.

A third subcategory within the employee relations motive – *long-range employee development* -- appeared in a number of interviews. Statements from NP-06 indicate that corporate partners stand to gain from a more stable work force when they buy into her nonprofit's values:

> When you have divorce and you have out-of-wedlock children and you have fatherless-ness, that affects productivity, it affects absenteeism, it affect retention. I mean, it affects your bottom line, it profoundly impacts the company. And so I think that one of the things they're seeing is that it behooves them – it's a lot less expensive to prevent than it is to intervene.

One of the nonprofits has developed health and wellness programs that it offers at no cost to companies and their employees. NP-07 described the relationship this way:

> [I]f we go in and we're offering a company something for free -- here is a wellness program for free -- they're a whole lot more likely to give us some dollars in return, instead of us just walking in, knocking on the door and saying, "Hey, give us some money, please."

Other participants shared the view that nonprofit-sponsored programs designed to facilitate employee development help to attract corporate partners.

Image/reputation. The fourth general type of motive for corporate philanthropy that became apparent early on in the analysis of the data is the desire for a positive corporate image and reputation. This was manifested in two basic ways – public image and peer prestige. Of those, the notion of *public image and exposure* was cited much more often. In many cases this was seen as a primary reason for corporate giving. "Companies want to be seen, companies want to be heard," said NP-08. "They want to look good," as

NP-07 put it. "Marketing incentives, press, media publicity" are major corporate incentives, in NP-11's experience:

> Really, you know, some companies don't want that, but most of them do, from a corporate philanthropy side. That's why they're doing this . . . because they want the publicity, and their name being associated with a certain philanthropy. So you know, we really like to capture those and establish those relationships on an annual basis.

Many participants pointed to certain partners who seem to be more business-motivated than others. "[C-05] supports us a lot," said NP-13. "And theirs is all marketing, I think." NP-15, on the other hand, classified virtually all of his organization's partners as having a strategic intent in their giving. "[B]y and large, it's just been *our* experience, of course, that all the corporate partners that *we* have [are] for the strategic investment."

This finding is intuitive, given the nature of the study. Without fail, the 16 nonprofit managers interviewed spoke about the prominent and growing presence of marketing interests in the philanthropy community in general.

A less frequently discussed, but interesting, concept was that of *peer prestige* as a motive for philanthropy. NP-13, for example, said that "*some* give because their competitors are giving." Later in the interview he added: "I've lived [here] about 15 years. And you know, [location] is a small town but a big city. And I think people know exactly what other folks are giving, just by the circles of folks that I see."

The prestige factor may also be reflected in peer recruiting that occurs among companies in a nonprofit's behalf. NP-01 describes a scenario in which a bank utilized "their reputation and dollars to . . . leverage support with additional companies through partners or through a phone call." She describes a scenario in which the arts organization asked the bank for a three-year series sponsorship:

> [C-04] couldn't foot the whole bill, and [they] called upon [C-05] and said, "Here is this proposal. We want to do it and we need a partner." And within the history of [this city], I guess, there is a long relationship between [the two companies]. And so [C-05] came on and joined [C-04] in a three-year partnership that really I don't know that we would have gotten on our own, had it not been for somebody on the corporate side helping us with that.

Return on investment. This fifth general type of corporate motive for giving money goes most directly to the core of marketing objectives. Corporate managers are often assumed to be applying business objectives to their philanthropic endeavors. The perceived expectation of at least an *indirect return on corporate investment* was a recurring theme in the transcripts.

Companies now look for a "value add" in their support of charity, said NP-15. "And they basically consider it an investment back into the company, one way or the other, based upon their contributions." In NP-08's words, "just to give, in today's age, is gone." Similarly, NP-16 contrasts the traditional and contemporary approaches to philanthropy:

> I think that if I take a look at 15 years ago, how they were actually – I call it social investment money. And that's kind of how it was seen. It was more charitable contributions. And now I feel that organizations are looking for return on investment. It's more business strategy and part of their marketing.

The investment return often comes through event sponsorships. For some firms, the partnership may hinge on the visibility gained through such sponsorships. NP-10 said that if they dropped certain events, "we would lose a constituency there that we can never get back."

A more immediate form of potential return on investment may occur through *direct customer cultivation.* Several interview participants cited partners who hoped to reach new customers or clients through their philanthropic activities. Banks, for instance, "can invite some of their special customers" to fundraising events, according to NP-10. NP-01 referred to the arts program as a "cultivation event." Or, as NP-09 said, they might tap into the potential for "cross-marketing" with a mailing to new parents in their market with information simultaneously promoting child savings accounts and the nonprofit's programs.

NP-14 said her organization applies a similar strategy in combining its school visitation program with its promotion of a restaurant partner [C-62]:

> I met with them a few weeks ago, and I think they're going to be sponsoring our education outreach. Because as we go into all the schools in [a Southern state] and, you know, all the different areas they have restaurants, we can give out free kids' meals coupons and things and it gives them much more marketing appeal.

Others alluded to the potential for attracting, or enhancing their relationships with, individual customers or business clients through strategic philanthropy. In a competitive environment, corporations sometimes see direct marketing value in their community support.

<u>Multiple/Mixed Motives.</u>

In a few of the partnerships described in this study, gifts were classified as entirely altruistic. Some of them come with "no strings attached," as NP-12 said about a gift from C-20. Another example of an unconditional donor, C-13, was cited by NP-14. "I mean, they're not at all concerned about marketing. They're not concerned about signage, or their name, and even any of the benefits."

Most partnerships, however, were characterized as involving a blend of motives for corporate philanthropy. Regarding reasons for corporate philanthropy, NP-04 said “there’s a bunch.” According to NP-02, the nonprofit community is at a “tipping point” as it transitions from traditional to market-driven philanthropic partners. NP-10 said, “I think part of it is for the marketing,” plus they “support what we’re doing.” Regarding the spectrum of motives, NP-07 said, “There are plenty of . . . companies that fall somewhere in between.”

On an imaginary altruism vs. self-interest scale, most participants said they would place the majority of their sponsors near the middle. Some described their partners as slightly left of center, and others, as slightly right.” NP-06 said most of her organization’s donors are “probably somewhere between 5 and 7” on a 10-point scale, with “one being the most altruistic and ten being the most business-minded.” This general perception of motive orientation was heard often in the interviews.

The findings about the competitive environment, the rainbow of motives prompting corporate philanthropy and the growth in investment mentality constitute a significant framework of antecedent conditions in this study. This leads to examination of the central phenomena – qualities of the strategic relationship.

Action/Interaction: Courting for Dollars

The posture of nonprofit organizations in asking for corporate money is being transformed. As seen in the findings presented above, donors expect to receive, as well as give, value in their philanthropic relationships. Knowing this, nonprofits have redesigned their strategy. Based on the interview data, the researcher has labeled this approach strategy, "Courting for Dollars." This section of the analysis outlines four components of that concept: 1) Nonprofit Reputation, 2) Nonprofit Strategizing, 3) Motives and First Moves, and 4) Negotiation.

Nonprofit Reputation.

Contemporary fundraising thought is informed by the realization by many nonprofit managers that their charities possess an enviable quality of reputation capital. "I think we're the second-most-recognized organization in the world," said NP-13. Similarly, NP-16 said her organization's logo is the third-most-recognized in the nonprofit sector. That sort of positive image was claimed on the local level, as well. NP-10, in discussing her institution's "long-standing, respectable reputation" in the community, said, "This place sells itself." NP-09 said that her organization has "a strong brand . . . a strong reputation."

The visibility that alignment with a nonprofit can offer appears to be a competitive point on the corporate side, at times. One company in financial services turned down a proposal for a series sponsorship deal with NP-01. A competitor's appearance as a single-event sponsor prompted a call from the first company asking, "So when do you want to go to lunch? You've got me." NP-01 observes that competition plays into those dynamics, and they "don't want to be left out."

Nonprofit Strategizing.

Given this glow of nonprofit appeal, nonprofits have become more calculating in their own approach. This phenomenon is manifested through at least three properties: 1) Business mentality, 3) Nonprofit-corporate mission match, and 4) Third-party recruiting.

Business mentality. Repeatedly in this series of interviews, nonprofit managers emphasized that they are becoming more business-like in the way they *prepare* to ask for money. They are thinking like business executives. Here are NP-06's words:

> *We* are really strategic" in approaching corporations. "I mean, when we go to them we don't go with just a handout. We go showing *them* why it's a good investment. Why it's a good investment marketing-wise, why it's a good investment for their company, because they're going to receive benefits, like for their employees. And why it's a good partnership.

Building on this idea was the following passage, in which NP-06 elaborates on the ROI trend and the nonprofit community's response:

> [W]e don't *ever* approach a company – I don't care who you are or what your reputation has been – we will never approach you without saying, "We're asking for this from you, but in return this is what we're going to do for you." So that there's a benefit. And so it's a foreign idea to approach it that other way. And I mean in the very, very beginning I think we could do that. But that would just not fly now.

As NP-12 puts it, "Nonprofits are businesses too, you know. And so we have to sell ourselves just the same as a bank does or human resources or temporary job services or whatever that service is that you sell." For NP-16, it is important for nonprofits to be seen as fiscally credible organizations. She says, "I keep telling people, if you think we're just a charitable organization, you're wrong. *We're a business*. We're in the business of saving lives, and this is how we're going to do it."

Other participants discussed the need for nonprofits in general to become more business oriented in their operations. "Sometimes businesses take sort of a kids-glove approach too much, with nonprofits," said NP-02. "They need to bring the for-profit business model more into the thinking of the nonprofit world."

Nonprofit-corporate mission match. A second property of nonprofit strategizing is that of mission compatibility between partners. This idea shows up frequently in the transcripts. Nonprofit organizations today look for corporate sponsors who share their mission or at least have a compatible mission. That stems largely from the knowledge that firms have the mission factor in their sites. Businesses focus on nonprofits that align with their mission, said NP-07. Increasingly, they are "supporting causes that really tie in with their mission" (NP-12). Conversely, they bypass those that do not. NP-04 says that a major company declined a request to support them because their mission "wasn't in [the company's] giving priorities."

NP-07 noted that nonprofits that "fit in with [the corporate] mission" are likely to receive a "larger gift," suggesting an intersection between high dimensions of mission match and level of support. Such awareness apparently guides many nonprofits in their selection of business targets.

Third-party recruiting. A third manifestation of the nonprofit strategizing phenomenon is "leveraging," as NP-01 called it, of support from one corporate partner to recruit another partner. That happened, for example, when the marketing executive at a major bank [C-04] personally called on a long-time business partner [C-05] to co-sponsor an artistic series. NP-13 calls this "money going after money." NP-10 describes a similar approach:

> We're constantly trying to get to know new companies. And that's why we have a very active solicitation committee, and people who work in corporations who can make these calls for us. So we're also trying to get new businesses involved with us.

All of these properties add up to a clear trend among these nonprofit directors and fundraising professionals to meet business firms on their own terms. In some ways, it seems to be a type of "reverse marketing" strategy. The charity has a cause, as well as a reputation and various benefits, to "sell" to its financial supporters. As NP-08 commented:

> [W]e look at opportunities, always look at opportunities of, how can we make what we do better? And grow what we have and, you know, meet the needs of our constituents, which are basically our donors or volunteers. . . from the corporate business.

<u>Motives and First Moves</u>.

It is with this business mindset that nonprofit organizations approach prospective donors. Furthermore, as discussed earlier, they do so with full awareness that many of those prospective donors have *multiple* motives for giving. Regarding a nonprofit's first moves toward a partnership, two concepts in the present data seem relevant: 1) the nonprofit's *acceptance* of a corporation's mixed motives and 2) the nature of the communication that takes place *about* those motives and expectations.

Acceptance of mixed motives. A key point of interest emerging early on in the interviews was the question of how nonprofit managers judge the compatibility of mixed motives in their corporate donors. By a wide consensus, participants expressed a belief that marketing and community service motives can coexist. "Yes, they can," said NP-10. "Absolutely," said NP-04. They "can go hand in hand" (NP-05). They are "part and parcel of the give-and-take" of the relationship (NP-16). "I don't look at it as a conflict at all" (NP-14). "I don't think a company compromises their loyalties or their passion by saying, 'This is what we're interested in' [as a business]" (NP-12).

NP-11 describes a typical motive profile that she believes is mutually beneficial for her organization and its partners:

> You know, you always hear "cause marketing, cause marketing." And I think, for us, it's a good way to really get them in the inner circle, you know. If they're wanting all this publicity and all this marketing, it's inevitable that they're going to actually see what we do and really get involved in our [projects], which is what we want. So I don't think it's necessarily a negative thing. Sometimes it can be, but I think usually at the end of the day it really . . . benefits us both more than it would hurt us.

In other partnerships, the desire for marketing benefits appears to be secondary to the altruistic or perhaps employee relations motive. Both NP-04 and NP-06 characterized the business benefit as "gravy" for some of their lead supporters. Image enhancement is "not *why* they're doing it," said NP-04. Those kinds of priorities were also seen by NP-01. She believed the first motive behind most of their corporate alliances was "to support the arts community," and then "*within* that" was a corporate intent to "reach their target audience."

Closely related to this view was an affirmation of the *legitimacy of an ROI expectation* as an appropriate part of the philanthropic package. NP-14 articulated it this way:

> I think to give the amount of funds that they [C-62] are giving to us – because for *them* that's a lot of cash to give, and it's not in-kind, it's cash they're giving us – they have to be able to justify that, I think, because they take it from their marketing budget. So I think it's a way for them to fulfill their desire to be involved in the community. But the budget they take it from is marketing, so it needs to have some benefit for marketing.

That philosophy was reinforced by NP-15, who said, "I would think that they would at some point in time . . . have to provide some level of justification to their stockholders, just as we do basically to our board of directors in terms of what we do."

Referring to a major bank supporter [C-01], NP-02 said he is fairly certain that "there is a business motivation there – there *has to be*" (emphasis added) – as well as a "genuine interest" in community improvement. Reflecting on the altruism-to-business scale of motives, NP-06 said, "You know, I'd love for them all to be 1's. But then they probably wouldn't have any money to give us, because they are missing their focus. So I would say five is not a bad place to be. I would like to see them balanced."

In general, participants in this study indicated approval of the concept of multiple motives and of a perceived investment mindset in corporate giving. In NP-04's words, "there are several factors, and . . . that's surely not a bad thing."

Communication of expectations. The quotes above illustrate that nonprofits assume – and accept – the likelihood that multiple motives exist. Given that assumption, it is interesting to consider how those motives are, or are *not*, communicated by a prospective donor when initially contacted by a nonprofit. Occasionally, corporations make an *up-front statement* about their marketing objectives. NP-03 said, for instance, "I've been in some asks where they'll ask you directly, 'What's in it for me?'" During the research interview, he had an application on his desk from which he quoted: "Please list all of the benefits the company will receive if they decide to become a sponsor." NP-04, who formerly worked for an arts organization, recalled that sponsors were quick to inquire about "exactly how many inches you're going to have on the invitation with a logo, etc." Communication of expectations, in these cases, was direct.

A more common dimension of this property, however, was an *unstated intent* for a return on investment and marketing objectives. This theme was surprisingly strong and pervasive throughout much of the data. NP-05 said companies seldom talk about the "image-building" side of their motive, which he termed at one point "the root cause" of their giving. That, he said, is "really the unspoken secret between nonprofits and large corporations." NP-04 said that, while some supporters have business objectives in mind, "they do not ever enter into it saying, 'This is a great marketing tool for us.' That is not *ever* brought up."

In many cases, the companies don't have a chance to bring it up. Some participants were quick note that they make every effort to take the lead in proposing benefits such as identifying companies on posters and brochures. "I think we are savvy enough that we don't make them ask how their names are going to be listed. . . . We go ahead and do that," said NP-02. Again, NP-06's comment is relevant: "We go showing *them* why this is a good investment." NP-07 elaborated on this point of nonprofit strategy:

> We are proactive. We go to them saying, "If you give us X dollars, this is what we are going to offer to you. This is what we can provide." So . . . is there a discussion about . . . those bullet points underneath? Yes. But they aren't saying, "OK, you're asking us for $10,000. What are you going to give us?" Because we go in making the ask and *telling* them what we're going to give them.

The assessment of corporate expectations, then, often appears to arise from tacit understanding by the astute nonprofit suitor, rather than from explicit requests by the business firm. In spite of corporations' frequent reluctance to state their prudential objectives, nonprofits commonly see and accept those interests in firms whose support they seek. It is with this tacit knowledge that they make their first move.

Negotiation with the Donor.

After initial contact is made, *terms of the partnership* are typically negotiated between the two entities. Several participants noted that these terms become quite detailed. NP-14 said that she and her executive director try to "craft the appeal we're making to them to be a fit for them without losing what we're trying to accomplish." NP-10 said, "we get really specific" in spelling out publicity benefits for sponsors. NP-11 described the negotiation process this way:

> [E]verything is written down. We give them a proposal, you know: "In exchange for sponsoring the [project] here's what we want to do for you." And they can either say, "We want you to do all of that, or here's what we want." And sometimes they might ask for more than we have on there, and if we're capable of giving it we really try to honor their needs, as well -- depending on the amount of money, and if it's reasonable.

These negotiations often are focused on *event sponsorships* that generate money for the nonprofit and provide public exposure for the corporate partner. Golf classics, bowling nights, fashion shows and others types of events were mentioned by the various participants. NP-01, whose organization relies heavily on such sponsorships, referred to this as "the Nascar-izing of nonprofits." Not uncommonly, multiple sponsors sign on with the same nonprofit. NP-03 expected more than 40 companies would buy tables at their next annual fundraiser. Others, like NP-13, have relied less on events to-date but expect to be doing more of that in the future.

The four steps outlined in this section play a significant role in the larger process of strategic philanthropy, according to the data. Nonprofits are approaching corporate targets resourcefully to advance their causes. Capitalizing on their elevated reputation, nonprofits are sizing up the mark in potential partners, talking their language without putting them on the spot regarding motives, and negotiating deals that make sense for good business and good citizenship. In short, the nonprofits, themselves, are making strategic moves in courting for dollars.

Action/Interaction: Engaging in the Strategic Partnership

The central research question guiding this study asks how nonprofit managers perceive the "benefits, motives and communication" patterns characterizing strategic, philanthropic relationships. Conditions in the philanthropy environment have been reviewed. Trends in corporate motives have been identified. Strategies employed by nonprofit organizations to attract strategically minded business partners have been described. The foundation has been laid for an in-depth analysis of the experiences and perceptions of nonprofit managers as they engage in strategic partnerships.

Permeating the interview transcripts are statements about the importance of *quality relationships* in developing financial support for nonprofits. "It's all about relationships" (NP-06). "To me, it's all people-oriented. . . . People give to people" (NP-04). Nonprofit managers are "taught early on" that successful fundraising depends on relationships (NP-15). "You know, a sponsorship is great, but . . . we want to build a relationship" (NP-07). According to these and other comments, relationships are paramount. As the transcripts were analyzed for concepts relevant to the research question, three major properties of corporate-nonprofit relationships emerged: 1) Communication, 2) Relationship Symmetry and 3) Evolution and Depth. In this section on the findings of the study, these properties and their subcategories are detailed.

<u>Communication with Partners</u>.

Interesting variations were observed in three aspects of communication – access to corporate partners, communication initiation and frequency of contact.

Access to corporate partners. Several participants reported having direct access to key corporate managers. "I can pick up the phone and call their P.R. person," NP-05 said of one partner. The same was the case for NP-03. In some relationships, though, access is related to role similarity. NP-05 said that at some companies his access extends only as far "up the corporate ladder" as his own position. Top executives require top-level contact from the nonprofit side.

Initiation of communication. On the whole, keeping a partnership active appeared to happen mostly through *nonprofit initiative*, in terms of communication. "I'd say . . . 90 percent of the time it's me" picking up the phone, said NP-11. "They've got a million other things to do, and we're probably the last thing on their mind. But when we call them and make that contact on a frequent basis, just letting them know, I think that puts us in their head." This challenge of getting on the corporate radar screen prompted NP-14 to bring one store's local managers onto her turf at the nonprofit for a meal:

> I actually had them here the first time. Their managers of all the different stores meet together once a week for breakfast, so I invited them here for breakfast (laughing heartily) . . . served them breakfast, and then gave them a tour of the museum.

There are examples, however, of *corporate initiative*, when the company takes the lead in contacting the nonprofit partner or even starting a project. This account from NP-03 illustrates that phenomenon:

> I got a phone call from [the VP for marketing at C-01], who called to say that [her bank] is looking at some different things that would possibly help nonprofits in the community. And the question was, 'Do you think this is something [NP-03] might be interest in? And, do you think *other* nonprofits in the community would be interested in those kinds of things?' So we had a little discussion about that. And as she went to her meeting, she called me to say, 'Let me pick your brain a little bit here. Put your nonprofit hat on and tell me from a fund-development person's perspective, would this be something you'd be interested in doing? You know, we're going into a board meeting and talk about it. And, I know what our perspective is. Tell me what yours is and let's talk about it.'

Frequency of contact. Some of the interview participants are in touch with their corporate contacts frequently. "I'm in very frequent contact," said NP-11. One of her partners has told her, "Whenever you have a rush [project], give me a call." She also cites a media partner who is helpful with publicity: "I can run something over and he'll put it on the air." For NP-08, there is a lot of "face time" in planning events. NP-12 has regular contact with corporate managers at luncheon meetings. "I see them personally; I'm a member of the downtown [civic club]." These examples reflect a *high frequency of contact* with philanthropic partners.

In other cases, a *moderate frequency* was noted. NP-08 meets with everyone on her nonprofit board individually each summer. NP-06 said, "I don't try and engage them a lot, because they're really busy." Participants sometimes described a *low frequency* of contact with corporations. "We've been kind of stagnant for a couple of years," said NP-10. "Some we go to see. Some we don't *have* to go see." Certain kinds of donors seem to generate less personal contact. NP-14 noted that she has a few firms from whom she receives a check and there is "no interaction any other time."

Later, these differing communication patterns will be analyzed further, considering especially their implications for participants' satisfaction in a relationship.

<u>Symmetry of the Relationship.</u>

In addition to the communication elements addressed above, the research question focused on perceptions regarding benefits and motives in strategic philanthropy. As the analysis and coding of data on these perceptions progressed, it was noted that several emerging concepts revolved around the axis of relationship symmetry. A significant body of findings from the transcripts is now presented under this category. Included here are the subcategories of 1) Relative effort and investment, 2) Governance and control, and 3) Mutual dependence of partners.

Relative effort and investment. Springing from motives and antecedent to benefits, a diverse array of resources and effort were identified in the interviews as potentially important to a relationship. The nonprofits' contributions will be considered first, followed by those of corporations.

The *nonprofit effort* invested in seeking and sustaining corporate support varies considerably. Some are a "hard road" and others, an "easier sell," according to NP-06. Participants generally agreed that more work is required today than in the past. "It's a lot harder to get their dollars now," said NP-10. Before . . . you could usually call or send a letter. But now, we put together benefits packages."

Accounting for a fair share of this effort is the preparation of *proposals and grant requests*. One of NP-14's bank partners now requires a "pretty lengthy application," as opposed to a simple letter. Applications can run 8 or 10 pages. Repeated personal contacts may also be necessary to secure a commitment. "[O]n average, it takes about seven times to get somebody to say yes," said NP-06. The effort invested in a proposal often corresponds to the size of the gift anticipated. No "razzle-dazzle" is needed for a smaller proposal, said NP-02. On the other hand, a "full-blown presentation," as NP-08 put it, is needed for major asks. Thus, an intersection is implied between the *size of the gift* and the *magnitude of effort* invested by the nonprofit in preparing and presenting a proposal.

Another key responsibility that was frequently discussed is the burden for *promotion of the partnership*, which falls largely on the nonprofit. "[T]he onus is kind of on us," said NP-04. "I think it makes it easier for them, because it doesn't look like they're just out there for marketing reasons." Accepting this burden, charities go to great lengths to get a partner's name and/or logo "on the back of T-shirts . . . on every billboard" (NP-06) and in other places from newsletters to the nonprofit's website. NP-07 says her organization sends out press releases acknowledging partners at "any chance that we get." NP-14 reports a similar effort: "We publish in the newspaper a half a page ad in the front page section thanking all our sponsors." NP-12 said, "I did commercials for [C-35] talking about why I [use their product]."

An interesting phenomenon alluded to in this context was the risk of a possible *advertising stigma* for corporations, should they advertised their own partnerships publicly. NP-04 said that they would "never want to use the word 'advertise' with philanthropy." NP-05 took a more moderate view on that issue:

> . . . if you don't go overboard with it. You can't, I guess, blow your horn too much. It's like that ad that's on TV about the smoking. They said they gave $150,000 and then spent $10 million telling everybody about it. Yeah, it could get out of hand. But I don't have a problem with corporations – It's part of what they're doing. They don't *have* to give us anything. They could put that in their advertising budget.

Still, the nonprofits participating in the study seemed to accept the bulk of the responsibility for publicly promoting a partnership.

Another burden that many of them assumed was that of *accountability and stewardship* for the dollars given to them by corporate supporters. More than a third of the participants specifically volunteered the term "good stewards" in this regard (NP-05, NP-06, NP-09, NP-10, NP-12, and NP-16). In NP-11's words, "we want to make sure that we're being fiscally responsible with their funds, so we can show them exactly what's going on." Closely related to this is the task of *reporting outcomes* to the donor. NP-13 said, "I think corporations now want to know exactly how their money is being used, and we show them." Similarly, NP-12 offered this assessment: "Instead of just saying, 'Here's $5,000 – do with it what you want,' they want to know what the return on the investment is on that $5,000." Therefore, her nonprofit prepares follow-up reports showing such results as how a program "impacted these 10 students." NP-11 said, "I send the contact some pictures" to show who received the benefit of their gift.

A final form of nonprofit effort that was mentioned was the *expression of appreciation* to business partners. As one said, "we have to thank our contributors seven times a year" (NP-13).

The *corporate involvement and effort* devoted to a partnership, in addition to the cash gift itself, comprises its own list of possible commitments. At the top of the corporate hierarchy, this often takes the form of *executive board membership* with the nonprofit. As NP-09 noted, "around that [NP boardroom] table sit many of the corporate heads." Many others report such formal ties between the two organizations. Perhaps the ultimate model of that kind of affiliation occurred when a key officer at C-15, some time after sponsoring a major project with NP-04's organization, became the president of the nonprofit.

In some corporate-nonprofit relationships, top managers on the corporate side demonstrate *direct executive involvement* in the nonprofit's activities. This property assumes different dimensions, depending on the "mindset of management," as NP-10 put it. NP-04 said the president of one of their sponsoring banks [C-04] is "pretty out there," having served as the auctioneer at a recent fundraiser. Another example of high-level involvement, cited by NP-09, was the "untold hours" that one executive spent as the campaign chairman last year, making individual calls and visiting employees at various businesses in town on all three shifts. She also pointed to aggregate dollar amounts of donations as signs of commitment:

> I don't think we would have the number of participants or the number of corporations that participate with us on an annual basis to raise $11 million in this community if they didn't feel that they had a connection and a mission with us.

In other cases only a moderate level of support was indicated. When asked if top corporate executives talk about the nonprofit mission, NP-10 said, "Some do, yes. (Pause) But I would not say all of them. And sometimes we don't even – it never gets to that level. It may just get to the level of the marketing person."

Still others reported a "small degree" of involvement (NP-05). In fact, it can be "like pulling teeth" to get some corporate heads on the scene of nonprofit activities, "much less giving," according to NP-02. Executive involvement varies greatly.

Apart from individual appearances company management, an important component of corporate involvement and effort seen in the analysis is *public promotion* of the cause. While the nonprofits usually carry the primary burden here, as addressed earlier, several examples of *generous support* were cited. A media partner of NP-12's organization published "a great article about education" and acknowledged the nonprofit. A television station was mentioned for contributing $25,000 of dollars worth of in-kind commercials for NP-14's activities. NP-06 recalls that a CEO from one of her partners who belongs to a local civic club "knew about what was going on and asked if I would come and speak" about her nonprofit. Others promote the partnership in their annual reports, which "touts them with their stakeholders and . . . shareholders" (NP-03). Even cashiers at a retail store have gotten involved in advocating a nonprofit partner's cause, according to NP-05. "[S]ome of them really push it."

Public promotion by the corporation is not always so strong. Many partners, the nonprofits said, offer *limited support*. NP-15 said that his sponsors make occasional comments acknowledging the partnership, "but I don't think they go on to stump, or anything like that." One partner that NP-04 referred to leaves all the media promotion to the nonprofit. NP-16 made an interesting comment about reluctance by some corporations to do "co-branding" of both organizations in their ads. She quoted one of her corporate contacts who had told her that doing so would "grey up the waters."

Data analysis revealed that the *corporate culture* varies within large firms, as does the *employee promotion* of a partnership. NP-05 sees a supportive culture inside the company at C-19, one of his key partners, whose employees are well informed about the nonprofit. "Something trickles down" from management, he said. NP-11, also, said that when she needs volunteers for an event, several partnering companies will "send out an email blast" to their staff. Others put up posters, or even produce videos to make employees aware of the partnership. NP-13 talks about when the CEO of C-19 called its nonprofit partners together downtown to report on their projects. "They created a movie" to show their employees, showing "tangible results" of the companies' donations. Regarding her lead supporters, NP-11 said that they "know how important it is, and they *like* their employees to be involved." Employee and executive involvement, together with financial gifts, constitute what NP-08 called "100 percent alignment" with the nonprofit.

Related to this property of corporate culture is the concept of *vertical communication*, which becomes especially important in a national firm partnering with the national office of a nonprofit. According to NP-15, the effectiveness of those vertical channels in educating local operations of the firm about the relationship varies considerably. "Sometimes they know and sometimes they *don't* know," he said about his experiences when approaching the local executives.

When this kind of organizational culture forms, *employee volunteering* with the nonprofit often becomes common. According to NP-03, more than 400 volunteers donated 29,000 hours of service last year. Some corporations, several participants observed, give their staff paid time off to volunteer. NP-10 describes one such project in which a large company's employees took a special interest:

> [C-06] has been *very* involved with us. They had a book drive and . . . collected over 1,500 children's books, came over here . . . sorted through and shelved them themselves. And we did have a year when they came through and a number of their volunteers took turns coming to our library, reading to the children.

Relative investment in the relationship, then, is a multifaceted branch on the tree. While much less data appeared for the next two subcategories under symmetry of the relationship, they are important to address. Both have implications for the perceived relative value of the "engagement" for the each partner.

Governance and control. When this issue came up in the interviews, participants usually referred to the degree of autonomy they had in a particular partnership. Illustrating *high nonprofit autonomy* was a statement by NP-02 that the corporate partner was "not controlling." He appreciated the fact that C-01 was helpful without meddling:

> I go to them sometimes with problems. I'm not above going to these people who have a lot more business savvy than I do. . . . I'm just not shy about asking them

> for help or whatever. If I've done something that could have been done in a better way or could have been thought through in a better way, they are not hesitant to tell me, either. But it's always done in a professional, constructive way. They help with he problem solving. They don't point fingers.

In contrast to the autonomy NP-02 enjoyed in this case was a specific story reflecting a high level of *corporate dominance* in a relationship. In this example, cited by NP-04(B), a national corporation imposed its own "elaborate system" for developing a project that became burdensome to the local nonprofit. He labeled this "an unequal partnership" in which the company said, "I'm going to give you this money, but you're going to do it my way." Lesser proportions of corporate control may be more common. For instance, NP-15 commented about the copy approval process on information going out to the media. "They do ask, sometimes, that it's screened before it's released. . . . that their communications department will have an opportunity to look at it and things of that nature."

Mutual dependence of partners. Nonprofit managers engaged in strategic partnerships are aware of the dependence factor. This concept was manifested primarily in terms of *value trade-offs and gift size*. Here was NP-15's analysis on this point:

> Well, the larger the gift, the more strategic it's going to be, in terms of philanthropy. The smaller the gift, it's probably more pure philanthropy, you know. For example, a $5,000 gift is probably pure philanthropy. But when you're getting up to 50, 100, 150, 200 thousand dollars – gifts of that nature – it's a more strategic investment.

Implicit in this passage is the notion of benefit trade-offs, with which NP-10 agreed when asked about who gives the larger donations: "Oh, definitely, the companies with the marketing benefits," she responded. In some cases, the request for an increase in gift size prompts a counter request for more return on the giver's investment, NP-13 said.

These statements seem to reinforce the findings reviewed earlier. Nonprofits are working harder to break through the jungle of charity appeals. Those who succeed in tapping a corporation's strategically managed funds will have to offer a value package to the prospective donor. Once a relationship commitment is made, however, the nonprofit may well reap a larger reward than in the past. On this point NP-10 commented, "It was almost *too* easy before. Before all you had to do is write a letter, and you get a check for $25,000."

In closing this section on relationship symmetry, a quote from NP-06 serves as a fitting summary of the various facets of philanthropic partnerships analyzed above. She was asked which business model she prefers to work under – straight benevolence or strategic philanthropy:

> Uh, the tired side of me says (laughing), whatever is the easiest. . . . (More serious now) The business side of me says I would much rather have a partnership. I would much rather have something where we have given them value for what they have given us. Because then you build a relationship. Otherwise, it's just very one-sided. 'I'm here for a handout from you, and that's what I want.'

<u>Evolution and Depth of the Relationship.</u>

Besides communication and symmetry, the analysis yielded a third major property in the process of engaging in partnership. Close examination of interview transcripts revealed that many nonprofit directors and development officers see – at least in some of their corporate relationships – qualities that deepen, grow and evolve over time. Encompassed in this evolution are three subcategories: 1) Longevity, 2) Progression of corporate motives, and 3) Increasing communal dynamics. Each is detailed below.

Longevity of partnerships. Relationships identified in the interviews varied greatly in their length of existence. Many had started from two to five years ago, but longer-term partnerships were not uncommon. NP-06 reported that a transportation company, C-26, had "jumped in right at the beginning" and stayed with her organization since it began about 10 years ago. Many participants spoke of their desire to develop these kinds of sustained relationships. NP-11 said that once supporters "share the power" of her nonprofit's projects, they become "a donor for life." For a nonprofit with a long history in the community, C-13 noted, generational giving by family-operated businesses may enhance longevity. "[We] called on a lot of their fathers, and now you've got the younger kids."

Gift size tends to increase with time, according to some managers such as NP-07. She said that one of her key partners, a hospital [C-30], started out "more just on the periphery" with the nonprofit. From there, the hospital became a "long-time giver" and a "huge collaborator," with multiple relationships between the two organizations. "So it's just grown. As our business changes and their business changes, we have a lot of areas where we can help one another."

Longevity appears to be one quality of an evolving relationship that is important to both parties. As the years pass, changes in the nature of the relationship are commonly experienced, as seen in the following sections.

Progression of corporate motives. Given the nature of this study, the researcher took special interest in any statements that were made about changing or evolving motives. Such was the progression described by NP-10 in this excerpt:

> I think probably the newer businesses that get involved with us – I think they *come in* with what we can do for them, marketing-wise and guest-wise. What we do, when we do quality events. People have a good time. They feel taken care of. I think that brings companies in. I think that now once they're in, I think it's more of an altruistic need.

In this view, then, some corporations start with a primary motive orientation of self-interest, which shifts over time to include a more altruistic type of motive. A similar evolution is seen by NP-11 in some of her organization's partners:

> We had an event in [another city] a couple of weekends ago, and we actually auctioned off several [projects]. And . . . we had probably four or five . . . kids there. And most of them were younger. You know, one little girl – she was so bald from her chemo, and in this beautiful dress, and she was four years old and just really social. And it's like, you know once they see those kids, OK, you know we got our free table at this event for our sponsorship, but then they're like, OK let me buy a [project] on top of that. Because you want to somehow pull them in to the kids. . . . Because, you know, once they're attached to that child, they're going to want to do it again.

Evolving motives may also be at work in some of NP-08's experiences. She talked about business partners who have progressed, over time, from only giving money to serving on committees and eventually to volunteering personal time as a classroom presenter. "That's what I dream of – that 100 percent alignment," she said.

Increasing communal dynamics. In the literature review, the qualities of exchange relationships vs. communal relationships were contrasted (Clark & Mills, 1979; Grunig, 2000; Aggarwal, 2004; Hung, 2005). In the present study, many interview statements are reminiscent of these concepts. As established previously, strategic philanthropy implies a business-objective orientation on the part of corporations entering into partnerships. Indeed, participants often spoke in terms of exchanging marketing benefits for a donation. Especially in making those first moves to court a prospective donor, suggestions of an *exchange posture* were commonly heard. Some referred to "the transaction" (NP-05). "[L]ook at how many T-shirts you will get" (NP-07). "You scratch my back; I scratch your back" (NP-10). "[S]ome of it is more like bartering" (NP-14). These examples all suggest an exchange-based relationship.

Instead of marketing and publicity benefits, the company might gain value from the relationship because the nonprofit, as an organization, is a business customer. NP-03 said that his nonprofit is "a very big customer" of a prospective donor. NP-13 commented that they "use a lot of [C-05's] products in our building" and joked that the company might support them because they feel "guilty."

While statements of this nature were common, the researcher also heard a plentiful array of statements suggesting *communal relationship* qualities. This kind of relationship, it will be recalled, involves *mutual concern* for the welfare of the other party, as well as one's own welfare. NP-14 reflected this notion in describing her attitude toward C-62. "We're looking for meaningful ways to be partners . . . and I want to be able to benefit them, as well." This sort of mutual interest grows with time, according to NP-10. Concerning the willingness of business managers to commit personal time to volunteering, she said, "You know we come and ask maybe the first time, and after that, they'll follow up and ask, 'Can we do this for y'all?'" The regard for well being goes both ways, for NP-10. For example, she point out that her institution strives to protect the privacy of partner companies. "We don't ever sell our donor lists," she said.

In these findings, elements of communal relating appeared more specifically in three forms, the first of which is *collaboration on projects.* NP-05 pointed out that he and a corporate partner had worked together on a grant. NP-12 also emphasized this kind of cooperative effort: "We're not doing this alone; it's a collaboration." In NP-09's words, "We're all about collaborations and partnerships." For some, important distinctions hinge on terminology. NP-07 said, "We don't call them partners. The term we typically use is collaborators." NP-11 prefers the term 'relationships' to 'sponsorships.' Beyond the terminology, however, is the tangible evidence of the collaborative spirit. That evidence can even show up in product adaptations to promote the nonprofit. NP-11 recalled when a major food industry supporter [C-50] named a new item in its product line after the nonprofit.

The second manifestation of communal relationships seen in the data was *knowledge of partners*. For some nonprofit managers, knowing, and being known by, a business partner is very important. NP-10 offered this comparison of relationship qualities in traditional and strategic philanthropy:

> I think that we are able to get closer to our supporters. . . . I just feel like we know them better, we have a better relationship with them the way we're doing it now. I mean, they could sit at their desk, we could sit at our desk, a piece of paper would cross through the mail. And that's not a relationship. And do they really understand what we're doing?

NP-03 describes a similar kind of experience in the relationships that he likes to cultivate. "When someone just writes us a check, they don't see the things we do as well as if they come and participate and really see us from the inside out." NP-12, as well, talks about the burden she feels to educate companies and their employees about her organization. "I think there's a lot of people who still don't know what [our organization] does. And I think that that's our challenge. Because . . . we have to give them the materials. We have to give them the snippets. We have to ask them to *know us*."

The third communal property that emerged from the analysis of the interviews was *personal attachment* to the family or individual receiving the nonprofit's services. In

NP-04's story about teaming up with a local firm [C-15] on a project for a family, he said that a bond formed between the firm's employees and the mother of the lady who was the main beneficiary. "They loved her. She loved them." After the project was done, C-15 "wanted to do it again." The firm recruited a co-sponsor, a bank [C-04], for a later project, and the mother of the recipient family got to be on a first-name basis with the bank's CEO.

Examples of top executives getting close to the beneficiary were also shared by NP-11. Several times throughout the interview with her, the theme of personal affection between sponsor and child arose, such as in this story:

> [C-50] is a big supporter. [The CEO] was very involved in a [project] several years ago. . . . The young lady – she had cancer – and she didn't want to do anything for herself. She wanted to go shopping for every child at the hospital. And throw a big ice cream party for them. And [the CEO] was just really touched with that.

In summary, for the participants in this study, the process of engaging in a strategic partnership can be highly involved. After the nonprofit goes courting for dollars and an engagement is agreed upon, a long-term relationship often develops. That relationship is defined by various properties of communication, symmetry and depth as it evolves. Given this richness, it seems to be core to the overall process of strategic philanthropy.

Consequences: Benefits/Value in the Partnership

Antecedent conditions for, and the central relational dynamics of, strategic philanthropy have been closely examined, which leads to consequences of those philanthropic relationships. For nonprofits organizations and business corporations, outcomes are critical in evaluating the value of a particular relationship. In this section, three categories are presented: 1) Types of Benefits for the Nonprofit, 2) Types of Benefits for the Corporation, and 3) Benefit Ratio Between Partners.

Types of Benefits for the Nonprofit.

Interview participants talked about three general kinds of benefits derived from strategic partnerships: 1) Cash gifts, 2) In-kind gifts, and 3) Donations of time.

Cash gifts. The most obvious reward for a nonprofit organization partnering with a corporation is usually financial contributions. Nonprofit budgets have grown, and along with them, and in some cases, corporate support has swelled to meet that need. NP-16 reported that gift income is on the rise at her agency. “Statistically, if you look at [our] numbers, what we’ve raised in our fundraising has just shot up tremendously.” NP-08 said her budget about 14 years ago was less than \$150,000, while it is now more than \$325,000. Of that amount today, she said about 90 percent is provided by corporate gifts. Most nonprofits in the study reported much lower percentages for that figure, ranging from as little as 1 percent to 40 percent. The most common range was 5 to 15 percent as the corporate share of the nonprofit’s operating revenue.

In some cases, “a few major players” (NP-01) accounted for most of the dollars. NP-15 said that “straight cash gifts” from one partner, C-19, sometimes have run “up to \$50,000.” In other cases, gift sizes from a larger cadre of partners are more nearly equal. Either way, nonprofits are quick to acknowledge the value of these monetary donations. “I’m getting a huge benefit,” said NP-07. “That’s dollars. And to me, that is lot.”

In-kind gifts. Numerous examples of gifts of property or products by corporate partners were mentioned. NP-05 and NP-08 both said they have been given vehicles to use in their nonprofit operations. NP-10 told about receiving office supplies from a "very philanthropic" donor [C-06]. She said, "I don't know if you've ever bought binders. Binders are very expensive. And they sent over two van loads of binders for us." NP-15 cited the gift of poinsettias for all the tables at an annual Christmas fundraising event. Another holiday tradition was described by NP-03, referring to C-06 as well:

> [C-06] is a great example with the things they do with their staff, taking the time to come and help out at Christmas. In fact, they pull up with an 18-wheeler full of items that they donate to the community. Santa Claus is driving a truck. It's a fun event.

Contributions, by media partners, of time and space for publicity constitute an important type of in-kind gifts that were mentioned frequently in the interviews. They are "wonderful to us," said NP-08, and many others shared that assessment.

Donations of time. The data have detailed the personal time and effort invested by many companies in the causes that they support. Whether it occurs through board membership, sharing of "business savvy" by managers (NP-02) or volunteering by employees, this form of support benefits nonprofits substantially. NP-08 said that human resources given by partners are "just as golden for [us] as any dollar that comes through the door."

Types of Benefits for the Corporation.

Analysis also revealed three general types of benefits for the corporate side of a partnership. They are: 1) Potential increase in sales, 2) Image and exposure, and 3) Employee development and relations.

Potential increase in sales. This possible benefit was mentioned several times in the interviews. NP-12 stated that "it's good business for them to say, 'We support our community.'" NP-15 suggested that philanthropic activity might be "one of the determining factors" in consumers' decisions about whether or not to patronize a business. NP-05 speculated about the implications for sales in this way:

> I tend to go to stores and places like that, that show that they care about the community. I'm one of those people that do that because I guess it's part of my job. But, you know, that is a thought that people will purchase products.

A variation on this concept was expressed by NP-01 when she spoke about "cultivation events" and their potential to favorably impress new clients. Likewise, NP-10 discussed the opportunity for business to recruit new customers at fundraising events:

> I think you get a smaller business, or a new business that's coming in, and they use our events for marketing, as well as *being* at our events. Because at our events, we've got key people. If you want to get to somebody, you can usually find them at one of our two events. And I think that has a lot of selling power.

In yet another variation, the nonprofit makes its resources available to assist the partner in reaching new targets in its market. NP-16 said, "We'll use our data base to mail out a piece for them" promoting the firm's services. All of these examples illustrate the potential for directly enhancing the corporation's bottom line through sales and/or new customer development.

Image and exposure. Considerable weight was placed on the publicity and exposure value that companies receive when they team up with nonprofits. Because charities, with their positive reputations, are often treated generously by the media, firms that ally themselves with them stand to gain favorable visibility. NP-10 says, "We basically offer them a lot of name recognition in signage, in all the public relations – the communications that we do, any print materials, any radio/TV ads that we do." NP-03 describes the publicity that surrounds his agency's annual fundraiser, a major event that draws a sizeable audience:

> We have a catalogue for [this] event. For the corporations that support us . . . we have their logos listed on the back of the catalogue. So everyone who is at the event – we're expecting between 800 and 1,000 people – they all know who's supporting the event.

The magnitude of publicity value for the company may correspond with the size of the gift to the nonprofit. For instance, NP-07 mentioned how this works at an outdoor fundraiser that they stage each year. "A certain [gift] level will get your logo on the back of every single participant."

Employee development and relations. Just as the image benefit fulfills a major motive category for corporations, so it is with employee development. This benefit takes on many forms. As NP-14 observed, staff families enjoy the benefits of free admission to a nonprofit facility with whom their employer partners. When workers are given paid time off to volunteer for a cause they believe in, according to NP-08, they develop a "sense of loyalty and appreciation of their employer." Similarly, NP-04 found that joining forces at a project site created a "feel-good" atmosphere. A "common bond" forms, he said, when "you have a relationship and you're doing good."

Other participants talked about long-term benefits for employees and the firms they work for. NP-06 said that she goes into the workplace at partnering companies with lunch-hour classes on family life, which employees can attend. NP-12 pointed to the value of teaching literacy classes to staff at companies who support the nonprofit. "And so the return to them is that they don't have the turnover rate that they would have." The benefits are not limited to rank-and-file workers, however. Managers can reap rewards in personal and professional development when they involve themselves with their organization. For those who go into school classrooms, said NP-08, their "presentation skills are going to be honed."

Benefit Ratio Between Partners.

This concept was integral to the overall research question, especially regarding perceived benefits in the context of strategic philanthropy. When participants were asked how they perceive the balance of benefits between their nonprofit and corporate partners, an interesting variety of responses was recorded. Occasionally, they found the question challenging to answer. NP-15 said the relative benefits are "*very* difficult to quantify," especially in the long term. Others responded quickly and decisively.

Greater benefits for the nonprofit. "We come out way ahead," said NP-05. Some of his counterparts expressed a similar belief about asymmetrical benefit distribution. NP-02 emphasized that especially in his relationship with C-01. "I think they are certainly giving more that they're getting, if that's what you're asking, to put it simply." NP-14 said, "*We're* the ones that benefit most from the relationship." While these assessments sound quite certain, they do not represent the majority thought, on this point, within the sample group.

Approximately equal benefits. The majority of those interviewed indicated that they believe the division of benefits is about even between their own organization and their corporate supporters, overall. NP-04 sized it up this way, when asked about the benefit ratio in their leading partnership:

> Probably half and half, I'd say. . . . they really feel they're better, in many ways, for helping us. And then *we* feel we're better in many ways for having them involved, because they've helped us – not just with the [project] – but they're now

> on our board and on important committees involved with [us]. . . . I think it's been a real sharing, and I think they would say the same. I mean, they might even say they are getting more out of it than we are, just to be nice. But I think it's definitely an equal relationship.

Regarding this division of benefits, NP-10 said, "I think it's about 50-50." For NP-16, it is "pretty well balanced," through ongoing "negotiation." NP-01 described her philanthropic relationships as a "mutual benefit society." And NP-11 said, "at the end of the day" a typical partnership "benefits us both." She also commented on the mutual value of cause-related marketing. "Yeah, I think one of the big things today is cause marketing. How can you make things – really, where it is in a partnership and – basically you're equal on what you're giving and getting."

NP-09 stressed the "mutual beneficiary factor" that gives business and nonprofits a common stake in long-term outcomes. "The economic development of tomorrow is based on the strength of your families today and the strength of your education system." NP-12, also, discussed common benefits in literacy programs:

> I think that if we look at our community as a whole, and that if we really want the best for you as an individual, and that if their dollar goes to my program and my program helps you as an individual and then you're able to pick up a paper and read it, or you're able to save your money in a bank, or you're able to hold a job -- that we all win. And so we each have different areas that we're trying to win at. But I think they are all so interconnected . . .

Greater benefits for the corporation. Two of the nonprofit managers saw an asymmetrical benefit distribution in favor of the business partners. NP-10 believes that companies who invest in the community "get a lot more in return than they have initially put out." NP-06 took a quantitative approach to analyzing the return on investment for her partnering corporations:

> If you're asking me about value in terms of what they give us financially – the value of what they receive in return *far* exceeds the financial amount of money that they gave us. . . . For example, let's just say we had a donor that gave us $5,000 for our motorcycle ride – a corporate entity. And so we get $5,000. And what do they get in return? . . . One year I think we figured out that they were getting $15,000 worth of add-ons in terms of advertising for their company. And you just think about the *extension* of that, because these riders, I mean they wear these t-shirts out *all -- the time*.

In summary, perceptions about the benefit ratio cover a wide spectrum. In general, the statements above were made in the context of discussions about strategic relationships. By implication and by intuitive deduction, under traditional philanthropy, the perception of greater benefits for the nonprofit would be the norm, rather than the exception. In fact, NP-14 made a distinction between strictly benevolent and strategic relationships. With a donor such as C-13, who "isn't looking for marketing – they're looking for community involvement," she said "we definitely benefit more." With marketing-oriented partners, such as C-50 and C-62, she sees a closer balance, a "very equal" balance, as she put it. Benefit distribution, then, was seen to vary with the type of relationship.

Long-term Common Benefit Potential.

Related to this point is the idea of shared benefits for the common good. A number of nonprofit managers talked about a growing sense of the potential for a long-range, common benefit in strategic philanthropy. When nonprofits fulfill their mission, business interests may be served, as well. This can take on many forms, as follows.

Family strength. This quality may be seen as mutually positive for both partners in a relationship. Quality homes are a "win for the company" and "for the community," said NP-06. Conversely, when dysfunctional families and divorce are high, it "profoundly impacts the company." Others joined in expressing this view. "Good employees come because there are strong families," said NP-09, adding, "the economic benefit of tomorrow is based on the strength of your families today."

Community health. Another subcategory of mutually beneficial outcomes mentioned in the interviews is health. NP-15 described partnerships with two insurance companies that had "an interest in obesity-related issues and the impact it would have on their business." NP-03, cited a shared prospect between his nonprofit and a corporate donor of promoting independent living among the elderly:

> And the whole goal is to keep these folks out of a long-term care facility, which costs [C-08] less money. So we're trying to look at this and say, you know, we support the agency. We're trying to help this program, which in the end may, down the road, reduce health care costs.

Financial stability. Some nonprofits and their corporate partners see common value in promoting the financial health of citizens in the community. Again, NP-03 pointed to a bank [C-01] that offers free lobby space for a financial counselor from the nonprofit to meet with customers. Speaking for the bank, NP-03 said, "This helps us because when people don't file for bankruptcy it helps us get our money back."

Literacy. Yet a fourth sub-category of long-term benefit was heard from at least two participants, whose organizations have educational missions. Literacy was identified as a vital factor in business success. NP-12 observed that one her key corporate supporters – a newspaper – has a "vested interest" in helping to build a literate customer base. "[I]f adults can't read and comprehend . . . they can't sell papers." Likewise, NP-09 addressed the importance of "preschool readiness" for economic development. "As [local executives] talk about business, as they talk about strengthening the community, they all talk about the part that they play in recognizing that social capital and human capital is absolutely critical to the success of their business."

Community well-being and nonprofit missions, then, are commonly seen as overlapping with business interests in the long term.

Consequences: Satisfaction With the Partnership

Along with benefits, the general concept of satisfaction emerged as an outcome, or consequence, of engaging in the process of strategic partnerships. This is the focus of this final section of the analysis of findings. Interview transcripts contained many statements conveying attitudes of nonprofit managers toward individuals or organizations in the corporate community with whom they deal in their fundraising activity. They also commented, at times, on the attitudes about philanthropy that they perceive in the general public.

Nonprofit Satisfaction with Partnerships.

Data in this category have been organized by positive and negative valences implied in the responses. As with the section above on perceived benefit ratios, these statements were made while discussing strategic relationships or in response to specific questions seeking comparisons of strategic and traditional philanthropy.

High level of satisfaction. Many participants expressed positive feelings and opinions about their corporate partners. "We couldn't do what we did if we didn't have corporate support. . . . And I'm thankful for it," said NP-05. According to NP-01, she enjoys a "great relationship" with C-02. The same term was used by N-04 about C-04 and C-15, and by N-12 about C-35. Similar sentiments were expressed by N-13, who said, “We love [C-19].” NP-14 said that C-20 has been a “wonderful, wonderful partner and friend” for 11 years.

This positive dimension of the satisfaction variable extended beyond financial support alone. Nonprofits registered high appreciation for volunteers, as well. Regarding C-06, NP-10 said “their staff people are great volunteers” and they foster a total “atmosphere of community help, whether it be time, talent or treasures.” NP-08, it was noted earlier, appreciated the “golden” contributions made by human resources.

Especially significant to this study were testimonies about levels of *satisfaction in strategic relationships*, as opposed to traditional philanthropic relationships. NP-10’s thoughts about the “better relationship” in today’s environment were quoted earlier. While strategic philanthropy requires more work, she said, they now “get closer” to their supporters. NP-11 concurred with that assessment:

> I think, you know, it’s more fun when you actually get to work with a company. But I do have donors that just come in, they’re not touchy-feely at all, they don’t want a tour, they want to hand me the check and they want to leave, and just, ‘Let me know when you need something again.’ Uh, I think it is more fun – you know, for us, especially, I like associating ourselves with [C-13] and [C-08] and these companies, just as much as they like associating with us.

As discussed previously, managers generally find that engaging in a strategic partnership requires more effort than simply accepting a check. However, that doesn’t stop NP-16 from pursuing those alliances. “Yes, we have to put in a lot more work to get those dollars,” she said. It is “totally” worth it, though, “because at the end of the day, I think we’re bound tighter to each other.”

Low level of satisfaction. The data reveal a number of negative experiences with corporate philanthropy. These were generally isolated instances, not typical patterns.

Some of them illustrated an *excessive marketing emphasis* by a corporate partner. For example, NP-11 recalled a "very rare" occasion when her nonprofit declined a gift from a company because "they were asking for the moon." NP-07 parted company with a prospective event sponsor who would not give $1,200 to buy a table because of the limited marketing benefits. "So what this company told me was, 'It's not worth it to me. We don't really care about just giving to you.'" In some cases, N-16 suggested, the locus of an excessive profit motive is individual, rather than corporate. One executive's "private agenda" might "skew" a firm's otherwise good philosophy.

Other dissatisfying experiences appeared to stem from outright *exploitation of a nonprofit* by a business firm. NP-04(B) recounted the story of a company in another city that "has been entering into partnership with [our] affiliates as spin control" after negative publicity for the company's "predatory lending" practices. NP-05 cited a "damage control" effort that another firm "quickly put together," also following bad press on its business. In yet another scenario, a local billboard company told NP-08 that they lost a corporate customer who teamed up with a nonprofit in town and started piggy-backing on the nonprofit's ads as a substitute for buying their own space. That becomes "real sensitive" for the nonprofit, she said. "You are wedged right in the middle" between two entities whose support is important." NP-08 added that she has never felt exploited by a business donor in that manner.

These examples offer important clues about conditions and actions that tend to precede feelings of dissatisfaction or disapproval by nonprofit managers. As a side note, one of the participants pointed out that exploitation can go both ways. NP-14 had recently visited a friend who owns a restaurant and was "*very* offended and *very* upset" because another nonprofit director had, in effect, asked for the moon. Approaching her for the first time, the nonprofit asked her to donate tea for 1,000 people, without any compensation or return favor.

<u>Public Attitudes Toward Philanthropic Companies.</u>

The primary focus of this research was nonprofit managers' experiences and perceptions. However, they also offered a few comments about how they think the public evaluates philanthropic partnerships and corporate social responsibility in general.

Positive public impressions. Several of the participants said they hear very little from consumers in general about corporate citizenship. Those who do, for the most part, reported positive attitudes. NP-12 said, "I think when it's . . . a good cause, people don't question why they fund it. I think if they funded something that people didn't know what it was that they were funding, I think then there would be more negative comments." When asked if he hears public comments about corporate partners, NP-04 replied, "No. Other than good. Glad we're doing it. No negatives." NP-06 had a similar assessment: "Uh, occasionally. But not so much. I mean I don't hear negative comments about them being community-oriented."

Public skepticism/criticism. Occasional negative attitudes and opinions regarding corporate philanthropy and community involvement were referred to, though sometimes philosophically rather than from first-hand experience. NP-12, while she had "never heard anything negative" from the public, believes that skepticism arises "when people don't see the outputs" of the money that is donated. NP-02 observed that people sometimes complain that companies "ought to pay their workers better" instead of giving away money. Skepticism also can arise from the false assumptions about motives that

NP-04 spoke about, as cited earlier. “People think corporations just do it for marketing. In reality they may be doing it to benefit their employees, too.”

Finally, a few participants expressed the view that companies risk more public skepticism about motives for *not* affiliating with nonprofits than about motives *for* doing so. NP-07 said, “If all three [local hospitals] don’t give equal amounts to something, then we hear about that. And ‘Why *isn’t* such and such hospital sponsoring this event?’” NP-16 shared this view:

> I think they’re more concerned -- if this is the question you’re asking – they’re *more* concerned about organizations that *don’t* invest, because, ‘Why aren’t they community-committed?’ And not just for [our association], but for any organization.

In conclusion to this section, satisfaction levels reflected in the interviews ranged from very positive on the whole to quite negative in a few cases. Public reactions to strategic philanthropy, where known, were judged to be generally favorable, with some exceptions. In summary of the overall findings of the study, there is a highly involved process of strategic relationship-building by nonprofit organizations as they engage corporations in mutually rewarding philanthropic partnerships. Antecedent to these dynamics is a complex milieu of corporate motives brewing in a market-driven environment.

The implications of these findings for the issues that were raised in the introduction and literature review will follow in Chapter 5, along with recommendations for practical application in the professional context and for further study.

CHAPTER 5
DISCUSSION AND IMPLICATIONS

The purpose of this study was to learn how managers of nonprofit organizations perceive benefits, corporate motives, and communication patterns in their strategic philanthropic relationships with corporate partners. While findings were diverse, a prominent pattern emerged. Nonprofit managers generally saw a combination of self-interested and altruistic motives in their corporate supporters. Many of them said benefits were divided about equally between partners. Relationships were most often described as mutually engaging, with substantial resources invested by both parties. The nonprofit participants typically expressed high levels of satisfaction in these symmetrical, strategically based partnerships. In short, the nonprofit agencies, hardly naïve about business motives in a competitive environment, enter the arena ready for serious courting. Out of these dynamics grow close, enduring, mutually rewarding engagements.

There were, of course, departures from this profile. In some cases, benefits were perceived to be asymmetrical – usually favoring the nonprofit, but occasionally favoring the corporation. Likewise, the perceived mix of corporate motives varied. A handful of companies were seen to be completely altruistic in their giving, while a few were classified as very self-interested. Communication patterns and satisfaction levels, as well, differed from the common pattern of positive, mutual involvement. In the most satisfying partnerships, however, the mixed-motive, symmetrical-relationship pattern seemed to prevail.

Model of Strategic Engagement

Strategic relationships are depicted in the model shown in Figure 2. This second model condenses the larger set of concepts and categories from open and axial coding into the most essential elements of strategic philanthropy. It filters out all conditions and consequences not included in the mixed-motive, equal-benefit, high-satisfaction profile that became prominent in this study. Also omitted are specific component parts of the core categories of courting and engaging shown in the original model (Figure 1).

In the final stages of analysis and selective coding, the notion of frames within frames emerged. Depicted in this visual arrangement are the logical ties between conditions and consequences that surround the core dynamics of strategic philanthropy. The competitive business/social/nonprofit *environment*, at the macro level, constitutes the backdrop against which the entire strategic philanthropic process becomes meaningful. Within that broad structural and environmental context, a company's *mixed motives* and desires for mutual benefits are understood by hopeful nonprofits. A priori acceptance of that assumed motive mosaic, in turn, provides the framework within which a partnership originates. Ultimate *mutual benefits* and *satisfaction* are the consequences of acting upon these antecedent conditions. Accordingly, this frame representing motives, benefits and satisfaction is assigned the intermediate position in the diagram.

Finally, the inner frame represents the central concepts in the overall process – *courting and engaging in partnership*. Within this frame is the *first moves* stage, followed by a lengthier *interdependent relationship* stage. The metaphorical implications of the central terms should be apparent by now. Courtship in the romantic sense involves

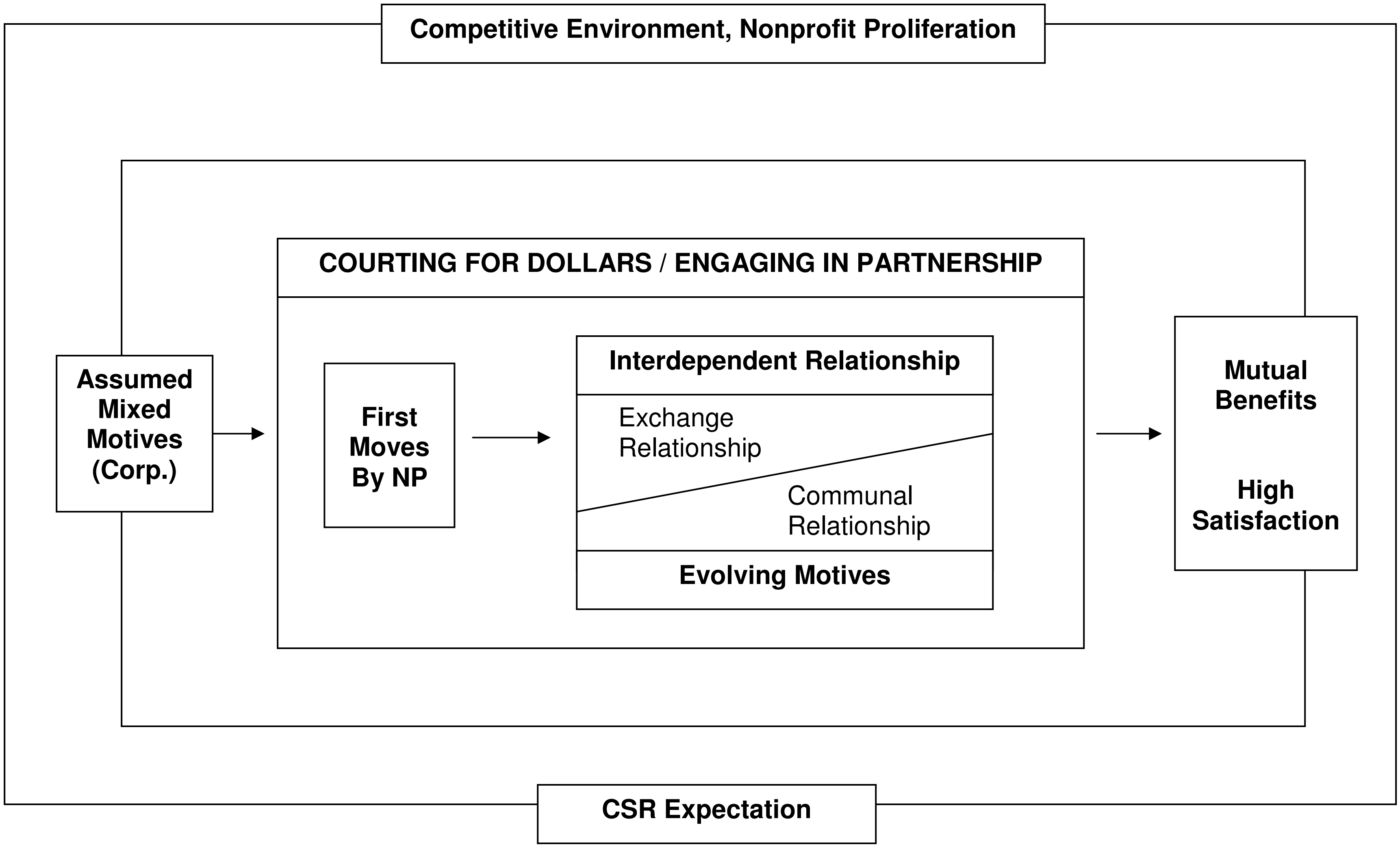

Figure 2. Condensed Model of Strategic Engagement

strategic assessment of the suitor's own needs, desires and goals, as well as the assumed interest and motives of the potential partner whose favor he wishes to win. If the first invitation to dance is accepted, and further overtures are successful, both parties may engage in a long-term relationship. Mutual commitment leads, ideally, to an interdependent, communal partnership. Common outcomes of that kind of engagement are high satisfaction and mutual benefits. Thus it seems to be in the strategically designed marriages described in the interviews heard and analyzed by this researcher.

This final model reflects the terminology in the discussion to follow, on theoretical implications of the findings. Specifically, the concepts of an "interdependent" relationship and a "communal relationship" become prominent parts of the model. Also, because of the relevance of "motive progression" to the original research question, motives are presented as "evolving" during the relationship. This is particularly likely to occur when corporate executives become personally involved in the activities of a charitable cause.

It seems safe to say that strategic philanthropy is more than a passing fad. Eskrew (2003) holds that a "Visible Hand" is now working to promote a "triple bottom line" of economic, environmental and social progress. The *hand* may be visible, and tangible changes are, indeed, occurring in the domain of corporate social responsibility. However, the *heart and mind* of corporate intentions in philanthropic courtships are often more obscure. The prospects of strategic partnering are filled with intrigue, opportunity and challenge. Organizations on both sides of the dance floor are learning new steps as they approach one other. Undoubtedly the coming decade will bring some clarification in the rules of engagement, while raising new questions to be explored.

Implications for Theory

The results of this investigation extend the theoretical understanding of impression management, attribution, stakeholder, and communal relationship theories. Following is a discussion of each.

Impression Management and Attribution Theories

One of the surprises in this study was the relatively low level of skepticism toward CSR efforts expressed or sensed by nonprofit managers, considering the suspicions about corporate motives reflected in some of the literature (Webb & Mohr, 1998; Mcleod, 2001; Dean, 2003). The nonprofit participants revealed little skepticism in their own views, and they said they do not hear much of that attitude from the public. Furthermore, several of them stated that motives for corporate giving are not of paramount importance to them. On the surface, this seems to contradict a key tenet of impression management theory (Goffman, 1959; Callison & Zillmann, 2002; Sallot, 2002) and attribution theory (Heider, 1958; Kelley, 1973; Jones & Davis, 1965) that actions, in themselves, are not as important to us as are their causes.

Closer examination of attribution theory and of the findings may partially explain this. In Kelley's account of the "discounting effect" (p. 113) in attribution, the specific weight assigned to any given cause for an action tends to decrease when multiple causes appear to be present. In evaluating corporate philanthropy and cause-related marketing, consumers may discount benevolent motives, given the potential for prudential gain (Dean, 2003; Bowie, 1999). However, such interpretation might rest on a superficial reaction by the public to the dynamics of philanthropy.

In this inquiry, the unit of analysis was shifted from consumers' perceptions to perceptions of nonprofit managers. Managers in the study understand quite fully the need for profit in the business sector. Their testimony revealed sympathy toward the external pressures that companies face in their efforts to remain viable in a competitive environment. While consumers discount altruistic motives as inherent character traits, nonprofit managers may discount the self-serving motives as inherent traits. The desire for prudential gain seems to have been partially downplayed in the larger perspective of situational and environmental factors. Indeed, participants frequently expressed personal appreciation for a CEO's altruistic inclinations. In other words, they did not believe the profit motive constituted the sole quality of a firm's inherent corporate character. This could also be explained, in part, by a sense of indebtedness that the nonprofit managers feel toward their corporate funding sources. After all, they have a financial motive of their own.

Perhaps, then, it is not surprising that several participants assigned limited importance to the question of corporate motives. Had they perceived solely self-interested, profit-oriented motivations in their partners, they might well have indicated more concern. In fact, where an occasional case of excessive marketing emphasis or even exploitation was noted, disapproval of the motive was usually stated or implied. Those relationships typically became strained or were terminated. They were exceptions, however. The far more common profile of blended altruism and self-interest was positively evaluated, with greater concern for the quality of the relationship and for outcomes than for motives going into the partnership.

One other observation regarding motives and the theory of attribution must be made. An important concept grounded in the data from this research is that of corporate *motive progression*, from self-interest toward altruism, during the course of a relationship. This notion may shed new light on the attribution phenomenon. Where internal personal motives are concerned, the original theory emphasizes intrinsic dispositions in people that are consistent over time (Heider, 1958; Kelley, 1967). Kelley labels this “subjective volition” (p. 217), referring to self-determination and the exercise of the free will. If the internal springs of action, in a person or a corporation, are regarded as enduring and persisting, those drivers are likely to matter a great deal to other parties entering into a relationship. Intuitively, if they can change over time, the initial motives might carry less weight.

The idea of evolving corporate motives in strategic partnerships appeared in several of the interviews. In the eyes of some nonprofit managers, business executives at times demonstrated growing interest in a charitable cause as they learned to know the nonprofit and/or its beneficiaries. Witnessing such motive elasticity and growth, perhaps, limits nonprofits’ concern when they see an initial tilt toward the marketing motives. Jones and Wicks (1999) observe that human behavior is motivated by a mixture of self-interest, altruism, rational opportunism, integrity, cooperativeness and other considerations. “Thus, although stakeholder theorists surely would not agree on the precise behavioral tendencies of human beings, they probably could agree that those tendencies are varied . . . variable . . . and malleable . . .” (Jones & Wicks, p. 212).

Recognizing these changeable colors of human character in a mixed-motive palette may render the presence of some prudential intent less suspect. Just as a company's justification for philanthropy does not need to be either all moral or all instrumental, so its motives may be seen as mixed and dynamic.

Stakeholder Theory

These findings also offer an interesting perspective in the debate between advocates of stakeholder theory (Freeman, 1984) and shareholder theory (Friedman, 1970). Participants in the study widely agreed that a measure of business motivation is common and necessary in large-scale corporate giving. At the same time, this prudential motive was viewed in combination with concern for the well being of the community. Repeatedly, participants described multiple reasons that they believe prompt their partners' philanthropic activity. While the particular blend of perceived motives varied, some level of altruism was usually in that blend. Business and benevolent motivations were seen to be compatible, rather than mutually exclusive.

Critics of corporate social investment often see an inherent paradox between prudential obligations and moral responsibility. They advance a "separation thesis," contending that "business is business and ethics is ethics, but the two have little if anything to do with one another" (Phillips, 2003, p. 4). Indeed, some corporate managers contacted in this study seemed to see a similar distinction. At least two top executives said that they draw a line between genuine philanthropy and marketing. Jones, Wicks and Freeman (2002) believe that the separation mindset has been unwittingly reinforced by Donaldson and Preston's (1995) dichotomy between "instrumental" and "normative" stakeholder relationships. The next logical step for many analysts is to assume that stakeholder justification will not, in most cases, be *both* instrumental and normative.

The data obtained in this study suggest that such a dichotomy oversimplifies the strategic philanthropic environment. While some self-interest may be a "working assumption" in commitments to corporate social responsibility (Husted, 2003, p. 488), its presence need not preclude a genuine desire to serve community needs. A financial services manager told the researcher he did not mind "blurring the line between philanthropic and marketing dollars." Perhaps a third stakeholder category – the *interdependent* relationship -- is warranted. Such an expansion of the Donaldson and Preston (1995) typology would accommodate the largely symmetrical partnerships commonly described in the present data. It seems to reflect recent trends in the business/nonprofit landscape more realistically than does either the instrumental or normative label, used alone.

Interdependence in corporate-stakeholder relationships also may account for the high levels of satisfaction frequently reported by study participants. As in a good marriage, partners in an organizational alliance may experience higher satisfaction when they share control. If control is tilted largely toward one party, either an exploitive or a patronizing relationship may develop. A concept heard several times in this project – collaboration – characterizes one of three types of governance structures offered by Husted (2003) for administering corporate social responsibility programs. The burdens of control and cost are shared, with mutual benefits realized. Especially when conflict arises, the collaborative model gets high marks for producing satisfying outcomes. "[T]he interdependence between partners requires them to work out disagreements, rather than simply switching partners or ordering compliance" (Husted, 2003, p. 487).

Communal Relationships

Closely related to the idea of interdependence is the notion of exchange vs. communal relationships (Clark & Mills, 1979; Grunig, 2000). Elements of both kinds of relationships were seen in the data. It appears that nonprofit managers commonly enter into partnerships in an exchange mode. In fact, one of the surprising patterns in the findings was the widespread assumption of, and catering to, marketing motives in prospective donors. Yet in some cases, the relationship later progresses to one that transcends corporate motives of self-interest alone. As partners grow closer and learn to know each other better, more communal qualities emerge. Throughout this evolving engagement, the dynamics of interdependence seem to be at work.

This apparent phenomenon raises an important theoretical question. The concepts of communal relationships and symmetrical communication (Dozier, Grunig & Grunig, 1995), in spite of their intuitive appeal, have drawn some criticism in the context of corporate social responsibility. Sinickas (2004), for example, cautions that Grunig's emphasis on measuring message flow and relationship qualities risks missing the larger issue of desirable outcomes. While communal relationships may be "nice to do," Sinickas contends that exchange relationships, realistically, are more "business-critical" (p. 12). The question is whether a communal mentality ultimately helps or hinders organizations and society.

While the present findings cannot resolve the matter, they may help to expand the notion of what constitutes a communal relationship. Respondents often experienced properties such as mutual concern, knowledge of partners, collaboration on projects and personal attachment to the cause. Implied in these qualities are benevolent, unselfish motives. The language of the data reveals a sense of emotional bonding and support and a genuine desire to see the partner thrive. At first glance, that kind of attitude and feeling may not sound "business-critical." If it is *symmetrically* shared, however, the logical extension is that each party ultimately is rewarded by the other, perhaps gaining benefits similar to, or even exceeding, those derived from a strictly exchange-based relationship. In that event, a communal motive produces a fair-exchange outcome. If the communal mindset is *not* shared and sustained, of course, there is the risk of exploitation of one party by the other. Therefore, trust becomes a critical factor.

For these and other reasons, drawing clear lines between categories is difficult. Many relationships probably involve a blend of exchange and communal elements. These may transition over time from an initial predominance of the former to an eventual predominance of the latter. In this study, that pattern seemed to lead to mutually desirable, tangible outcomes. It is not known how widely that would be the case with organizational relationships in general.

As for the Grunig-Sinickas debate, perhaps communication assessment should be viewed as necessary but not sufficient for effective public relations management. The symbolic value of communication, while important, represents only part of the picture. In fact, Grunig (2003) acknowledges that short-term symbolic relationships should be coupled with long-term behavioral relationships. Some undergraduate public relations texts reflect this idea in classifying communication objectives into a progressive hierarchy of informational, attitudinal and behavioral levels of outcomes (Hendrix & Hayes, 2007).

Paradoxes in the Findings

Reflecting on surprises and paradoxes discovered in the research process can be a profitable exercise (Wolcott, 1990). The discussion above leads to the observation of several such seemingly incongruent patterns in the data. In the findings of Webb and Mohr (1998) on consumer attitudes toward cause-related marketing, those who were most skeptical of the corporate side in CRM alliances showed very high regard for the nonprofits. Intuitively, it seems that no one should be in a better position to verify exploitive business motives than the "clean" nonprofits with whom they partner. Surprisingly, only traces of such verification were found. Apparently, those most directly in the loop between corporate dollars and community needs are less alarmed over donors' motives than are some segments of the general public, observing from outside the loop.

Possibly related to this is another paradox in the way the game of strategic philanthropy is played. It became evident in this study that *nonprofit* organizations have, themselves, become strategic in their first moves and negotiations with business entities. Once panning for patronage, they are now marshaling their resources to offer the corporations deals they cannot refuse. Those offers are wrapped in promises of return value on their investments.

Yet the corporations are frequently silent about their desire for, and even expectations of, marketing benefits. This was perhaps the greatest irony discovered in the study. In one of the screening interviews, a business professional told the researcher that he felt "callous" when acknowledging that marketing motives were part of the reason for his firm's support of a leading charity in the community. Repeatedly during the data-gathering interviews, it was reported that the *intent* to receive a return on investment was *unstated* by corporations. Apparently, the nonprofits are more comfortable with the notion of a mutually beneficial, *interdependent* relationship than are their business partners. One participant spoke of the "aura" of charity reputations and its possible restraining effect on straight talk about business expectations. The companies may be more sensitive to philanthropy motive attribution than they need to be. Perhaps they would reveal their expectations and desires more candidly if they realized how savvy their suitors are about the proposed relationship.

Finally, there is the paradox of high satisfaction coexisting with hard work. Most participants preferred a highly engaging relationship -- in which both partners invest substantial resources -- to simple acceptance of a one-way gift, even though the latter would require less effort by the nonprofit. At first glance, one might think the traditional model of philanthropy was a better deal for charities. The managers interviewed did not see it that way. They value the closer involvement between partners that comes with strategic philanthropy, effort notwithstanding.

Implications for Corporate Strategists

Several observations are offered here about the practical relevance of this study for managers in the business community who evaluate opportunities for entering into strategic partnerships. In the context of these applications, selected interview excerpts referring to the most frequently mentioned corporations will be briefly revisited or cited afresh. Specific advice for corporate managers heard in some of the interviews will also be noted. It should be emphasized that this section is presented in a tentative spirit. Wolcott (1990) advises restraint in "bridg[ing] the chasm between the descriptive and the prescriptive" (p. 55-56). Still, it is believed that corporations wishing to pursue strategic partnerships with nonprofit organizations might benefit in several ways from considering the following practical implications of the earlier discussion in this chapter.

1. To give is better than not to give. In view of the business and social environment, there is a broad consensus among nonprofit managers that companies *and* the community gain when philanthropy flourishes. Participants repeatedly expressed appreciation for generous corporate supporters. The low level of skepticism found in this study regarding corporate good deeds implies that fears of motives being maligned by observers may be exaggerated. It will be recalled that NP-16 said, while the public may sometimes speculate about a company's reasons for investing, "they're *more* concerned about organizations that *don't* invest."

Furthermore, companies might consider, at times, bringing up the idea of involvement with a community cause. While initiatives from the nonprofit side account for the lion's share of the projects reported in this study, participants find it refreshing when a business takes that initiative. NP-10 observed that one major firm in town occasionally calls to ask if her organization can use some volunteering help, and she finds that "very heartening." Similarly, NP-15 advises companies "not to sit back and wait to be solicited." They can "search out" nonprofits with whom a potential partnership might be mutually advantageous.

2. Close-fitting alliances appear to be the most rewarding. To maximize that mutual advantage, several nonprofit managers emphasized the importance for firms to choose community causes that align with strategic corporate goals. NP-03's example of maintaining independence for the elderly while saving long-term care costs for third-party payers illustrates the value of this kind of alignment. To accomplish this, NP-13 envisions "CEO's sitting down with CEO's and finding common ground," resulting in a "win-win" for both organizations. For instance, the natural "vested interest" that a newspaper has in a community's literacy program (NP-12) opens the door to a mutually valuable partnership. These examples seem to resonate with the notions of communal relationships and shared benefits that emerged from the research data.

3. It is safe to be up front about strategic intent. Among the most prominent findings in this study is the idea that nonprofit organizations understand the business needs and objectives of their corporate partners. Fully aware of the competitive marketing environment, they carefully calculate their first moves in courting for dollars. Many business executives may not realize just how strategically *they* are analyzed by charitable organizations interested in their dollars. Nonprofits are not naïve. They will be neither shocked nor offended to hear that a prospective donor desires marketing benefits as part of the deal.

NP-09 said, "I prefer that people lay their cards on the table," and if they are seeking marketing opportunities, "state that up front." Doing so, she believes, will "enhance" the relationship, rather than hurting it. NP-16 was more emphatic in urging companies not to deny their prudential motives. She said that they should "stop pussy-footing, so to speak, *around* nonprofits, because we have changed. . . . Let's get straight to the negotiations."

Perhaps it is time for more candor from the corporate side when approaching the nonprofit arena. In preliminary field work, the researcher interviewed the president of a regional manufacturer who spoke candidly about his company's motives for philanthropy being "somewhat agape and somewhat self-serving." Likewise, during the screening calls, a marketing vice president told the researcher that her bank clearly seeks return on investment and visibility in its partnerships to improve the community. An executive with a major consumer goods producer was careful to acknowledge his firm's mixed motives. He emphasized that it would sound "too self-righteous" to say that their motives for giving were totally altruistic. In multiple nonprofit interviews, respondents confirmed the latter two firms' marketing focus. However, they also characterized them as two of the exemplary corporate citizens in the region.

4. Nonprofits want a symmetrical relationship. A recurring theme in the interview transcripts was the desire for a two-way relationship featuring mutual contributions, investment and benefits. No longer do nonprofits merely desire a charitable handout. They do not expect a one-way support line from the corporate community. As NP-06 said, mutually strategic engagement is harder work, but the "business side of me says I would much rather have a partnership" with a bi-directional value exchange. Many others concurred with that testimony. Given this attitude, it would appear advisable for corporate philanthropists to seek opportunities to cultivate alliances characterized by interdependence and symmetry of effort, investment and benefits. Nonprofit managers generally described such balanced partnerships as highly satisfying.

Along with this is implied a roughly equal division of control and governance. NP-04 was frustrated when a national firm imposed an "elaborate system" of procedures on the nonprofit to carry out a project. NP-02, on the other hand, was pleased that a major bank supporter has "never tried to control or suggest how a program . . . should be structured." They offer constructive help but they "don't point fingers." Adler and Towne (2003) suggest that in a mature interpersonal relationship power is shared and alternated in "parallel" form (p. 27). Similarly, organizational partnerships would seem to be healthiest when there is give and take between parties.

5. Many nonprofits want more than dollars. In an environment of growing communal relationship qualities, social agencies seek in-depth engagement with their business partners. They like to see corporate CEO's out on the front lines on a project, as NP-04 said about the bank president. They appreciate firms who encourage their staff to volunteer time. With a supportive "mindset of management" (NP-10), employees feel free to invest their time into organizing a drive and shelving books. Similarly, research participants spoke with gratitude about firms that give in-kind support, lend the use of their facilities for a project, or promote a cause to employees or in the public media. Doing so not only builds internal morale, as when attending a Christmas party for kids (NP-03), but it builds a sense of mutual concern for each other's welfare (NP-14). In that spirit of reciprocation, the nonprofit managers gladly dedicated substantial effort to advancing the interests of their corporate supporters.

Organizational relationships essentially reduce down to personal relationships. Participants in this study clearly favor alliances in which they have access to key people on the corporate side. NP-02 reported that he has frequent contact with the president of a major bank partner. NP-05, describing his strong relationship with a local retailer, noted that he can "pick up the phone and call their public relations person" when he needs to. NP-06 commented that "it's all about relationships."

6. The story of strategic philanthropy needs telling. Nonprofit directors, in general, are proud of their partners, and they promote them "any chance that we get" (NP-07). Many of them would welcome more public acknowledgement and promotion *by* their partners, as well. This does not come easily in some corporate cultures. A vice president of one major business told the researcher his firm does not publicize its giving so "nobody can question [our] motives." While concerns about the possible stigma of advertising a company's philanthropic work were observed by a few participants, several others advised firms to talk more openly. NP-15 even suggested that they have an "obligation to let people know that they are concerned about something other than their products and services" . . . about the "quality of life for the total community." He recognized that many companies hold back on publicizing their charitable giving for fear of attracting more requests than they can handle. Still, he believes it is important for them not to remain mute on this matter. Some firms, of course, do communicate publicly and recognize their partners, as has been described.

In weighing this question, executives should find some guidance in the key findings of this project. Under the traditional model of philanthropy, dollars were given quietly, usually in a one-way relationship. Under strategic philanthropy, ideally, missions are aligned, long-term relationships evolve and mutual gains are realized by business and society. When this model goes to the core of corporate culture and production, there seems to be little reason to keep it a secret (Whooley, 2005). Perhaps the question is not *whether* to talk about strategic partnerships, but *how*. It is hoped that further research will yield useful insights on this point.

Recommendations for Future Research

Clearly, the topic of strategic philanthropy is ripe for further scholarly examination. Both qualitative and quantitative approaches could potentially add light to the understanding of this field in the larger context of corporate social responsibility.

The notion of a partnership implies at least two participants. The theoretical concept of interdependent stakeholder relationships invites scholarly inquiry into the perceptions of corporate managers, as well as nonprofit mangers, about the motives and benefits associated with strategic philanthropy. One approach would be to conduct matched pairs of interviews with both parties. By taking cues from the present findings, interviews could be restricted in scope to selected concepts such as benefits, communication of expectations and progression of corporate motives. This would allow for a larger number of shorter-length interviews.

A co-orientation model offers an attractive perspective for this type of study. The classic work of Newcomb (1953), along with later models by Chaffee, McLeod and Guerrero (1977) and Scheff (1967), focuses on the concepts of accuracy, agreement and consensus in the perceptions of partners in a relationship. Co-orientation is often applied especially to the analysis of misunderstandings or conflict situations. Clark (2000), summarizing work by Glen Broom, says, "[C]ommunication may have less to do with the extent to which parties agree or disagree than with the accuracy of their cross perceptions (co-orientation) of each other's views" (p. 372). Even in the absence of serious conflict, the accuracy issue seems applicable to communication about motives and expectations. Co-orientation oriented research could assess the degree of perceptual alignment between corporations and nonprofit organizations engaging in strategic partnerships, enhancing existing theory on stakeholder relationships.

To extend knowledge about the role of strategic partnerships in corporate life, multiple research methods should be pursued. Studies on the presence of a socially responsible mindset in the texture of corporate culture would be well served through triangulation of qualitative and quantitative methods. Content analysis might be done on such documents as minutes from board meetings and management meetings, where available. This would yield interesting insights into the priorities and themes of discussion about philanthropy, CSR and external stakeholder relationships in those meetings. Furthermore, surveys of employees could measure awareness and attitudes regarding corporate commitment, internal promotion of partnerships and related variables. Surveys could also measure correlation between these timely concepts and traditional variables such as employee relations and loyalty. The theory of organizational culture would be relevant for such findings. For example, the three levels of culture offered by Schein (1999) -- “artifacts, espoused values and basic underlying assumptions” (p. 16) – might be a useful model in this context.

The data in this project hinted at several possible associations that invite survey or experimental research designs to test for significant correlations. For example, symmetrical distribution of benefits in philanthropic partnerships seemed to coexist with high satisfaction among nonprofit managers. Findings of quantifiable differences in satisfaction between relationships with symmetrical and asymmetrical benefits would offer potentially valuable insights regarding stakeholder theory. Another example was the anecdotal evidence for differences in corporate expectations between different types of nonprofit services. The interview with NP-04 suggested that arts organizations have more exchange-based relationships with corporate sponsors, while basic-survival agencies tend to be involved in more communal relationships. Results of quantitative research might help to classify stakeholders in new ways.

One important stakeholder group referred to only briefly in these interviews is customers. As noted, earlier research on customer evaluations of corporate motives related to social responsibility have focused largely on cause-related marketing. Future research should be directed toward consumer perceptions of strategic relationships that go beyond the CRM model. It would be interesting to show customers partnership profiles of the type described in this study and ask them what they think companies should say publicly about those affiliations. Alternately, an experiment could be designed to measure how different messages about philanthropy motives affect consumer evaluations. Communication of a mixed-motive model might be compared with altruistic-only claims.

Finally, the notion of evolving motives should be investigated further. Participants' testimony about shifts from initially marketing-driven interests to growing interest in the nonprofit's mission raises intriguing questions. A longitudinal design would enable scholars to observe corporate motive progression over time, either as perceived by nonprofit partners or as self-reported by corporate managers. Findings might offer important implications to expand understanding of attribution theory, viewing motives as dynamic, rather than static, dispositional qualities. They could also speak to the problem of the "separation thesis."

Limitations of the Study

A wealth of rich data has emerged from this investigation of strategic philanthropy. Still, some limitations of the research design should be considered. First, the findings were based on data from only 16 participants. While generalizability "play[s] a minor role in qualitative inquiry" (Creswell, 2003, p. 195), it is not uncommon to see twice this many respondents in a study of this type. However, those projects usually involve multiple researchers and are sometimes supported with outside funding. Neither of those conditions existed in this study. Also affecting the sample size was the fact that all of the data were obtained from a single metropolitan region of the country.

A second limitation might be seen in the form of concerns about "objectivity" in the participants' testimony. Close ties exist between the corporate parties *about* whom the study was done and the nonprofit partners *through* whom perceptions were gathered. The generally glowing assessments of those partnerships by the very agencies receiving generous gifts may seem profoundly *un*surprising. Two responses to this concern are offered. One involves another tradeoff – that between knowledge and objectivity. In this research, knowledge of partners was of paramount importance. Those most closely affiliated with the managers of corporate dollars were able to describe in detail salient aspects of relationships and communication patterns that went to the core of the research question. No one else could have provided this perspective.

Still, it could be argued that problems in the partnerships might have been downplayed, if nonprofit managers were reluctant to bite the hand that feeds them. It was to minimize this danger that participants were assured of confidentiality. Having been promised that all names and specific identification cues would be removed from the data when results were reported, they seemed quite candid in their responses. Certainly, occasional examples of disapproval regarding corporate conduct or motives were heard.

Most importantly, qualitative, naturalistic inquiry is not intended to achieve objectivity in the sense of a neutral, detached perspective (Marshall & Rossman, 1989). It "does not pretend to be replicable" (p. 148). While every effort is made to obtain honest findings, it is desirable that they be grounded in close-up, in-depth perceptions. Such a perspective opens the door for rich discovery. In this study, for example, the high levels of satisfaction that were widely expressed appeared to be based on far more than gratitude for financial gifts. The pattern of close and engaging relationships, interdependence and mutual benefits suggests that the accounts of high satisfaction were genuine. The fact that *both* partners were feeding each other should partially resolve concerns about a reluctance to "bite the hand."

A third limitation is the singular nature of the research method. Long interviews were relied upon exclusively for gathering data. Qualitative studies frequently employ triangulation through multiple methods, including document analysis and/or observation. Because of the time required to negotiate access to interview participants, additional methods were not deemed feasible. While sole concentration on the interview method for this inquiry generated dense, relevant data, the researcher acknowledges that no single method is all-sufficient.

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APPENDICES

APPENDIX 1
PROFILE OF INTERVIEW PARTICIPANTS

Nonprofit Code	Nature of Nonprofit Services	Gender	Position Within the Organization	Years in This Role	Major Corporate Partners
NP-01	Arts awareness and programming	F	Chief Development Officer	4	Banks, financial services
NP-02	Arts awareness and programming	M	Executive Director	9	Bank, management services
NP-03	Family resources and services	M	Director of Development	2	Bank, insurance firms, utility
NP-04A	Basic survival resources	M	Resource Development Director (Primary participant)	15	Accounting firm, bank
NP-04B	(Same as above)	M	Resource Develop-ment Manager (Occasional comment)	2	(Same as above)
NP-05	Basic survival resources	M	Development Coordinator	3	Manufacturers, food retailer, insurance
NP-06	Youth and family values	F	Executive Director	5	Transportation firms, banks, media
NP-07	Health awareness and promotion	F	Executive Director	5	Manufacturers, retailer, hospitals
NP-08	Education and literacy	F	President	14	Manufacturer, media, insurance
NP-09	Education and literacy	F	Vice President of Organizational Development	1	Banks, insurance firms, transportation firms, manufacturers
NP-10	Resources for special-needs children	F	Director of Development	7	Insurance firms, utility, retailer
NP-11	Resources for special-needs children	F	President and CEO	3	Manufacturer, health providers, insurance firm, media
NP-12	Education and literacy	F	Executive Director	2	Manufacturers, media
NP-13	Youth and family values	M	President and CEO	15	Manufacturer, food retailer, hospitals
NP-14	Extra-curricular education	F	Director of Development	3	Manufacturers, media, restaurants
NP-15	Equal opportunities promotion	M	President and CEO	10	Insurance firms, bank, food retailer
NP-16	Health awareness and promotion	F	Senior Regional Director	1	Manufacturers, hospitals

APPENDIX 2
INFORMED CONSENT STATEMENT

"Relative Benefits, Corporate Motives and Communication in Strategic Philanthropy Relationships as Perceived by Nonprofit Partners."

INTRODUCTION

You are invited to participate in a research study conducted by Gregory G. Rumsey, a doctoral candidate in the College of Communication and Information at the University of Tennessee in Knoxville, Tenn. The study is designed to examine how nonprofit organizations assess their relationships with corporate partners who support them with philanthropic funding. Specifically, the researcher desires to learn about the corporate motives, mutual benefits and corporation communication that nonprofit managers see in such relationships.

YOUR INVOLVEMENT IN THE STUDY

Your participation in this study will consist of two stages:

> **a.** A personal interview lasting between 30 minutes and 90 minutes will be conducted with you by the researcher. The interview will be recorded on audio tape and later transcribed for analysis.
>
> **b.** After interviews have been transcribed and analyzed, the researcher will make a follow-up contact in person or via telephone or email with each participant, to check the validity of the researcher's interpretations of the data gathered in the interviews.

RISKS

Any risk to you as a participant – physical, psychological or professional – is expected to be negligible.

BENEFITS

The primary benefits of the project will be 1) to increase theoretical understanding of nonprofit managers' experiences and views regarding strategic philanthropy, and 2) to offer practical guidance to corporations desiring to manage their philanthropy programs strategically and to communicate those programs credibly. Potential incidental benefits to participants will be limited to the general findings and conclusions from the study that will be shared with all participants.

CONFIDENTIALITY

Information in the study records will be kept confidential. Recorded tapes will be stored securely and will be made available only to persons conducting the study unless participants specifically give permission in writing to do otherwise. No reference will be made in oral or written reports which could link you to the study.

(Continued on other side) **______ Participant's initials**

COMPENSATION

Beyond the sharing of general findings of the study with those who have contributed to it, no compensation is offered to participants.

CONTACT INFORMATION

If you have questions at any time about the study or the procedures, you may contact the researcher, Gregory G. Rumsey, at Southern Adventist University, Collegedale, Tennessee, 423-236-2745. If you have questions about your rights as a participant, contact the Office of Research Compliance Officer at 865-974-3466.

PARTICIPATION

Your participation in this study is voluntary; you may decline to participate without penalty. If you decide to participate, you may withdraw from the study at any time without penalty. If you withdraw from the study before data collection is completed, your data will be returned to you or destroyed.

CONSENT

I have read the above information. I have received a copy of this form. I agree to participate in this study.

Participant's signature _______________________________________ Date _______________

Investigator's signature _______________________________________Date _______________

APPENDIX 3
INTERVIEW GUIDES

<u>Initial question guide</u>

1. Tell me about the corporate support your organization receives.
2. What portion of that support do you believe is part of a corporation's long-term marketing strategy? What leads you to think that?
3. Let's focus on those strategic relationships today. Who initiated these relationships? Did the companies approach you?
4. With whom do you have most of your contact (what department) inside these companies?
5. Has the nature of those relationships changed in recent years? How so?
6. What about the number of partners and amount of support from each?
7. What benefits do you receive from this relationship?
8. What benefits do you think XYZ receives?
9. What reasons do you give corporations to give to your nonprofit?
10. Do you see a bottom-line business benefit for XYZ? What evidence of that?
11. To what extent do both of you measure the value you gain?
12. Are there sacrifices that either of you make to maintain the partnership?
13. How would you characterize the net value to both of you, comparatively speaking?
14. To what extent do you think that XYZ shares your mission?
15. Talk to me about XYZ's motives for their philanthropy, as you see it.
16. How do you think these issues come across to consumers?
17. Examples? (Media statements, literature, personal conversations, etc…)
18. Are XYZ's motives important to you?
19. Would you like to hear XYZ talk more about their corporate citizenship? How so?

<u>Revised question guide, after third interview</u>

1. Have companies changed in their approach to philanthropy? If so, how?
2. Who are your major corporate supporters?
3. What kind of personal communication do you have?
4. What do you think your corporate partners' reasons are for supporting you?
5. Are their motives important to you?
6. With more marketing strategy, how do you see the sincerity of their interest? (Are marketing and altruistic motives compatible?)
7. Are top executives personally involved?
8. What are the benefits you each receive? Is there a common benefit, long-term?
9. What is the overall ratio of benefits?
10. What do they do to promote your program?
11. Does a strategically-driven partnership take more work for you?
12. Is it worth it?
13. Do you ever feel exploited by corporate givers? Or hear public skepticism?

APPENDIX 4
INTERVIEW SUMMARIES

Nonprofit 1 (NP-01)

Participant is chief development officer for an arts organization. She had been in this position for about four years.

She reported that 15 percent or so of her organization's revenue comes from corporate donations. The majority of that amount assumes some form of strategic giving, in which businesses blend their philanthropy with their long-term business strategy. Their lead supporters give $30,000 to $40,000 per year in sponsorships. Some of these key partnerships, such as with C-01 and C-07, have existed for at least four or five years, while others developed more recently. C-03 returned as a partner last year after a long absence, while C-02 came on board last year for the first time, approaching NP-1 to form the relationship. That kind of corporate initiation does not occur frequently, but it is not rare for them. Corporate funding comes from foundations in some cases, as with C-01, C-06 and C-09; in other cases it comes from the company's marketing budget, as with C-03 and C-04.

With a heavy reliance on event sponsorship, the participant sees a trend in "the Nascar-izing of nonprofits." Corporate sponsors in the arts compete for positioning with the nonprofit. For example, C-02, which had been a series sponsor last year, decided to relinquish that exclusive spot during the current year, downsizing its support to a single, opening-event sponsorship. The nonprofit organization then approached C-02's chief competitor in town, C-03, who initially declined the series deal. After the opening event and its attendant publicity of C-02, however, the manager of C-03 called the nonprofit fundraiser and asked, "So when do you want to go to lunch?" That led to an exclusive series sponsorship by C-03, and the C-02 manager "was not happy when [C-03] took this series over."

Major donors often have an executive who holds a seat on the nonprofit board. They also recruit one another, even forming three-way partnerships occasionally. That happened, for example, when the marketing executive at C-04 personally called on a long-time business partner, C-05, to co-sponsor a series. This ability of one company to "leverage" support from another extends significantly the immediate dollar value of a given partner's donations.

The fundraiser for this nonprofit believes the primary motive for corporate alliances with NP-1 is an interest in advancing the arts community in the local area. "Within that" motive, the companies also hope to "reach their target audience." C-02 has used their sponsorship to do "cultivation events" with its current and prospective clients, providing them with admission tickets. Beyond this direct "cultivation" is the implicit value to the business of being associated with this nonprofit. "I think our reputation is pretty good in the city," she said. Occasionally a corporate partner has a personal tie to the values promoted by the nonprofit, such as the owner of the local C-10 franchise, whose wife is an artist.

The lion's share of the support for this arts organization is contributed by 8 or 10 top companies in town. After that, the level of support "drops off the screen." However, looking ahead, the participant expects her organization will need to "grow the number of partners we have" in order to compensate for decreasing levels of giving within a particular partnership.

She also stresses that NP-1's own long-range strategy is now bringing the school system into its sights. Viewing this outreach as critical to the future of the organization and the cultural values it promotes, the nonprofit is now taking arts presentations into about 50 regional schools per year. The challenge in that effort is to show prospective donors the value of their investment. "[T]here's no way to measure the impact, and that's important when you're talking in grant land."

Some companies are beginning to catch a vision for that, however. C-01 and C-09 are considering a shift from their event sponsorships into the educational outreach that NP-1 is doing. This participant expects to see major changes in strategic partnerships in the next three to five years.

Nonprofit 2 (NP-02)

This interview was conducted with the executive director of an arts organization. The director has been involved with fundraising for about 12 years.

Nonprofit #2 receives about 25 percent of its revenue from corporate philanthropy. About half of that amount is classified by the director as strategic support that is given, at least in part, for marketing purposes. These strategic funds are more likely to come from larger corporations whose locus of control is outside the local community.

The participant reports multiple reasons behind corporate giving. One local business owner has told NP-2's director he is "paying the rent" for the privilege of doing business in a desirable, healthy community. The director considers this partner's primary motive to be "benevolent philanthropy." However, he also believes "for the future of his business his workers are going to need to be better trained" and hopes his gifts will "educate and maybe enrich people's lives."

A major bank, C-01, has supported NP-2 from its inception and has one of its officers on the nonprofit board. The nonprofit director says "they are a corporation that seeks out ways to become involved in the community." Another company, C-11, which supports numerous community projects in the downtown area, endowed the nonprofit board room. The C-11 owner also donated trees for the nonprofit's property, because of his "devotion to the environment" and because "he's very generous." Regarding C-01's support, the NP-2 participant sees a blend of reasons. While there is a business motive – "there has to be" – they "bring a genuine interest to the community projects." The nonprofit has formal ties with C-01 as a customer and through board membership.

When assessing relative benefits of the partnership, the director says C-01 is "certainly giving more than they're getting." The management at C-01 shows a "level of commitment" far exceeding some companies, where "it's been like pulling teeth to get them involved." C-01 is invested in NP-2. Furthermore, they "have never tried to control" how NP-2 operates.

The nonprofit organization in this interview promotes C-01 and other sponsors by identifying them on printed programs at events. Public response to that information is sometimes received by the director. "I've heard people say, 'It's nice to see [C-01] is still supporting the community.'" The management at C-01, likewise, promotes the arts events to their employees with posters and other internal communication. They also helped publicize the grand opening of the NP facility.

The participant has frequent personal contact with C-01's president and other key executives. He appreciates their willingness to share their "business savvy" with him when he needs help with financing and problem-solving. They lend assistance without meddling or finding fault with the nonprofit's operation. "They don't point any fingers."

As for public skepticism of corporate citizenship in general, this director does hear negative comments at times. He attributes that to "too much Enron" coverage in the media, as well as concerns that employees might be short-changed. "Yeah, I do hear people say, you know, 'They ought to pay their workers better instead of giving y'all money.' They don't realize, some of those folks, that the $5,000 donation on an annual basis is not going to give a penny, overall, to their employees."

The director of this arts organization offers this advice to business corporations regarding credible corporate citizenship: Corporate leaders need to be personally involved, "not just writing checks." He is more inclined to do business with executives who "show up" at events and get involved with the nonprofit organization.

Nonprofit 3 (NP-03)

The participant in this interview was the director of development for an agency that provides a variety of family services. This organization has an annual budget of approximately $9 million, the largest share of which comes from state and federal contracts and grants. About 6 percent comes from fundraising, with the majority of that from corporate gifts. More than 40 companies were expected to buy tables at the next annual fundraiser event, which NP-3 organizes with a local civic club. Among their chief supporters are C-01, a bank, and C-06 and C-08, insurance companies. Other supporters are C-12 and C-13.

The director described an increasingly more selective approach in corporate giving that will "support their business and … their strategic plan," in the words of one business donor. As an example, he pointed to a current application he was preparing to submit, which asked the nonprofit to "Please list all of the benefits the company [C-12] will receive if they decide to become a sponsor." The application went on to specify certain categories of programs that C-12 would consider sponsoring. They also wanted to know "the target audience of the event" to be sponsored and even, "How many people will be in attendance?" In general, he said companies are approaching their philanthropy from a "strategic marketing/advertising perspective."

NP-3 emphasized an increasing objective, on the part of donors, to gain corporate visibility. Partners want their logos posted, their names on billboards and the right to publicize their community contribution. In a recent annual report, C-06 highlighted its support of NP-3, which "touts them with their stakeholders and their shareholders," the participant notes. They "see it as an investment" in the community that will help them "to get something back."

The "something back" goes beyond corporate image, however. Community outcomes are important to NP-3's business partners. When those outcomes are achieved, the NP-3 participant believes that both the nonprofit and the business realize a common benefit. Keeping older citizens out of long-term care facilities, for instance, helps them to be "independent … in their own home," while saving money for C-08. As another example, C-01 and other banks offer free lobby space where a counselor from the nonprofit helps people learn money management skills. This is advantageous for the banks, because "when people don't file for bankruptcy it helps [them] get money back." C-01 also made lobby space available for collection boxes in a cell phone recycling campaign. The nonprofit received proceeds from the recycling company, and C-01 reported a high volume of traffic from phone donors, including many non-customers.

As corporations become more strategic with their gift dollars, they also hold recipients more accountable. As "stakeholders in the organization … they want to know what you're doing with your dollars." They also are putting pressure on the nonprofit to "be like a for-profit company," with transparent reporting back on how funds have been spent. Nonprofits must invest more time and effort into partnerships than in the past, which "makes us better at what we do."

Cultivating a year-round relationship through newsletter communication, phone calls and invitations to various events has also become more important, according to NP-3. "It's not always about asking them for money. Sometimes it is simply discussing ideas and possibilities together."

Being "a very big customer" of a company such as C-14 can open the door for added philanthropic support. Often, this development officer says, "we will go to our vendors for things, and they will support us because we do business with them." He observes it is "good business" for them to donate back to their nonprofit customers, "because there are other vendors out there that are trying to possibly attract them away." Competition, again, becomes a motivator.

NP-3 reports hearing little in the way of public skepticism about corporate philanthropy.

Corporations support NP-3 through more than just cash gifts. The employees of C-06 contribute volunteer hours at Christmas time, bringing gifts for foster children. They "pull up with an 18-wheeler full of items" to donate. It's a "fun event," the media show up and both the business and the nonprofit experience "a win-win situation."

Nonprofit 4 (NP-04)

Nonprofit #4 is an organization that provides for basic survival needs of low-income citizens. This interview was conducted with two individuals together: the resource development director, who functioned as the primary participant, and the resource development manager, who listened in and occasionally supplemented the first participant's statements.

About 40 percent of this organization's sponsorship dollars comes from corporate funding. Major supporters include a bank, C-04, an accounting firm, C-15, and a public relations firm, C-16. The relationship with the accounting firm began when one of their employees, whose church was already involved with NP-4, proposed that the firm become a sponsor. As a result, one of their CPA's called the nonprofit and offered to sponsor a project. All of the firm's employees joined in the effort.

After a "really, really rewarding" experience, the accounting firm recruited the bank to partner with them on another NP-4 project, as cosponsors. Both corporations have remained "very involved" with the nonprofit. In fact, one of the CPA firm's partners has since become the president of NP-4. Furthermore, the marketing director of the bank has joined the nonprofit's development committee as a board member, and the bank president was the auctioneer at a fundraiser last year. "It's a win-win for everybody," says the development director.

When discussing the reasons for these firms' support of NP-4, the primary participant says, "Well, there's a bunch." He believes that they want to do "something good for the community" and that they like NP-4 "because it's very visible." He sees this visibility as a double benefit for sponsors. The public, as well as their employees, can see what the corporation contributes to the nonprofit's work. He added that motives are often difficult to identify -- that "no one's ever going to *tell* you why" they contribute. Companies, as churches, "do things for reasons beyond what you think." For example, what appears strictly as a marketing strategy might be done to benefit employees, too. In fact, the development director saw C-15's primary motive – not to gain publicity – but as "more of an employer-relations thing" for internal morale-building. "The other thing [marketing benefit] was kind of gravy." Other corporate sponsors, as well, seem to focus on the employee-relations benefit of allying themselves with NP-4.

At a time when many corporations "are expecting more bang for their buck," the development director sees this nonprofit's corporate relationships as an exception. An arts organization "is not a mission" in the same way as NP-4 is. He believes the sponsors of arts events are more marketing-motivated. They "want to know exactly how many inches you're going to have on the invitation with a logo, etc. Well that *never* happens here … I'm not saying the same thing doesn't *end up* happening, but not those kinds of questions." The business benefit is more of a byproduct at NP-4.

The participant assessed the benefit ratio between NP-4 and its corporate sponsors as about 50-50: "I think it's definitely an equal relationship."

From the beginning, visibility benefits are addressed by the nonprofit, not by the business. "I bring them up when I talk with them, so they don't have to." The director says, "They do not ever enter into it saying, 'This is a great marketing tool for us.' That is not *ever* brought up." Similarly, once the partnership is established, it is promoted at the initiative of the nonprofit, never by the corporate sponsor. "[T]he onus is kind of on us . . . I think it makes it easier for them, because it doesn't look like they're just out there for marketing reasons."

Referring to corporations, the NP-4 participant said that "you'd never want to use the word 'advertise' – that's for sure – when you're giving to a nonprofit." However, he looks for opportunities to publicize the corporate support his organization receives. For example, he succeeded in getting a front-page story in the metro section of the local newspaper highlighting C-15's partnership with NP-4. The participants said that they had never felt directly exploited by one of their corporate sponsors in the local office of their organization. They did recall one instance of "spin control" after a company, C-17, approached the nonprofit's office in another city after facing bad press about "predatory lending" practices.

The managers from NP-4 have frequent contact with their corporate partners and their executives, who often show up on project sites, along with other employees. They described the "common bond" that forms among people when serving others. "It's just a feel-good relationship." One of the women who was the key beneficiary of a recent project got to be on a first-name basis with the CEO who was helping on the project site. "She was friendlier with the president of [C-04] than I was, because he was out there every week."

Nonprofit 5 (NP-05)

Nonprofit #5 is an organization that provides for basic survival needs of low-income citizens. This interview was conducted with the director of development, who had served in that position for about two and a half years.

Corporate support, given through cash and in-kind donations, accounts for about 30 percent of this organization's operating budget. Two of their lead sponsors are C-19, a retail company, and C-21, a community bank. At C-06, employee donations to NP-5 are matched one-to-one. Both C-06 and C-19 sponsor events, as well. In-kind gifts have also been received recently in the form of trucks from two national brands, C-24 and C-25, who support this type of cause. Additionally, C-19 and C-21 provide employee time for volunteering with the nonprofit.

This participant sees a blend of business and community service motives in its corporate relationships. Early in the interview he expressed a belief that "most of the corporations really are doing it for their image" and that they desire "a good solid reputation" with consumers and with their employees. This image-building motive he characterized as an "unspoken secret" between nonprofits and large corporations. "No one says, 'I'm giving you a check because we need to improve our image.' But I'm sure it's there."

At the same time, he believes many business partners genuinely care about the community's well being. For example, he believes C-19 is "definitely concerned about the community." Likewise, C-21 appears to have more than a marketing motive, "because there are things that they do that no one knows about, except for us." Even a larger corporation will occasionally be philanthropic with very little apparent marketing motive. C-20, for example, is a family operated firm whose philosophy seems to be that "they've been blessed, so they want to pass it on." Similarly with the truck donations from C-24 and C-25, "there weren't any strings attached . . . they have specific causes that they believe in, and we fit that niche."

Near the end of the interview, the development director shifted his motive assessment somewhat to de-emphasize the image-building aspect. On an imaginary scale representing self-interest on the left and altruism on the right, he said he would position "most of our supporters . . . a little to the right."

When marketing and community service motives are combined, the NP-5 officer does not see an inherent compromise of corporate sincerity in supporting the nonprofit's mission. "Not really. Maybe it's the end justifies the means, I don't know," he says with a chuckle. "I think they can go hand in hand." The charity benefits, "whatever reason it is." In fact, he adds, "Motivation I'm not so concerned with." The nature of a company's product might be cause for reluctance to accept gift money. "But motive, you know, I guess it means I can be bought."

Occasionally concern for the community is hard to find in a corporate initiative. One recent campaign that was "real quickly put together" by a national retail corporation appeared to be "all reputation, spin control" to repair a negative reputation, in this participant's view. Still, he was willing to work with the firm, C-23, and accept their support of his cause.

The NP-5 officer stressed the importance of taking time to "nurture the relationship" with business partners. Furthermore, that normally requires that "we're going to contact them" rather than vice versa. He has "a strong relationship" with C-19, for instance. "I can pick up the phone and call their public relations person . . ." At C-20, the business requires a peer-level contact from the nonprofit's executive director to ask for money. "I can only go so far up the corporate ladder." His frequency of contact with donors is usually less than weekly, or even monthly. However, in one of his newest partnerships (with C-22, a distributor for several retail groups) the corporate manager worked closely with him on a grant, assisting him with the application procedure and sometimes initiating contact with him. Their missions, he noted, were naturally "tied together."

As for relative benefits resulting from their corporate partnerships, he says "we come out way ahead with them, in the transaction. And I'm thankful for it." Furthermore, he feels an obligation to be accountable to his donors. "[W]hat I have to show them is that we're good steward of that money that they give us." While donors require a lot of paperwork and documentation, he thinks "that's a way of showing their motive . . . If they're concerned, they want to make sure that money is used in the proper way."

The participant would welcome more publicity and advertising by the companies supporting his organization, and doesn't think there would be a stigma associated with that, "if you don't go overboard with it. You can't, I guess, blow your horn too much." He has heard of cashiers at C-19 promoting a joint project with his organization. "[S]ome of them really push it." From another company, employees helped the nonprofit move to a new location. "They knew who they were helping. They knew why we are here . . . So you know, something trickles down."

Nonprofit 6 (NP-06)

This nonprofit, since the mid-1990's, has provided services promoting quality family life and relationships. The participant has served as the executive director for about five years.

About 21 percent of the organization's revenue is derived from corporate philanthropy. Leading donors include a transportation firm, C-26; an insurance company, C-06; two media firms, C-27 and C-28; and three banks, C-01, C-04, and C-09. With most of these companies, NP-6 has developed long-term relationships, some of them extending back to the first year. C-26, for example, "jumped in right at the beginning," before NP-6 demonstrated its success.

This nonprofit executive placed considerable weight on the importance of NP-6's mission to corporate partners. "I think a lot of them believe in the mission of the organization." In working with them, she and her staff strive to educate them about how family issues "affect their company in profound ways." A high rate of divorce and single parenthood "affects productivity, it affects absenteeism, it affects retention" and ultimately "your bottom line." Companies see that "it's a lot less expensive to prevent than it is to intervene."

This motive – to protect the family institution – is seen as a major reason why corporations give to NP-6. The director reports that CEO's have told her: "We love what you do. We love what you stand for. We love the fact that you're family-friendly . . . Our community needs that." A common benefit is at stake – a "win for the company" and a "win for the community." Since 1997, rates of divorce and out-of-wedlock pregnancies have both decreased about 25 percent.

The business workforce gains direct benefits from these partnerships. Some companies, such as C-04 and C-29, invite NP-6 speakers to come in during the lunch hour and present classes on family enrichment to employees, who attend and "love it."

Corporate donors also receive direct marketing benefits for their philanthropy. "They get on the back of T-shirts. They get on every billboard. They get in our newsletter. They get on our web site. They get in the television commercial." On balance, this participant believes corporate partners realize a return that "*far* exceeds the financial amount of the money that they gave us." The director points to one partnership in which the business gave $5,000. "I think we figured out they were getting $15,000 worth of add-ons in terms of advertising for their company."

Overall, on an imagined scale of motives, she believes companies fall near the midpoint between self-interest and altruism or somewhat toward the self-interest end. "I think most of the companies, while they're altruistic, they're very business-oriented." She is generally comfortable with that motive mix. If they were all totally altruistic with no profit motive, "they probably wouldn't have any money to give us . . . So I would say 5 [on the scale] is not a bad place to be."

In earlier years, nonprofits could ask for contributions without offering any benefits in return. "But that would just not fly now." Today, "they don't give it as a gift." Because of the increased expectations from donors, this participant says, "*we* are really strategic . . . We go showing *them* why this is a good investment." Some accept the marketing benefits, and others do not. Those benefits may be either "an expectation" or "gravy." Either way, the old method of simply asking for a handout is obsolete for this organization. While it was less work, from a business standpoint the director "would much rather have a partnership. . . . Otherwise, it's just very one-sided." A strong relationship needs "a reciprocal kind of thing going on."

Business partners are aware of the NP-6 organization in their official operations. For example, the director has heard managers comment that, in board meeting discussions, their colleagues have cited NP-6 as a good model for more effective ways of marketing. Companies also promote NP-6 internally to their employees, through e-newsletters and forwarded emails, recruiting volunteer help for the nonprofit, etc. Companies take the nonprofit's story public, as well. An executive in a civic club "asked if I would come and speak."

Personal relationships are described as essential in building this kind of support, but the participant avoids unnecessary intrusion. Emails, phone messages and letters are helpful, "but I don't . . . try and engage them a lot, because they're really busy."

Nonprofit 7 (NP-07)

This interview was conducted with the executive director of the local office of a national voluntary health organization. She had occupied that position for about five years.

The local operating budget for NP-7 is approximately $1.1 million, with about 10 to 15 percent of those funds contributed by corporations. Most of that is given in the form of event sponsorships. Major donors include an insurance company, C-08; two hospitals, C-30 and C-31; a major retailer, C-23; a utility, C-12; and a consumer goods manufacturer, C-05. Among the longer-term supporters of this nonprofit is C-30. Five years ago, that hospital was "on the periphery," but it has since evolved into what NP-7 calls "a huge collaborator with us." The nonprofit director relates closely to the marketing department, where the gift dollars are managed.

The director said most corporations today are being "much more discriminating in their giving" and focusing on projects that align with their mission. For instance, C-30 is targeting health-related charities for its giving. C-19 (a food retailer), on the other hand, has phased out NP-7 because their focus has shifted toward poverty and children's causes. Also, firms are now "more strategic in their giving." Consequently, "we've got to provide something" for them, such as employee benefits. Or, a certain level of sponsorship for a fundraising event "will get your logo on the back of every single participant shirt." Furthermore, NP-7 takes the lead in offering those benefits to its sponsors. "We are proactive. We go to them saying, 'If you give us X dollars, this is what we are going to offer you.'"

This participant in the study believes that the lead sponsors of NP-7 give because "they want to be a good corporate citizen." They also "want to look good" in a competitive health-care environment. She sees a similar motive mix in the support received from non-health-related businesses, such as C-08 and C-23. On the national level at C-23, she observed, the firm's commercials "promote themselves as being community minded and giving back." The health-related sponsors "are a good fit with the nonprofit, in terms of mission. Others, such as banks or utility companies, tend to sponsor NP-7 "particularly for the marketing benefit, the exposure, and because their constituents, clients . . . want them to."

In a few cases, she believes that a predominately image- and reputation-driven sponsorship may compromise the sincerity of a corporation's benevolent motive. For example, C-12 left the bargaining table when they learned a $1,200 gift for an event would not get them any marketing benefits. "So what this company told me was, 'It's not worth it to me. We don't really care about just giving to you.'"

In contrast, C-30 shows an interest in the mission of NP-7. "Their staff are involved with our fundraising projects. They are our volunteers. They have staff that sit on our committees. . . . our board."

Many other companies fall in between these "two extremes," she said. In general, she places them "middle to the left" on a motives scale ranging from self-serving on the left to altruistic on the right. The donors who are "really far to the right" (very altruistic) tend to give low dollar amounts, while higher-dollar sponsorships often come from corporations with more of a vested self-interest. There are exceptions, though. One major donor, C-05, who is "very generous with many charities," she positions in the mid-range of the scale. The largest checks come from high-level executives touched by the medical condition this organization deals with and from companies that are closely aligned in terms of mission.

Understanding corporate motives is important to the NP-7 director, from a long-term, strategic perspective. “If there’s a niche that we can be satisfying for that company,” she says, a longer-term collaboration is more likely. “You know, a sponsorship is great, but we don’t want a one-time sponsor. We want to build a relationship with them, ongoing.” That works best when there is “a passion for supporting [NP-7).”

The director finds that the division of benefits is difficult to assess. “I’m getting a huge benefit,” in dollars, she says. But the donors are also “probably getting a very big benefit because their customers know they support us.”

Her satisfaction in a collaboration depends more on who her particular contact is than which company she is dealing with. “It really comes down to the relationship.”

Nonprofit 8 (NP-08)

Nonprofit #8 is an organization that provides resources and services to encourage children to stay in school. The participant in this interview is the president of a local office of this worldwide organization.

The annual budget at NP-8 is about $325,000. About 90 percent of that amount is funded by corporate gifts. The top contributors in dollar volume are a consumer goods manufacturer, C-20, and an insurance company, C-08. Other supporters include two banks, C-01 and C-09; another insurance company, C-06; four more consumer goods brands, C-05, C-13, C-32, and C-33; several local media outlets, most notably C-34 and C-35; and three local retailers, C-19, C-36 and C-37.

Business partners help the nonprofit both through financial gifts and through volunteering of personal time as classroom presenters. Frequently the volunteers go out on company time. In the financial realm, the chief means of attracting corporate donors for NP-8 is to offer them sponsorship of special fundraisers, such as annual bowling events. A small portion of support is received in the form of unrestricted cash gifts or in-kind gifts, such as vehicles.

This participant discusses multiple motives for corporate philanthropy. “[C]ompanies want a *reason* to give.” They want to make a difference in their communities, and they “want to be seen . . . want to be heard.” In the corporate support her organization receives, she sees about a 50-50 mix of marketing and altruistic motives – in some cases leaning toward a 70-30 weighting on the marketing side. Therefore, the nonprofit must “get the pulse on what they value . . . because just to give, in today’s age, is gone.” She believes that most of their partners do have “a heart and a passion for [NP-8]” and that “they believe in creating a better way of life for the kids . . .” Most, however – with the exception of a few donors who want to remain anonymous, such as C-37 -- also seek to gain exposure through their sponsorships. “It’s not . . . their *sole* reason for giving, but they appreciate the recognition.”

She is comfortable with that profile, noting that “you have to meet people where they are . . .” Over time, relationships sometimes evolve into a stronger embrace of the nonprofit’s mission. For example, C-13, which gave about $1,500 a year for several years, recently stepped up to a $5,000 sponsorship, after seeing the results of NP-8's work at an achievement awards dinner. C-13 and other corporations have started with funding support and then expanded their involvement into the classroom volunteering arena. This is the participant's "dream" in all cases. "I ask them for 100 percent alignment," in which funding is coupled with volunteering by a firm's employees who go into classrooms to teach. "We're like the altar, you know . . . the altar of the marriage" between business and education.

When it comes to the division of benefits realized by this nonprofit and its corporate sponsors, the NP-8 president says, "I think we both gain equally, when you look at the big picture." The nonprofit gains dollars, in-kind gifts and volunteer services. The corporation gains marketing benefits, such as tables and a "recognition package" at an event, as well as leadership skill development for their workforce. By going into classrooms, business professionals' "presentation skills are going to be honed" and they are likely to become "a better employee, a more loyal employee, a quality individual."

Planning events, working with sponsors and negotiating with media contacts demands more work and "face time" than does traditional fundraising through letters and applying for grants. However, the participant enjoys this kind of interaction. "I find it really an easier way to raise funds, actually, for me and for my personality." In the case of C-32, the NP-8 president has cultivated a 14-year partnership that recently resulted in the donor becoming treasurer of the nonprofit board. She says, "Relationships are what we have built this organization on." She meets with all of her board members every summer and works through a strategic plan with them.

Engaging in strategic philanthropy, she cautions, can introduce tricky dynamics between a nonprofit and its sponsors and media partners. A local billboard company, for example, told her that they lost a corporate customer after they teamed with another nonprofit in town and started piggy-backing on the nonprofit's billboard ads as a substitute for buying their own space. That becomes "real sensitive" for the nonprofit. "You are wedged right in the middle" between two entities whose support you need. At NP-8, however, she has never felt exploited by a business that was giving them money. "I'm thankful for that."

Nonprofit 9 (NP-09)

Organization #9, among other things, prepares pre-school children for the elementary classroom by teaching them basic learning skills. The participant in this interview was the vice president for organizational development, a position she had held for less than a year. She had worked for several years prior to that, however, as an executive for a companion agency in the same community. Nonprofit #9 also works closely with a national program that is funded by C-38.

On the local level, about $600,000 is budgeted for the pre-school project. Major corporate supporters include C-01, C-04, C-06, C-09, C-13, C-20, C-29, C-39, C-40, C-41 and C-42. These entities provide cash donations and/or executive involvement on the nonprofit board. C-01 and C-13 were lead providers of matching gifts for launching the most recent campaign. C-01 also sponsors birthday parties to provide books to children.

Other major supporters, such as C-20 and C-29, hold book fairs and sales once or twice a year for fund NP-9, in addition to their cash gifts.

As a rule, as the participant sees it, more companies today are designating directly where they want their philanthropic dollars to go, rather than giving unrestricted funds to umbrella organizations. Perhaps, in part, because they are "bombarded every other day" by nonprofit appeals, donors are bypassing such traditional "conduits" and giving selectively to causes they support. There is also more "sophistication" in fundraising, evidenced in event-planning, involvement of executives on nonprofit boards, etc.

From this vice president's perspective, corporate partners genuinely believe in her organization's mission. "I really think their primary motive is being good citizens . . . and giving back to the community." She cites the case of the C-43 executive who chaired their campaign last year. "I can't tell you the untold hours that he spent with us," making individual calls and talking to employee groups on third shifts at several corporations. "I know where their heart is. . . . I know what their motives are. . . . I see what they do that nobody else ever knows they do."

As for marketing motives, this participant sees those as clearly secondary for her partners. Undoubtedly, they do like the marketing value of associating with the "brand" of a respected nonprofit. "[NP-9] has a strong reputation." She adds, "We *want* to provide them . . . opportunities where we can give credit," even though "they don't ask for it." More than anything else, she sees companies asking, "What difference is my gift making? I want to know outcomes." For instance, how many of the children entering kindergarten have the skills they need to succeed? It's not "because they're going to get their name on a billboard somewhere."

This organization has recently been exploring "cross-marketing" opportunities with some of its corporate partners. This can help the corporation reach its customers or expand into new markets. For example, C-01, wishing to target new parents in the community, might team up with NP-9 to distribute information packets with literature from both organizations to households with newborns. Both the business and the nonprofit stand to gain. NP-9 is also exploring a related venture with local companies, called "participation marketing," which is "pretty darned exciting."

While the benefit ratio in these relationships is difficult to ascertain, she says, "I'd like to hope that they see us as an equal partner." The participant sees a common benefit for the community at-large and for the business sector. "Good employees come because there are strong families." She points to research correlating the number of children who are not reading on a peer level by the end of second grade with the number of prison beds that will be needed 20 years later. The "economic development of tomorrow is based on the strength of our families today and the strength of your education system." So all companies are interested in a good work force, which becomes "a mutual beneficiary factor."

Area business leaders "talk about that routinely," she says. They recognize that "social capital and human capital is absolutely critical to the success of their business." "You can go to any chamber meeting you want to, and you will now start hearing conversations about early childhood education and preschool readiness." Furthermore, firms such as C-01, C-06 and C-13 talk to their employees about the work that's going on in [NP-9].

Many corporate executives sit on the committee that overseas NP-9's project. The participant says, "I deal with a lot of people . . . on an ongoing basis." She enjoys working with "collaborations and partnerships" in which "you don't worry about turf issues, you don't worry about who gets the credit." Sometimes executives go the extra mile to recruit more corporate donors when needed. "[T]hey sit there and they'll say, 'Well, we've got to figure this out. Let me make a few phone calls.'"

The NP-9 vice president hears only occasional skepticism from the public about corporate social responsibility. When that does come up, it is most likely prompted by discrepancies between corporate claims and conduct, such as poor treatment of employees. "But by and large I think people respect" the business leaders in the local community.

Nonprofit 10 (NP-10)

This organization provides preschool education and other services to children with disabilities. The interview was conducted with the director of development, who has been in her position for about seven years.

The budget for this nonprofit is more than $3 million per year, and about 10 percent of that revenue is generated from corporate funding, chiefly through event sponsorships. Supporters include C-05, C-06, C-08, C-36, C-44, C-45, C-46, C-47, C-48 and C-49. The director has observed a definite shift in the way companies approach their philanthropy. "Before . . . you could usually call or send a letter. But now, we put together benefits packages." She also notes, "They're *much* more selective in who they spend their dollars with."

NP-10 gets most of its money from marketing dollars. For some partners, the relationship depends on marketing benefits. "They've got to get something out of it" and are "not going to just give us money." C-44, for instance, is a highly event-oriented local business. Certain fundraisers provide "a lot of sticking power, helping them stay involved with us," but without those events NP-10 might "lose a constituency there." With other partners, such as long-time supporters C-05 and C-06, the relationship is unconditional -- "tried and true" – even though they do "much advertising" and are also interested in the marketing value. Still, they "really understand our mission" and "*support* what we're doing."

This director believes that marketing and altruistic motives can coexist. Also, one can evolve into the other, especially with newer businesses. "I think they *come in* with what we can do for them marketing-wise. . . . once they're in, I think it's more of an altruistic need." In a few cases, corporate managers take an interest in the nonprofit for personal reasons, because someone in the family is a student attending school at NP-10.

Overall, the participant estimated that the division of benefits between her organization and business partners is about even. "I think it's about 50-50," she said. "We basically offer them a lot of name recognition in signage, in all the public relations, the communications that we do, any print materials, any radio/TV ads that we do." Companies also use those occasions "as a reward" for employees or perhaps special customers, as well as an opportunity to gain access to prospective clients. "And I think that has a lot of selling power." For NP-10, the partnerships cultivated through event sponsorship "definitely" yield the largest donations. Furthermore, the event becomes a platform for educating the business community about the nonprofit's work.

The amount of contact between the nonprofit and its corporate partners varies considerably. "We don't do anything with [C-05]," she said. Volunteers establish the relationship and call on that business for in-kind support each year. Other companies are "very involved" beyond giving dollars. Employees from C-06 organized a drive to collect more than 1,500 children's books, then "sorted through and shelved them themselves" at the nonprofit. She describes C-06 as "very philanthropic" in the community. "They may not always give dollars, but . . . their staff people are great volunteers." Similarly, employees from C-48 typically help set up for one of the annual fundraisers. About 25 of them "come over and help us decorate the day before, and love it."

She attributes those responses largely to "the mindset of management" at these companies. At businesses like C-06 and C-08, managers are happy to advertise the nonprofit's programs in their internal email system and put up posters in the workplace. C-08 offers its employees "so many opportunities to help so many nonprofits . . . " Occasionally, "they call *you* up and say, 'Department XYZ wants to have a drive for you. What do you need?'" That's "very heartening." In some companies -- especially smaller ones such as C-49 -- top executives talk about the NP-10 mission with enthusiasm.

Building this kind of support structure requires more work today than in the past. Before approaching a prospective sponsor, this participant carefully prepares a package detailing where the company's name will appear, from program books to PSA radio copy. She feels, however, that it is "definitely worth it." In fact, "it was almost *too* easy before," when a development person would write a letter and get a check for $25,000. "A piece of paper would cross through the mail, and that's not a relationship." Now, she said, "we are able to get closer to our supporters."

<u>Nonprofit 11 (NP-11)</u>

This national organization provides positive experiences for children who are facing life-threatening medical conditions. The president of a regional chapter of the organization participated in this interview.

NP-11 receives about 40 percent of its budget from corporations. Partners include C-06, C-08, C-13, C-27, C-35, C-48, C-50, C-51, C-52 and C-54. Most of the funds they donate are used to sponsor organizational events and/or projects for individual children. "I don't like to call them sponsorships," says the president. "I like to call them relationships."

Those relationships commonly lead to personal attachments between corporate executives and the children they sponsor. The president of C-50, for example, visited a young lady who had cancer. When she insisted on sharing her gift with other children in the hospital, he was "really touched with that." Another executive, from C-52, happened to meet a boy at a party for NP-11 beneficiaries at an air show, and the boy gave him a big hug. "When stuff like that happens and these donors meet the kids, it pulls their heart strings." This kind of encounter is typical, according to the nonprofit president.

Motives for corporate involvement with NP-11 often evolve from business objectives to a personal passion for the children. Companies initially sign up "because they want the publicity" or they want a free table at an event. "Donors want to give money, A, to make themselves look good. I think that's one of the first and primary motives for a company or an individual to give money." However, once they see the kids personally and "once they're attached to that child, they're going to want to do it again." To keep their support coming, she says, "you need to introduce them to our pure mission." Once they "share the power" of improving a child's experience, "they're a donor for life."

The concept of mixed motives for corporate giving is acceptable to the NP-11 president. She says, "You know, you always hear 'cause marketing, cause marketing.' And I think, for us, it's a good way to really get them in the inner circle." What begins as a desire for publicity and marketing benefits leads companies to "see what we do and really get involved." Even if the company remains focused on the advertising and marketing value, though, "we're all happy at the end of the day, no matter what the motive."

Both the nonprofit and its corporate partners receive comparable benefits, the participant says. "I really think it's equal" -- in part, because her organization is "a very reputable, national charity." At the same time, major partners such as C-08 and C-13 are also big names, "and that gives us publicity." Mutual promotion in newsletters and other channels by NP-11 and its partners helps educate employees and others about the relationship. "They like their employees to be involved." A local media outlet, C-35, gives $18,000 to $20,000 of in-kind community publicity for some fundraising events. "They're wonderful," she comments. Likewise with C-27, another media supporter, "I can run something over and he'll put it on the air on multiple stations." Occasionally a non-media firm incorporates the charity into its advertising campaign, as C-50 did when featuring the girl with cancer in its commercials.

Exceptions occur when a company wants only to "meet their philanthropic budget" and they "don't have time to mess with [a relationship]" or attend fundraising events. While NP-11 is "probably benefiting more" in those cases, the president prefers the equal-value relationships. "Our objective is, not only to get the money, but let them really see what we do." Actually working with a company is "more fun" than simply being handed a check.

At the other extreme is a situation in which a company expects *more* value than it is willing to give. She recalls negotiations with C-53, who was "asking for the moon, and we couldn't do it, so we ended up not taking the money." Such demands are rare, however.

The NP-11 president is in "very frequent contact" with major donors, and it is usually initiated by her. "I'd say 90 percent of the time it's me." After a specific project has been sponsored and carried out for a child, she sends the partner pictures and a follow-up report. Executives from firms such as C-27, C-50 and C-54 are members of the nonprofit board, providing for regular contact. Personal volunteering by employees is also an avenue for dialogue with businesses. "Anytime I have anything going on or need volunteers . . . I have contact people with [C-06, C-08 and C-48], and they'll send out an email blast to everybody."

Nonprofit 12 (NP-12)

Nonprofit #12 provides services to students and adults to increase literacy in the community. This interview was conducted with the executive director.

The organization receives less than 5 percent of its $316,000 budget from corporate contributions. Lead supporters include C-01, C-04, C-38, C-08, C-05, C-35, C-20, C-40, C-57, C-58, C-59, C-60 and C-61. Sponsorships of an annual event highlighting the importance of literacy account for a significant share of this support.

Some of these partners have a "vested interest" in helping citizens learn how to read. A newspaper publisher, for example, can sell more papers if more citizens have reading skills. Likewise, employers such as C-60 stand to gain from NP-12's services because it helps increase the literacy level of their workforce. Using the company's own safety rules, instructors go to the work site to teach classes. Furthermore, the nonprofit functions as an intermediary in a sensitive employee relations issue. One manager told the nonprofit, "I don't know how to say to them, 'Wow (whispered), you can't read.'" As a result of the partnership, the company benefits by having "employees that stay on the job."

Many companies see the value of a "social return" on their investment. Some executives are talking about this common benefit to the community and to their business interests.

In other corporate relationships, major support comes without an expectation of a direct return on the investment. C-20, for instance, "a huge supporter of [NP-12] for a long time," recently gave a sizeable contribution "with no strings attached, just a nice gift." In this case, she thinks "the motive was . . . to give back to the community." The owner of C-40 also sends a $500 check every year "for no reason other than he's interested in reading and education." For them, the beneficiary is a "citizen" rather than a "worker." In either category, she says, "They want to give back. . . . I truly don't believe that there are hidden motives."

For some corporate partners, the motive is more marketing and image oriented. "I believe that it's good business for them to say, 'We support our community.' As in any business, there's a win-win because it's marketing, it's relationships." In today's environment, the director of NP-12 sees a need for businesses and nonprofits to both find a "niche" and evaluate "how we partner with each other." She believes that marketing-investment and community-service motives are compatible. "I don't think a company compromises their loyalties or their passion by saying, 'This is what we're interested in.'"

The director has considerable personal contact with corporate partners. Enhancing that dialogue is her membership in a downtown civic club. "Actually, the relationship with [the C-35 president] came from sitting with him at the table." After they recalled having worked together previously on a golf tournament, their conversation turned toward the common interest they shared in developing literacy in the community.

Raising money requires more effort now than it did 10 years ago, when this manager began working in the nonprofit sector. "We have to ask them to know us." While educating her partners about the nonprofit's mission, she also assumes the burden of promoting them for their benefit. "We do the marketing for them." While most of them do not explicitly ask for public credit for what they give, "if we don't thank them and recognize them, it'll go away."

At the same time, some companies contribute to the promotional effort. C-01 recognized this nonprofit after winning a local Volunteer Business of the Year award. C-01 also gives employees paid time off to serve as volunteer teachers of financial literacy classes. C-35, she notes, recently published "a great article about education and adults not being able to read, and they mentioned [N-12]." Often, though, the tangible results are disappointing. Some companies "collaborate on paper" but do not follow through with overt support in the community.

This participant does not recall hearing skepticism from the general public about corporate motives for engaging with her nonprofit. "I've never heard anything negative." In her opinion, skepticism arises "when people don't see the outputs" of the money that is donated. Because of that, "you have to be good stewards of the resources that are given to you.

Nonprofit 13 (NP-13)

Interview #13 was done with the president and CEO of the local branch of a national organization promoting positive values and lifestyle to youth and families. He has served with this nonprofit for some 15 years.

NP-13 receives support from a wide range of corporate partners, accounting for about 15 percent of its $14 million annual budget. Major supporters are C-05, C-06, C-19 and C-30. Others include C-04, C-36, C-55 and C-56. Philanthropy comes mostly in the form of cash and in-kind gifts. To date, the organization has not relied heavily on fundraising events and sponsorships, but the president said, "I think that's going to change." Hospitals and other corporate givers are looking for "more recognition" for their support.

C-30, for example, asked for that when the nonprofit approached them for an increase in their level of funding. As a result, this partner is now assuming a higher profile as a cosponsor of a "Healthy Kids Day" event. Because it fits both organizations' missions, "It's a win-win for both of us," with the development director from NP-13 and the marketing team from C-30 working together.

Receiving corporate philanthropy in a marketing context is not entirely new for this nonprofit, however. Funds given from proceeds of an annual golf tournament sponsored by C-19 support an NP-13 program dealing with teen behavior problems. The nonprofit president believes that C-19 is approaching the relationship strategically in a marketing sense, and the nonprofit provides corporate exposure in return for the "*large* contribution" given annually. "We love [C-19]," he says, "like a lot of nonprofits in this city do." Outside of this partnership, at this point, NP-13 is quite limited in its publicizing of its business donors. "We will recognize them in our annual reports, and that's about the extent of what we do."

The president classifies the motives for corporate giving to NP-13 into three types. First, because of its long history, the organization has touched the lives of many corporate managers or their family members or friends, with services and with philanthropic appeals. "[NP-13] called on a lot of their fathers, and now you've got the younger kids." Second, many of them "believe in the programs we're doing," and they know that "we have a tremendous impact on kids in this city." Of the current dollars given to this nonprofit, he thinks "most of ours is philanthropy," as opposed to marketing money.

A third reason, however, is more marketing and image-related. "I think *some* of them give because their competitors are giving." He sees that during capital campaigns. "I think people [in this city] know exactly what other folks are giving." Having outlined these categories, he adds, "I guess I've never really asked them [why they give]. I'm always happy to get the contribution (laughing)."

The compatibility of marketing and philanthropy, from this participant's view, depends on the corporation in question. Pointing to his relationship with C-19, a consumer goods retailer, he sees evidence that the two motives can mix. This firm calls all of its nonprofit partners together downtown each year to report on their projects. Last year "the president and CEO of [C-19] came out, and he had everybody tell how they used their money. "They created a movie" showing "tangible results" of the corporation's donations.

Another consumer goods company, C-05, by contrast, does not do that. "I get the gut feeling that [C-19] is more philanthropic than what [C-05] is." While C-05 actually gives the larger amount of financial support, "theirs is all marketing, I think." The nonprofit president noted that NP-13 is a business customer of C-05. Furthermore, "[C-05] people tell you that [C-19] is their biggest customer. So, you know, that hasn't hurt *us* because we have a good relationship with *both* of them. But I think . . . *both* of them are great corporate citizens in this community." He has positive personal relationships with local executives of both firms.

He frequently tells people coming to his nonprofit that "those two companies are two of our favorite companies." However, he suspects that the average citizen sees C-05 "as just a big corporation" and doesn't realize "how much [C-05] gives back to this community." The company does not talk publicly about its support of NP-13. From the nonprofit side, however, "*We* recognize them all the time when we get a chance." He thinks that C-19 communicates to its employees – more than C-05 does -- about its community support, via such means as showing the video.

The benefit ratio in corporate partnerships is tilted toward the nonprofit, he said. Especially with an event, "we get a lot more benefit than what they would." NP-13 also invests the greater time and effort into the relationship. "We certainly want them to keep us on the radar screen as much as possible." The dialogue sometimes goes beyond talking about financial contributions, he commented. In planning with C-30 for the Healthy Kids Day event, for instance, "Other stuff comes up all the time. It's all about building that relationship."

Nonprofit 14 (NP-14)

Nonprofit #14 is a popular educational attraction for children. This interview was done with the director of development, who says this is "the easiest fundraising position I've ever held," because NP-14 is so successful.

Most revenue for the $2.4 million budget comes from admission ticket sales. Approximately 1 percent is raised through corporation donations and sponsorships. The largest sponsor is C-20 – a "wonderful, wonderful partner and friend to the museum" since it began 11 years ago. Other corporate funding is received from C-01, C-05, C-09, C-12, C-13, C-30, C-34, C-50, C-62 and C-63. Support is given largely through cash donations and sponsorships, but also through in-kind gifts. For example, C-50 donates products for children's birthday parties at an extension facility that NP-14 operates in a shopping mall. C-5 also donates its product throughout the year, and C-34, a media outlet, donates $25,000 worth of air time for promotion.

More established companies like C-13 and C-20 are looking for community involvement, rather than marketing benefits. Other partners -- especially newer businesses such as C-62, a restaurant chain -- are quite marketing-oriented in their giving. For C-62, the high profile of the nonprofit offers "the image that *they're* wanting to build." NP-14 takes educational presentations into elementary schools, with handout packets that include coupons for free kids meals at the restaurants.

The C-62 story, in this participant's opinion, illustrates that marketing and philanthropic motives are compatible. "I think you *can* mix it . . . I don't look at it as a conflict at all." Along with C-62's marketing purposes, the participant sees them as "*very* interested in education." By approaching it as a marketing investment, they can "justify" their gift and "fulfill their desire to be involved in the community." When exploring a potential partnership, the development director always asks what the company's objectives and interests are. "Our executive director . . . taught me that well." Once those factors are determined, the nonprofit strives to "craft the appeal we're making to them to be a fit for them without losing what we're trying to accomplish."

The balance of benefits between NP-14 and its corporate partners generally favors the nonprofit, says this participant. An exception to this might be the relationship with the restaurant chain, where benefits are probably about equal. C-13, however, which gives through its foundation, is "*strictly* in it for the community involvement," expecting no marketing benefits. C-20, in return for its $20,000-per-year gift to NP-14, receives some benefits for its employees. "We offer two . . . weeks where their employees and families can come to [NP-14] for free for the entire week." The development director calls this a "bartering" relationship. C-12 and C-50 also use the employee benefit, while others, like C-05 and C-13, decline that opportunity.

Fundraising takes more time and energy than it used to, she said. To apply for a donation from C-09, a bank, for example, she must fill out a lengthy application. The C-62 type of partnership requires a lot of effort, "because [C-62] has more needs." But she does not mind. In fact, she prefers that to companies that "just give the funds each year, but there's no interaction any other time of the year." She is looking for "meaningful ways to be partners." To encourage that kind of interaction, she invited the managers of area C-62 restaurants to come to her facility for breakfast for one of their weekly meetings and then gave them a tour. "Then we talked about the marketing."

Managers from a few companies, currently C-01 and C-12, serve as members of the board at the nonprofit. Some companies, such as C-20, promote the nonprofit internally by putting information in their employee newsletter. Likewise, C-62 has brought NP-14 into their family night activities at the restaurants. But nothing educates employees like getting them on-site. "One of the biggest ways that they would promote [NP-14] is to make use of those free employee weeks."

The development director strives to reassess the needs of corporate donors annually, with the goal of cultivating "an equal, two-way relationship." She advises nonprofits to be reasonable in their requests to business corporations. A small restaurant owner told her a nonprofit with whom she had no previous relationship contacted her recently and asked her to donate a tea for 1,000 people. She declined, saying she could not afford it. When the nonprofit representative reacted unkindly, the C-63 owner was "*very* offended." Excessive demands, in that case, chilled any prospects of a productive partnership.

Nonprofit 15 (NP-15)

Nonprofit #15 promotes equal opportunities in education and employment for disadvantaged persons. The president and CEO of a local office of this national organization, who has been in that position for about 10 years, participated in this interview.

Approximately 20 percent of the $1.5 million operating budget for NP-15 is derived from corporate gifts. Leading supporters are C-04, C-06, C-08 and C-19. Two insurance companies support the nonprofit's initiative to reduce obesity in the local population. When NP-15 approached C-08 with a proposal for that program, the company provided "leverage funding" of $160,000, which was then matched by gifts from a foundation and from C-06, the other insurance company. C-19 is a consumer goods retailer whose regional vice president has served on the nonprofit board for several years. The company funds scholarships for students, as well as providing sponsorships and in-kind gifts for an annual fundraising dinner. Cash gifts from C-19 range up to $50,000 per year.

This CEO sees a strategic purpose in most of the corporate support his organization receives. Companies, he said, are looking for a "value-add" and a "direct benefit" in operating their business. The obesity campaign, for example, promised to save costs in health-related claims for the insurance companies. The retailer, C-19, gains from its partnership because of NP-15's workforce training and referral program. In return for its support, the firm is rewarded with reliable candidates to hire as employees in its stores. "I think their retention rate is fairly high, in terms of referrals," the president said. Regarding both this program and the high graduate rate of scholarship beneficiaries, "they look at it as a very worthwhile investment."

The participant accepts the notion of a business investment motive in of his corporate donors. "I would think that they would . . . have to provide some level of justification to their stockholders, just as we do basically to our board of directors." While the intent to receive a "direct benefit" probably does not reflect "philanthropy in its purest sense," he suggests that "philanthropy . . . in a corporate sense" must acknowledge "profit being a motive of any company." The mix of motives varies among donors, but he says that the "passion" a company has for the charitable cause is "not necessarily a driver for me" in solicitation efforts. He appreciates strategic gifts, as well as "pure philanthropy." The more strategically motivated donations, he notes, tend to be the higher dollar amounts. "Of course, the larger the gift, the less money I have to raise, you know (laughing)."

Overall, the benefits realized by NP-15 and its business partners are about equal – "almost a 50-50" -- the president estimated, although he said the results of long-term lifestyle changes are "*very* difficult to quantify." The nonprofit does provide periodic reports on program outcomes, audience size and any obstacles encountered. In the end, he sees a common benefit for both parties. "They see us, basically, doing some things that create the climate for them to better operate their business."

Initiating a relationship involves several visits before "we really get definitive in terms of the amount and the purpose" of a gift proposal. Occasionally, the nonprofit finds itself in the role of educating a local business about its parent company's ties with the charity on the national level. "Once you mention it that, they'll research it and you'll get a call a little later." After a relationship is established, the partners have "fairly frequent contact" through monthly meetings and other dialogue. "[W]e were taught early on that in order to impact the funding community . . . it's based on relationships."

Promotion is left largely to the nonprofit to initiate. Companies will commonly mention NP-15 in their annual reports or other literature, but "I don't think they go on to stump" for the cause. "They do ask, sometimes, that [information] is screened before it's released" and bring their communication department into the process. Some companies also use their web sites to inform the public about their community support or they tell their employees about "volunteer opportunities to work with the nonprofit." Whatever the project, he stressed that corporate talk should be matched by concrete action, following through on commitments. In a minority home ownership initiative with one banking firm, C-04, this nonprofit was disappointed when the bank "did not relax their lending standards" to accommodate the target audience that NP-15 wanted to help.

Regarding corporate social responsibility in general, this participant hears complaints at times about "corporate greed" when companies "siphon off all they can without making any contribution back to . . . the social fiber of the community." He suggests that corporations talk more openly about their efforts in this realm. While recognizing that such transparency can open the door "for everybody to come in," he believes they have "obligation to let people know that . . . they are concerned about something other than their products or services." Doing so "positions them in a whole different vein in the community." Furthermore, it can help determine "whether people are going to basically patronize them or not."

He also advises philanthropic-minded companies "not to sit back and wait to be solicited," but to "search out . . . those nonprofits" that might provide an added value.

<u>Nonprofit 16 (NP-16)</u>

This is an organization promoting research and public education in the health sector. The interview was done with the senior regional director of the association, who was one year into her current role with about six years of service to the organization.

An estimated 40 percent of this nonprofit's $1.1 million regional budget derives from corporate gifts, the majority of which are used for research. Major corporate partners are C-13, C-30, C-55, C-65 and C-66. In the last 15 years, the NP-16 participant has seen a shift from charitable contributions given as a "social investment" to philanthropy aligned with business and marketing strategy. As more companies are "looking for a return on investment," unconditional giving has become the exception to the rule. They are now "channeling" their dollars more successfully.

C-65, a hospital, for example, seeks "co-branding" arrangements with the nonprofit. Because both organizations advocate a quality lifestyle for survivors of a particular life-threatening medical condition, a natural "dual marketing message opportunity" exists. Risk screenings, awareness events and symbolic objects help to mutually promote their goals.

The chief motivation this director sees for corporate partners' involvement is the positive reputation of NP-16, whose logo is the third most recognized in the nonprofit sector. "[W]e're a national organization that has great credibility," she said. In fact, someone told her recently that "to *not* align with [NP-16] in the medical profession would be strange." Competition among health care providers for that alignment is keen. One hospital complained that [NP-16] preferentially endorsed a competing hospital. While the participant said that no favoritism was intended, the perception of it placed the nonprofit in a "horrendous position."

The nonprofit's work and outcomes are monitored by a leading agency of the federal government. With this level of accountability, corporate supporters can tell employees and other stakeholders the impact made by their gifts. "That's very important to them."

Corporate partners also see a common link between NP-16's mission and their own well being, the director believes. In an age when some firms spend more on health care than they do on their raw products, businesses "have the health of their own employees at heart, because it costs a lot of money to retrain and reposition people."

Overall, she sees "compassionate" as well as business-oriented motives in NP-16's health care partners. "I think it's very balanced." Charitable and marketing motives, she said, can coexist as "part and parcel of the give-and-take" that she desires in a relationship. Occasionally, the spirit of charity seems to get lost in the marketing motives. However, that attitude usually resides in an individual within the corporation who has a "private agenda" that may "skew" a supportive philosophy within the firm as a whole.

Through ongoing "negotiation," she said, benefits are also "pretty well balanced" between the nonprofit and its supporters. Cause-related marketing advances the nonprofit's mission, as sponsors help educate the public about the importance of health screenings and lifestyle choices. Corporate partners, in turn, benefit from access to NP-16's database for corporate mailings, banners at events and educational materials for their employees.

In this environment, promotion is a two-way street. "We're all on the same side and pushing the same message." However, many companies stop short of "co-branding" with both logos in their public advertising, because doing so would "grey up the waters," according to one partner. The bulk of the corporate promotion is internal, while the nonprofit does most of the media publicity, enabled the generous space contributed by the media.

While strategic partnerships demand more effort from nonprofits, this participant finds that effort worthwhile, "because at the end of the day, I think that we are bound tighter to each other." Before, donors said, "Here's the money; go away." Today, there is a mutual investment in a dual-marketing opportunity, and more personal commitment. The majority of sponsors have employees who volunteer for NP-16. Top executives – especially those in the health care sector -- sometimes participate in car washes (as with C-68), galas and other activities.

One suggestion that the nonprofit director offers is for business partners to be more direct and candid in stating their marketing needs and expectations up front, rather than "pussy-footing . . . *around* nonprofits," for fear of transgressing the "aura" of charity. "Let's get straight to the negotiations," she said, because nonprofits have moved into a new era. "If you think that we're just a charitable organization, you're wrong. We're a business."

APPENDIX 5
EMAIL MESSAGES REQUESTING PARTICIPANT CONFIRMATION

<u>Email sent June 29, 2006</u>

Hello ____________,

I hope your summer is going well so far. It has been a few months (weeks) since I met with you as part of my research on corporate philanthropy. I have completed 15 interviews now, and am in the process of reviewing and analyzing the transcripts.

As promised, I am sending you a summary of our interview to look over. I condensed the full transcript down to about two pages, which you will find attached as a Word document. My intent here was to capture the most significant points and examples that I heard from you related to motives, benefits and communication in your philanthropic relationships.

I have coded all names of organizations, to preserve confidentiality. You will see, attached on a separate page of the document, a list identifying the organizations represented by the codes cited in your interview. This list is only for your reference. My dissertation and any published material will not include these company names, or your organization or your personal name.

Please let me know if you think this accurately represents what you told me. This is your opportunity to help me to be faithful to the data I have gathered. Consider specific statements, as well as overall context, flow and emphasis.

I will be out of town for the next week, so this is not immediately urgent. I do hope to hear back from you by July 14. An email message will be fine, but feel free to call me if you wish to talk. My office phone is __________, and my home phone, ___________.
I should be available by phone again starting next Friday, July 7.

Also, I plan later to report back to you and all of my participants with a summary of my overall findings from this study. I am learning interesting things and look forward to sharing more with you.

Thank you so much for your assistance.

Sincerely,
Greg Rumsey, PhD Candidate at UT

<u>Reminder email sent July 12, 2006</u>

Hello again, research participants:

Thank you to those of you who have responded to my June 29 email regarding my summaries of the interviews I did with you on corporate philanthropy. I hope the rest of you can take a few minutes to do so by the end of this week, or – if you are on vacation – at your earliest convenience after you return. Your feedback can be very brief. If you think the summary I attached earlier accurately represents the interview, simply affirm that. If not, please suggest any changes that you think are needed.

Also, I have a short follow-up question to the interview, for any or all of you. One common theme I heard was that your corporate partners, as a rule, do not ask for marketing benefits when you first approach them for a donation. However, many of you said that you assume that they want those benefits and so you include them in your proposal. My question is this: Would you prefer that companies state THEIR strategic intentions and their interest for a return on their philanthropic investment more candidly, up front? Or would that be a turn-off in getting the relationship off the ground?

If you have a few minutes to email me back on this question, as well as the earlier interview summary, this will help advance me toward a completed PhD!

With gratitude for your help,
Greg Rumsey
(phone number)

APPENDIX 6
LIST OF OPEN CODES
ON INTERVIEW TRANSCRIPTS

Access to corporate people
Accountability
Asymmetrical promotion
Attitude re: mixed motives
Attitude re: motives
Benefit ratio
Benefit types
Birth of partnership
Business motive attitude
Candor re: expected ROI
Cause-related marketing
CEO involvement
Client cultivation
Co-branding
Collaboration
Common benefit
Communal relationship
Communication
Compatibility of motives
Competing corp. priorities
Conditional giving
Corp → NP education
Corporate competition
Corporate lip service
Corporation as stakeholder
Cross marketing
Cross promotion
CSR communication
Depth of relationship
Dual/mixed motives
Employee promotion
Employee volunteering
Event sponsorships
Evolving motives
Evolving relationship
Exchange relationship
Exclusive alignment
Expectation of ROI
Formal ties
Importance of motive
In-kind giving
Instrumental CSR value
Inter-corporate influence
Investment philanthropy
Investor accountability
Job satisfaction
Joint promotion
Locus of corporate control
Logo power
Longevity of partnership
Matching gifts
Media access
Minimal endorsement
Mission compatibility
Mission definitions
Motive accommodation
Motive assessment
Motive: Altruism/duty
Motive: Attachment
Motive: Benevolence
Motive: Community help
Motive: Customer pressure
Motive: Image/reputation
Motive: Passion/mission
Motive: Sales
Motive: Worker relations
Motive communication
Motives types
Nascar-izing
Negotiation
Niche partnering
Nonprofit as customer
Nonprofit audiences
Nonprofit brand value
Nonprofit budget
NP autonomy
NP effort/investment
NP vulnerability
Number of sponsors
Organizational culture
Outcomes measurement
Partner loyalty
Partnership initiation
Peer prestige
Personal contact
Public feedback
Pure philanthropy
Pussyfooting re ROI
Relationship satisfaction
Nonprofit competition
Relationship symmetry
Restricted giving
Reverse marketing
Reverse marketing
Rivalry among partners
Scarcity of bad apples
Selective giving
Share of NP budget
Shareholder obligation
Shifting motives
Size of corporation
Size of gift
Skepticism
Social capital
Social ROI
Source of corporate money
Stewardship
Stigma of advertising
Strategic giving
Symbols of mission
Tacit motive knowledge
Terms of agreement
Triggers for change
Types of benefits
Types of events
Types of funding
Umbrella philanthropy
Unstated intent re:
ROI
Value added
Value measurement
Vertical communication
Vested interested

APPENDIX 7
OUTLINE BASED ON AXIAL CODING

Updated 8-15-2006

<u>Conditions: Trends in Corporate Giving Environment</u>

- Competitive pressure on corporations
    - Companies "very much in competition" for reputation
    - Value of being exclusive partner in category
    - "a niche that we can be satisfying for that company"
    - "We'd be crazy" to accept money from major competitor of [XYZ]
    - Perceived favoritism toward partner put NP in "horrendous position"
- Competitive pressure on nonprofits
    - Most corporations "overwhelmed with requests"
    - "Can be quite a handful" for corporations (with many requests)
    - "getting just bombarded every other day"
    - Nonprofits discover their "pecking order" with business
    - "so many charities … what gives us an edge?"
    - "2,500 nonprofits in town asking for money"
    - Fine arts (vs. human services agencies) = "whole different ball game" – "not a mission"
    - "blame it on all the money that was raised for our riverfront"
- Focused, selective giving
    - Companies are "more discriminating" in who they give to
    - They are "channeling" their dollars more successfully
    - "They're really tightening on who they give money to"
    - "it's a lot tighter climate than it has been in the past"
    - "Donors now are more directive in their causes of giving"
    - Exec in Rotary conversation: "as a business, we have to start focusing" …
    - Bank chooses projects that "support their direction and their strategic plan"
    - They're "much more selective in who they spend their dollars with"
    - "more targeted"… relates to them as a company
    - "companies are really doing their research a lot more"
        - (But don't hear the term "strategic philanthropy" much)
    - We "target our asks"
    - "just randomly going to companies" no longer work … need "two-way relationship"
- Growth of marketing dollars in philanthropy
    - "most . . . marketing department" (especially for events)
    - "we get our money from their marketing dollars"
    - "I know it's coming out of their marketing department"

<u>Conditions: Corporate Motives and Expectations</u>

- Mystery of corporate motives
    - "no one's ever going to *tell* you why" they give
    - "impossible to know" – only "supposition on our part"
    - "hard to put your finger on"
    - Tacit knowledge of motives
        - "you'd have to be in my seat to sense that … gut feeling that [X] is more philanthropic"
- Types of corporate motives
    - Citizenship/sense of duty
        - "really think their primary motive is being good citizens"
        - Many companies want to be a "good corporate citizen"
        - "feel like they're being good citizens … making a difference"

- Donor feels "blessed" and wants to "pass it on"
  - "very generous"
  - "I hope – I think most of ours is philanthropy"
  - "set a very good example in the community"
  - Company X "very generous with many charities"
  - "very established" companies "looking for community involvement" (vs mktg)
  - "paying the rent" for their business opportunity
  - "few … just … right thing to do"
- Belief in the mission
  - Execs say, "We love what you do"
  - see philanthropy as an "empowering thing" to help less fortunate
  - "most of those companies really, really support family"
  - supporting "a cause that they believe in"
  - "believe in creating a better way of life"
  - "I truly don't believe that there are hidden motives"
  - "I know where their heart is" … "what they do … nobody … ever knows"
  - Some companies do things "no one knows about, except us"
- Employee relations
  - Employee interests/requests
    - "demonstrating an interest" in what matters to employees
    - Employee says: "this cause is important to me"
    - "employees favor . . . solid reputation" in their employer
    - May suggest volunteering or ask for matching gifts
    - "one of our employees was friends with [the company's owners]"
  - Event access
    - "They start using our events as a reward" (for employees, etc)
  - Long-range employee development
    - "wellness programs that are free to companies"
    - "benefit … long run … if satisfying their constituents'
    - E.g., improving strength of families in community
    - Funding employee classes: A gift? "No. I regard that as a partnership"
- Image/reputation
  - Public image/reputation
    - Most do it "for their image"
    - Most of them "want the publicity, and their name being associated…"
    - "they want to look good"
    - Re major donor: "theirs is all marketing – I think."
    - "to make themselves look good" = "one of the first and primary motives"
    - "It's a branding…. They want to pick somebody that's reputable"
    - "company just wants to be seen"
    - "they like recognition"
    - "particularly for … marketing … exposure"
    - Our partners give "for the strategic investment" > "pure philanthropic"
  - Peer prestige
    - "*some* give because their competitors are giving"
    - "people know exactly what other folks are giving"
    - (Also, recall first interview… rival sponsors)
- Return on investment
  - Indirect ROI
    - "they see it as an investment"
    - With strat. phil., "we've got to provide something" for the donor
    - They "don't give it as a gift"
    - Companies want a "reason to give"

"want to have a value added to what they're doing" . . . "an investment"
"we've seen sophistication come in fundraising"
Direct client/customer "cultivation"
Some bring potential business clients to a fine arts event
"[X] people tell you thank [Y] is their biggest customer" (both donors)
"patients like to see that they support [NP]…"
"banks can invite some of their special customers"
"cross-marketing" potential (e.g. "pack of information" to new parent)
"we can give out free kids meals coupons" in our school visits
"participation marketing" is "pretty darned exciting"
Nonprofit as customer
E.g., nonprofits often bank with a donor bank
Multiple motives
Occasional unconditional giving today
Some donations: "no strings attached"
"not because they're going to get their name on a billboard" (e.g., disaster relief)
"[XYZ] a huge supporter … for a long time … no strings attached"
("had an interest in helping … want to give back")
"no reason other than he's interested in reading and education"
XYZ "not at all concerned about marketing"
Some small donors "really far to the right" on motives scale
Prevalence of mixed motives
"there's a bunch" of corporate motives
variety of motives, like reasons for "sitting in church"
We're at a "tipping point" from traditional to marketing motives
"plenty … fall somewhere in between" [ends of motive scale]
"just to give in today's age is gone"
"majority … almost right in the middle"
"part of it is for the marketing" plus they "support what we're doing"
Scale position (self-interest on left, altruism on right)
Most companies are "a little to the right on the scale"
Most companies "middle to the left"
Most "between 5 and 7" (leaning toward business-minded)
(scale switched)

<u>Action/Interaction: Courting for Dollars</u>
Nonprofit reputation
Image: NP "has a strong brand" … a "strong reputation"
"we're the second-most-recognized organization in the world"
Logo is third-most-recognized in nonprofit sector
"we have had such a long-standing, respectable reputation" … "it's the name"
"This place sells itself"
Nonprofit strategy
Business mentality
"*We* are really strategic … showing them why … good investment"
We "don't ever approach a company . . . without offering mutual benefit"
(that "would just not fly now")
"to compete .. have to find what our niche is & how we partner with each other"
"we have got to … provide some benefit to the companies"
"they want to know what the return on the investment is on that $5,000"
"nonprofits are businesses too, you know … we have to sell ourselves"
Most corporations "expecting more bang" for their buck
Mission match with corporation
"we are a good fit"

- If we “fit in with their mission” a “larger gift” is more likely
    - XYZ “will only consider sponsorships that fall in one of the categories below”
    - NP is mission-driven: “we don’t want funding to drive” what we do
    - “they’re part of it” (the NP mission)
    - Corporation’s “giving priorities” reflect mission
    - Important to pick NPs that “align with their [corp] strategic goals”
    - Trend: “supporting those causes that really tie in with their mission”
    - “rally themselves with the right agencies” that can help them “make an impact”
    - “grocery chain and a food bank” are “a natural”fit
    - “Healthy Kids Day, which … fits real well with their mission”
    - Retail chain targets “our teen programs, specifically”
    - Example of mission: “encourage children to stay in school”
  - Third party recruiting
    - One firm may recruit another
    - “money going after money”
    - Advice: CEO’s need to sit down with each other and find “common ground”
    - “Well, we’ve got to figure this out. Let me make a few phone calls.”
    - “solicitation committee … corporations who can make these calls for us”
- Motives and first moves in approaching prospective donor
  - NP acceptance of mixed motives
    - Mixed motives “can go hand in hand”
    - “part and parcel of the give-and-take” of relationship
    - “Absolutely” they are compatible
    - “Yes. They can [co-exist].”
    - “partnership” and “gift” from same company
    - “don’t think a company compromises their loyalties or their passion”
    - Giving with a marketing motive is “not . . . exploitation”
    - Re philanthropy & marketing not blending: “I haven’t really felt that”
    - “cause marketing” = “a good way to really get them in the inner circle”
    - “self-interest” plus “building a future” for the community
    - “a heart and a passion” for NP, plus desire for exposure
    - “I don’t look at it as a conflict at all”
    - Even if they get tickets “in my mind” it’s philanthropy.. “generous”
    - Image/reputation as secondary motive
      - Others say: Image is “not *why* they’re doing it”
      - Marketing = “gravy” -- “kind of gravy”
    - Perceived legitimacy of business motive
      - Marketing motivation “has to be” present
      - “have to provide some level of justification to their stockholders”
      - With mktg benefit XYZ can “justify” gift, “fulfill [altruistic] desire”
      - “philanthropy in its purest sense” does not seek “direct benefit” to giver (but “in a corporate sense” must justify in light of “profit” need)
      - “maybe the end justifies the means”
      - If givers only altruistic, “probably wouldn’t have any money to give”
      - NP wants company to “be a good employer first” for “win-win”
  - Communication of expectations
    - Up-front statement of marketing objectives
      - “I’ve been in some asks where they’ll ask you directly, WIIFM?”
      - Application on desk: “Please list all of the benefits” if sponsor
    - Unstated ROI intent and marketing objectives
      - Most places don’t say, You have to put our name on this building
      - The corporate partner never asks for that up front
      - “Unspoken secret” between nonprofits and business
      - “they never ask” – “don’t *talk* about it from the start – ever.”

Don't "pussy-foot .. *around* nonprofits" ("aura" of charity)
"they don't have to"
NP's are "savvy enough … don't make them ask"
"We go showing *them* why this is a good investment"
Corp exec, on need to market better: "well [NP] really has that down"
have to "get the pulse on what they value"
"We are proactive" – "if you give us x dollars …"
"they don't ask for it" … "something we feel we want to give back"
"never happens here" (vs other NPs)
Never hear them say, "great marketing tool for us"

Negotiation with the donor
- Terms of partnership
  - "in a fundraiser there are some conditions"
  - "agreed upon in the proposal"
  - "sometimes they might ask for more" on the proposal
  - "we approach them with the benefits" … e.g. "X number of banners"
  - "I mean we get really specific" (PSA's ,etc.)
  - NP exec tries to "craft the appeal" to fit both partners' goals
  - "everything is written down" in NP proposal
  - Agreement re gift amount first, then "you get into the marketing terms"
- Event sponsorship
  - Golf classics, bowling nights, etc
  - "basically image"
  - "Nascarizing" of nonprofits
  - "most of it is events" (e.g. fashion show luncheon, entertainment dinner)
  - "we're thinking about doing more of that" (event sponsorships)
  - "more than 40 companies will buy tables"
  - If dropped some events, "we would lose a constituency there"

<u>Action/Interaction: Engaging in the Strategic Partnership</u>

- Importance of quality relationship
  - "It's all about relationships"
  - "It's all about building that relationship"
  - Must know someone "warm to our mission"
  - "It's all people-oriented"
  - "People give to people" (vs. causes)
  - Volunteers call on companies repeatedly: "They *know* that person."
  - NP manager "taught early on" that philanthropy requires relationships
- Communication between partners
  - Access to corporate partner
    - Execs high on "corporate ladder" must often be approached by an equal
    - "I got a phone call … Let me pick your brain" (before corporate board meeting)
    - "when they call *you* up and say … wants to have a drive for you"
  - Initiation of communication
    - Nonprofit initiative
      - "It's always me" (making contact) "my responsibility to maintain…"
    - Corporate initiative
  - Frequency of contact
    - High frequency of contact
      - "I'm in very frequent contact" – "90 percent of the time it's me" (initiating contact)
      - "Can pick up the phone" anytime and call partner
      - "I have a personal relationship with the general manager"
      - "I see them personally. I'm a member of the downtown Rotary."

        - (Relationship came “from sitting with [exec] at the table”)
      - Re media partner: “I can run something over and he’ll put it on the air”
      - One partner: “Whenever you have a rush wish, give me a call”
      - There is a lot of “face time” in planning events
    - Moderate frequency of contact
      - “I meet with everyone [on the board] individually” each summer
      - “I don’t try and engage them a lot” (knowing they are busy executives)
      - “I invited them [store managers] here for breakfast” – then tour of NP

    - Low frequency of contact
      - “They’ve got a million other things to do … last thing on their mind”
      - “they get inundated with charitable asks”
      - “a little hard for me … they just give the funds … no interaction any other time”
      - Before strategic philanthropy, “a piece of paper would cross through the mail, and that’s not a relationship.”
      - “kind of stagnant for a couple of years”
- Symmetry of relationship
  - Effort and investment by nonprofit
    - General effort
      - Some are a “hard road” – others an “easier sell”
      - “easiest fundraising position I’ve ever held” (fun place for families)
      - “we work hard to get our donor list”
      - Proposals and grant writing
      - Bank XYZ now requires “pretty lengthy application”
      - Some applications are “8 to 10 pages”
      - “a lot more than just writing a grant”
      - “the larger the gift, the less money I have to raise”
      - No “razzle-dazzle” needed for smaller proposal
      - “maybe we just take the old true blues for granted”
      - “full-blown presentation” for major asks
    - Promotion burden on nonprofit
      - The “onus is kind of on us” to promote
      - Media more receptive to NP publicity
      - “on the back of T-shirts.. on every billboard” .. in our newsletter.. web”
      - We send press releases “any chance we get”
      - “We publish in the newspaper a half a page ad” thanking sponsors
      - Annual report “recognizes our donors … volunteers”
      - “in our newsletters … a section called “Companies Who Care”
      - “I did commercials for [XYZ] talking about why I read the paper”
      - XYZ “does not want *any* recognition”
      - Company called when an article didn’t “list their name”
      - Advertising stigma
        - They would “never want to use the word ‘advertise’ with philanthropy
        - “can’t . . . “blow your horn too much”
        - No stigma, if they “don’t go overboard”
    - Accountability/stewardship burden on NP
      - NP’s expected to be “good stewards” of gift dollars
      - “good stewards of their [corp] dollars”

"try to be good stewards of their support"
"they see that we do what we say," -- has "sticking power"
"want to make sure that we're being fiscally responsible"
Reporting of outcomes by NP
Asking for documentation is a way of "showing their motive"
"reporting back to them on the success of their gift"
"they want to know exactly how their money is being used .. & we show them"
"we impacted these 10 students …"
"I send the contact some pictures" of their gift recipient
hard to measure ultimate business benefits
"we have a responsibility to a donor" to track gift
"we have to thank our contributors seven times a year"

Effort and investment by corporation
- Exec membership on NP board
  - "staff … sit on our board"
  - "around … [boardroom] table sit many of the corporate heads"
  - "we have someone from [XYZ] who is on our board"
  - "one of the head people's wife is on our board"
  - "We did put somebody from [XYZ] on our board"
  - "We have support on our board from … [corporate partners]"
- Executive involvement in activities ("the mindset of management")
  - Hi level of involvement
    - "he's pretty out there" (e.g., auctioneer)
    - Small-firm example: "CEO is right there"
    - "[executive] was very involved … several years ago"
    - Exec spent "untold hours" with NP as campaign chair last year (talked to employees, 3rd shift, etc)
    - Hospital CEO helps with car wash
  - Mid level involvement
    - "may just get to the level of the marketing person"
  - Lo level involvement
    - "to a small degree" "limited"
    - "*My* contact is with the CEO" (NP CEO speaking)
    - "It's very hard to get [CEOs] to [bring prospects]"
- Promotion to public -- generous support
  - "They talk about that routinely"
  - Banners, literature, etc. "tie their name with our organization"
  - CEO in Rotary "asked if I would come and speak"
  - Beneficiary girl "was featured in the commercials" about the NP cause
  - Annual report "touts them with their stakeholders and .. shareholders"
  - "look at their annual report, and they have a history of giving to [NP]"
  - XYZ "put collection boxes at all of their branches" (collected phones)
  - Advocacy of NP by cashiers: "some of them really push it"
  - "we've talked about putting a coupon for [NP] on their [product]"
  - Re media outlet: "they're wonderful … $20,000 of in-kind publicity"
  - Newspaper did "a great article about education" & mentioned NP
  - "We get $25,000 in in-kind commercials from [XYZ]"
  - the "newspaper is wonderful to us"
- Promotion to public -- limited support
  - Bank won volunteering award and "recognized their partnership" w/us
  - (But don't promote us that much – "we have a lot more to gain")
  - "they [corp partners] never do" promote the partnership
  - Many avoid "co-branding" in ads . . . would "grey up the waters"

"frustrating" … "a lot of people collaborate on paper" -- don't promote
Some prefer to be anonymous
"wouldn't mind" if they did more
Limited promotion, "but I don't think they go on to stump" (laugh)
"when they … share info … opening the door for everybody"
Corporate culture/vertical communication
"sometimes they know and sometimes they *don't* know"
(re national ties)
"something trickles down" from management
"100 percent alignment"
"an atmosphere of community help"
"they *like* their employees to be involved" with the NP

Promotion to employees
Corp distribution of e-newsletters, email: "we need volunteers"
Company holds annual "book fairs and book sales" for NP
"CEO of [XYZ] came out .. had everybody tell how they used .. $"
"They created a movie about it" to show employees
They "talk to their employees"
Willing to advertise "in their internal email system" … "put up posters"
"we're in their inner newsletters" -- "they'll send out an email blast"
"give them snippets"
Employee volunteering
"last year we had over 400 volunteers with … 29,000 hours of service"
"a lot of help on our move"
XYZ "had a book drive … and came over here, shelved them"
"at least 25 employees that come over and help us decorate"
[for event] … "and love it."
some volunteer "during company time" -- "paid time off"
Some corps are "giving their staff time to volunteer"
Governance/control
Hi nonprofit autonomy
corp "not controlling"
Corp doesn't "point any fingers" re nonprofit's handling of events
Corporate dominance
"Developing elaborate system" can be a burden on NP
"They do ask, sometimes, that it's screened before it's released" (copy)
If accept the money, "do it my way"
Mutual dependence of partners
Value trade-offs and gift size
"definitely, the companies with the marketing benefits" give more $
"the larger the gift, the more strategic it's going to be" . .
smaller, "more pure philanthropy"
"We sure do" get more support from marketing-motivated giver.
"we asked them for an increase" → more marketing benefit expectation
Under traditional philanthropy model
Before: "Here's the money; go away."
Under strategic philanthropy
"I find it comfortable" (re event planning)
"I wouldn't use the word 'sacrifice' … "it was almost *too* easy before"
"the tired side of me says … whatever is the easiest … the business side of me says I would much rather have a partnership" (giving them value, building a relationship). "Otherwise it's just very one-sided" … "here for a handout"

Evolution of relationship

- Longevity of partnerships
  - Commonly range from 2 to 4 years
  - Partner with NP for about five years now
  - "We've been with [XYZ] for a long time, giving them corporate recognition"
  - XYZ "jumped in right at the beginning" and stayed with the NP
  - "trickle effect" of increasing support (money and volunteerism)
  - "to really keep their money, … need to introduce them to our pure mission"
  - Generational giving: "[NP] called on a lot of their fathers"
  - Gift size often increases with time
  - One partner moved from the "periphery" to a "*huge* collaborator" with multiple relationships within the corporation
- Progression of corporate motive
  - "I think they *come in* with what we can do for them, marketing-wise"… "once they're in, I think it's more of an altruistic need"
  - "once they see those kids, OK, you know we got our free table at this event for our sponsorship, but then they're like, OK let me buy a wish on top of that"
  - "once we get that donor in the door, we want them to share [the mission]
- Increasing communal dynamics
  - Exchange as a starting posture
    - Marketing benefits for donation
      - Some NP particpants refer to "the transaction"
      - "look at how many shirts you will get"
      - "here's what we're doing with your money and here's what we will give you"
      - "You scratch my back, I scratch your back"
      - "some of it is more like bartering" (tickets for donation)
      - "I really try to cater to what they're looking for" (re publicity)
    - Nonprofit as customer
      - If NP = corp. customer, there is a "tit-for-tat" relationship
      - "we're a very big customer of XYZ" (prospective donor)
      - "we use a lot of [XYZ] products in our building (laughing)" (maybe they feel guilty?)
  - Mutual concern for partner
    - Donors are "constituents"
    - NP strives for "100 percent alignment" (of $ & time) with their mission
    - "Our objective .. not only to get the money, but …hooked to .. mission"
    - After the first contact, "they'll follow up and ask, 'Can we do this for y'all?"
    - What began as "most heinous and complex partnership" → "most efficient"
    - "I want to be able to benefit them, as well"
    - Gave partner seat at event free one year -- "continued support"
    - "don't ever sell our donor lists"
  - Collaboration on projects
    - NP influence led to a product modification
    - "actually did an ice cream" for nonprofit
    - Nonprofit and corp partner "worked together on a grant"
    - Hospital and association are "collaborators"
    - "We're all about collaborations and partnerships"
    - Grant writing: "We're not in this alone. It's a collaboration."
    - "I like to call them relationships" (vs. "sponsorships")

Knowledge of partners
    Must "nurture the relationship"
    "we are able to get closer to our supporters" (than in the past)
    "know them better … better relationship" … "almost *too* easy before"
    "really see us from the inside out" (vs. "just writes us a check")
    "We have to ask them to know us"
    [XYZ] shows employees a video featuring NP work
Personal attachment to beneficiary
    "it's not only just, I'm supporting local charity…" (after meeting child)
    "once … attached to that child, they're going to want to do it again"
    Re beneficiary: "friendlier with the [CEO] than I was" (1st-name basis)
    "[executive] was just really touched with that [party for kids]"
    "this child went up and gave him [executive sponsor] the biggest hug"

<u>Consequences: Benefits/Value in Partnership</u>

Types of benefits for the nonprofit
  Cash gifts for NP
    Cause-related marketing, e.g., 10 cents for the NP from every loaf of bread sold
    Potential new donors at events: "it's a huge – you can't place a value on it"
      "they'll say, 'I remember that show … that parent testimony'"
    Corporate gifts as share of budget – 1% <5% 20%
      Ranges: 15-17% 15% - 25% - $30-40K/yr - 10% - 5% - 40%
      Other sources + corps "mean so much more to us"
      "A few major players"
      "5,000 of them out there"
  In-kind gifts
    "several trucks" given to one NP
    "in-kind donations . . . extremely generous"
    "three vehicles"
    "they pull up with an 18-wheeler full of [Christmas gifts]
    Holiday projects: "XYZ, at Christmas helps buy gifts for … foster families"
    Retailers give in-kind gifts > cash donations
    "We got two van loads full of binders that they were through using"
    Mall group provided "a tremendous amount of manpower" and space for auction
    Largest sponsor bought the T-shirts & did printed materials for major event
    "they will provide the poinsettias for all the tables" at annual dinner
  Volunteer time

Types of benefits for the corporation
  Potential for increased sales
    "it's good business for them to say, We support our community"
    "one of the determining factors" whether people will patronize them
    If they "show they care" → customer purchases
    Opportunity for business contacts at events: "a lot of selling power"
    Access to the nonprofit's database for corporate mailings
  Image and exposure
    "They receive marketing benefits"
    "bulk of the benefits [for corp] are marketing benefits"
    "We basically offer them a lot of name recognition" in multiple media
    "We have a sponsor wall downstairs" with different-sized squares
    "logo on … every single participant shirt'
    "logos listed on the back of the catalogue" for annual fundraiser

Employee development and relations

“we have identified prospective employees for their .. stores” -- high retention

Employees develop a “sense of loyalty”

Employees/families get free admission to NP for a week

(But some companies do not use their employee benefits)

Employees benefit from “Lunch and Learn” program

NP intervention: Boss doesn’t know how to say, “you can’t read”

“grand-fathered in all their employees that … needed a GED”

(“teaching them to read using their safety rules”)

“they don’t have the turnover rate that they would have”

Executives’ “presentation skills are going to be honed” by going into schools

“they get the value of being trained on the software . . . for themselves”

“social capital and human capital … critical to the success of their business”

NP’s offer “social return on investment” (e.g. crime reduction)

Employee bonding

Our project “drew people closer together”

Created a “feel good” atmosphere at work

Benefit ratio between corporation and NP

Difficulty of knowing

“*very* difficult to quantify” -- especially long-term benefits

Greater for nonprofit

“we come out way ahead”

“they’re certainly giving more than they’re getting”

“I’m getting a huge benefit”

“*We’re* the ones that benefit most from the relationship” (with non-marketing)

About even

“I think it’s about 50-50” (although they might not think that)

“half and half”

“very equal” in the marketing-oriented relationships

“pretty well balanced” through ongoing “negotiation” (CRM, etc)

“we both gain equally”

“I really think it’s equal” (considering our good reputation, etc)

(cause marketing → “equal on what you’re giving and getting”)

“definitely an equal relationship”

“mutual benefit society”

“reciprocal” relationship

Equitable benefits, but cost is less for the NP

“I’d like to hope they see us as an equal partner”

“at the end of the day … benefits us both – more than it would hurt us”

Greater for corporation

“what they receive in return *far* exceeds … the money that they gave us”

Companies “always feel like we overvalue” the publicity we give them (logo…)

“they’ll get a lot more in return than they have initially put out”

Long-term common benefit

Mutual value to partners

“mutual beneficiary factor”

“dual marketing message opportunity”

“we all win” in different areas … “they are all so interconnected”

Family strength

dysfunctional families/divorce “profoundly impacts the company”

Businesses “have the health of their own employees at heart”

quality homes are a “win for the company” and “for the community”

“Good employees come because there are strong families”

Same beneficiary is a "citizen" and a "worker."
"economic benefit of tomorrow is based on the strength of your families today"
Community health
"cost of a low-birth weight baby, from an insurance benefit standpoint, is outrageous"
"goal is to keep these folks out of a long-term care facility, which costs XYZ less money"
obesity-related issues have impact on their business"
Financial stability
Financial counseling/reduced bankruptcy "helps [bank] get our money back"
Literacy
school readiness "absolutely critical to economic development"
"if adults can't read and comprehend … they can't sell papers" – ("vested interest")

<u>Consequences: Satisfaction with Partnership</u>

Nonprofit satisfaction with partnership
High level of satisfaction
"Great relationship"   "I'm thankful" for our corp supporters
"We love [XYZ]."
[XYZ] "a wonderful, wonderful partner and friend" for 11 years
"it's more fun when you actually get to work with a company"
Re strategic partnership: "I actually, you know, like that better"
"two of our favorite companies" differ in apparent philanthropic motive
"very heartening when people call you and want to do something for you"
Appreciation for volunteers
Human resources are "just as golden" as monetary donations
"time, talent or treasures" → "atmosphere of community help"
XYZ is "very philanthropic" … "their staff people are great volunteers"
"we take really good care of our donors"
Nonprofit is a preferred partner for the corporation
Never have felt exploited by corporation
"I think that we are bound tighter to each other"
Low level of satisfaction
Excessive marketing emphasis
"wasn't even worth their $1200 … table" if no marketing benefits
"they were asking for the moon" & NP declined the gift ("very rare")
They seemed to be saying, "we don't really care"
Individual "private agenda" may "skew" firm's good philosophy
Cases of exploitation of nonprofits
"all spin control" in a few cases
"negative publicity" preceded a burst of philanthropy
Occasional "preying on the people" NP is trying to help
In "damage control" effort, firm "quickly put together" community campaign
Some corporate people "don't have feelings"
Exploited NP gets "wedged right in the middle" between corp and media
Using "back door" to get billboard exposure via NP is "real sensitive"
A few with "ulterior motives" … "don't last long"
XYZ "did not relax their lending standards" for target group

Public attitudes about corporate philanthropy

- Generally positive or unknown public impressions
  - "the most I hear is … through our board"
  - "no negatives"
  - "not just here to make money off of us"
  - Skepticism is slight: "I don't hear negative comments about them"
  - Hear skeptical comments re motives? "I really never have."
  - "I haven't heard a lot of folks make [skeptical] comments"
  - "when it's a cause and it's a good cause, people don't question why they fund it"
    - ("more negativity around tax dollars" going to NP's)
  - "I can't think of an instance" of public feedback
  - "don't really realize how much [XYZ] gives back to this community"
  - "I think people respect and think highly" [of firms claiming CSR]
- Occasional public skepticism/criticism
  - Customer pressure: "why isn't" X sponsoring …?
  - Skepticism ← "when people don't see the outputs of that money"
  - "ought to pay their workers better" instead of giving away money
  - Some people think "just . . . for the marketing"

VITA

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Since 2001, Rumsey has been an associate professor in the School of Journalism and Communication at Southern Adventist University, while pursuing a Ph.D. at the University of Tennessee at Knoxville, in the College of Communication and Information. He is anticipating graduation in December 2006.