

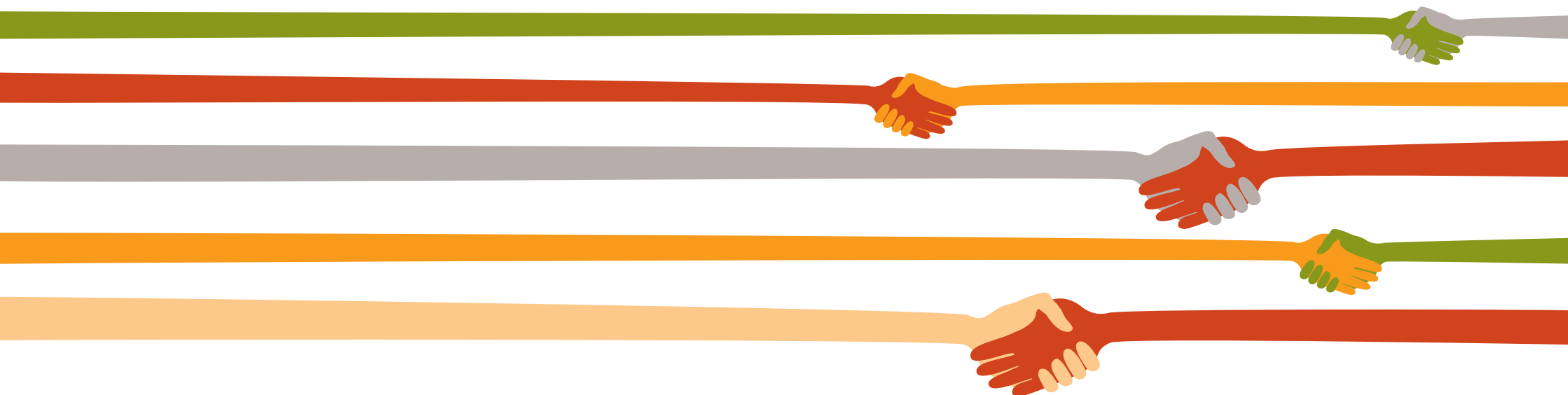
Helping companies helping charities

working together in and out of recession

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Registered charity number 268369

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CAF Charities Aid
Foundation

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Introduction and background

The volatile financial climate of 2008/2009 has made it harder for many charities to obtain funding at a point at which they are experiencing an increased demand for their services. A recent CAF survey found that over half of charities, whose services help people to deal with the effects of the recession, had seen an increase in demand for their services in the previous three months. Over the same period 41% of charities reported less funding than they had budgeted for, and of those who receive corporate income, two fifths had received less of this kind of support¹.

In November 2008, we engaged with 161 charities via an online survey to find out what charities want from companies, and how, if at all, expectations differed by industry. An exploration of the sources of support sought from companies was also felt to be timely since cash is increasingly less available.

The following report takes you through the research findings. It also aims to give companies some practical guidance on how to increase the effectiveness of their charitable giving programme in the midst of the recession and beyond – quite simply how to make the most impact with the resources available.

Community involvement and charitable giving is entering a challenging era. It would be unrealistic to suggest that financial survival is not at the forefront of the majority of people's minds at the moment. However, responsibility and sustainability are also part of the formula for success. Ignoring how your company impacts the community could be detrimental to long-term survival. This is reflected in a MORI poll taken at the end of 2008 which showed that 72% of people said that given the current economic climate, it was more important that companies act responsibly (an increase of 12% since 2002).

For those companies at the epicentre of the economic downturn, a long period of hard work lies ahead of them trying to rebuild the lost trust of both consumers and employees. For them community involvement is even more important. Leveraging the resources of the entire organisation can have a positive impact on the business itself influencing employee and customer loyalty, recruitment, skills development, as well as benefiting the people and causes that most need the support.

We hope you find the report and the guidance useful. It is not only based on the research findings but CAF's wealth of experience in working with charities and companies for over 30 years.

We would like to thank the 161 charities who participated in the survey, as well as the companies and charities who have provided us with an insight into their own charitable giving activities as detailed in the report.

If you would like to discuss any items in this document or any aspect of your charitable giving programme, please feel free to contact me at rprior@cafonline.org

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line.

Russell Prior
Executive Director
Enterprise and Philanthropy Development

¹<http://www.cafonline.org/recession> 'Recession increasing demand on charity services'
9 February 2009

Summary of results

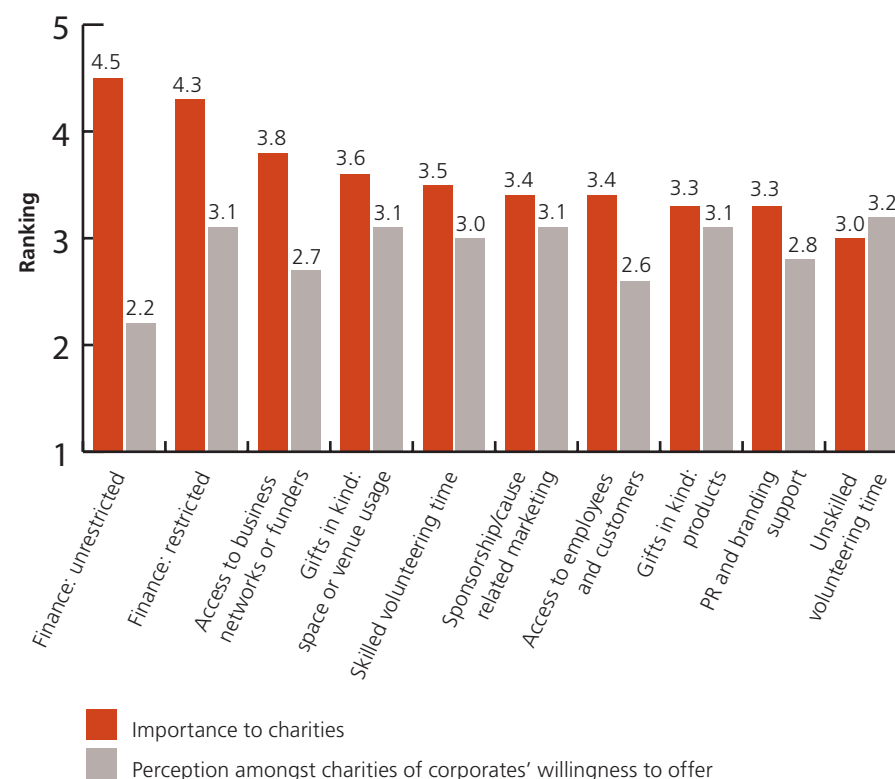
- Charities see a disparity between corporate support offered and their own needs.
- Finance, both restricted and unrestricted, and access to business networks or funders were shown to be the most desired support a company could offer to a charity.
- Charities valued unskilled volunteering time least, yet this was the type of support they felt companies were most willing to offer.
- Charities believe companies are becoming more selective in their choice of charity partners, focusing on organisations which help them to build business or enhance their brand.
- Charities believe companies are increasingly turning towards the larger charities as partners.
- Charities ideally sought ethical companies that offered long-term support and could demonstrate a passion for their cause.
- The finance and communications sectors were the two most favourably perceived as partners by charities.
- The finance and professional and legal sectors were regarded as having many of the attributes that charities look for in a corporate partner.

Section 1 What do charities think about company giving?

What types of support do charities want from companies and what do they think they are willing to give?

Charities were shown a range of support types and asked to assess which they were most keen to obtain from companies by ranking them by level of importance. Charities were then asked about their perception of the willingness of companies to offer these forms of support.

Figure 1: *Desirability of different forms of corporate support and perception of companies' willingness to offer them*



Source: CAF 2009

As can be seen from Figure 1 charities found the offer of unrestricted funding the most desirable yet it was the form of support that they felt companies were least willing to offer. This was followed by restricted finance and access to business networks.

"Donors too often want 'new' projects instead of supporting beneficiary needs already identified as requiring more help than the charity can provide without the core funding support. Too often charities are having to reinvent projects to secure their core functions."

Survey participant

Charities felt that companies were most willing to offer unskilled volunteering time. However, whilst over 40% of charities valued this support as very or extremely important to them, it was the offering charities valued least.

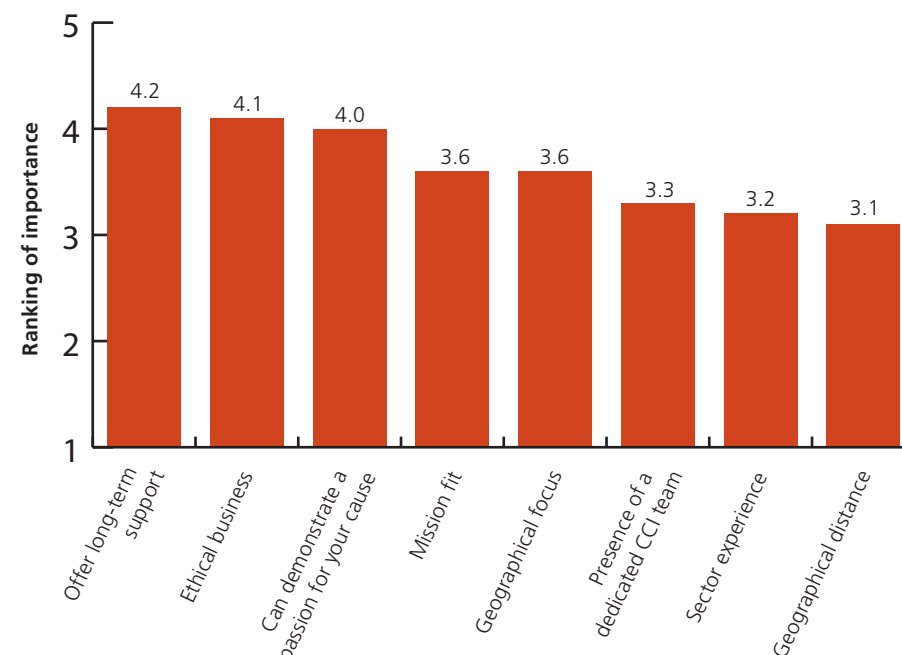
"We don't really need bankers to donate half a day of their time to come and serve cups of tea to day care users – we need proper unrestricted money and a relationship that can genuinely support us by donating goods or services in kind that we really need, eg a commitment to keep our website up to date or to design leaflets for us over a period of years."

Survey participant

What does an ideal corporate partner look like?

Charities were asked to rank desirable attributes in a corporate partner by level of importance.

Figure 2: Importance of desirable attributes in a corporate partner, as ranked by charities



Source: CAF 2009

Long-term support, being seen as an ethical business and demonstrating a passion for the cause were the most valued attributes by charities. These three attributes give needed security whilst allowing charities to work with partners that share their ethos.

Charities want their corporate supporters to be excited about their work; they did not see partnerships as a purely transactional relationship. They want their corporate partners to know and understand what they do.

"Companies need to understand the sector more – too easy to try and get publicity by painting a children's hospice"

Survey participant

"The companies we have had dealings with do not fully understand why we do the work we do or our clientele's needs. The usual attitude is that people in need should accept whatever they are offered with joy even when what they are offering is rubbish."

Survey participant

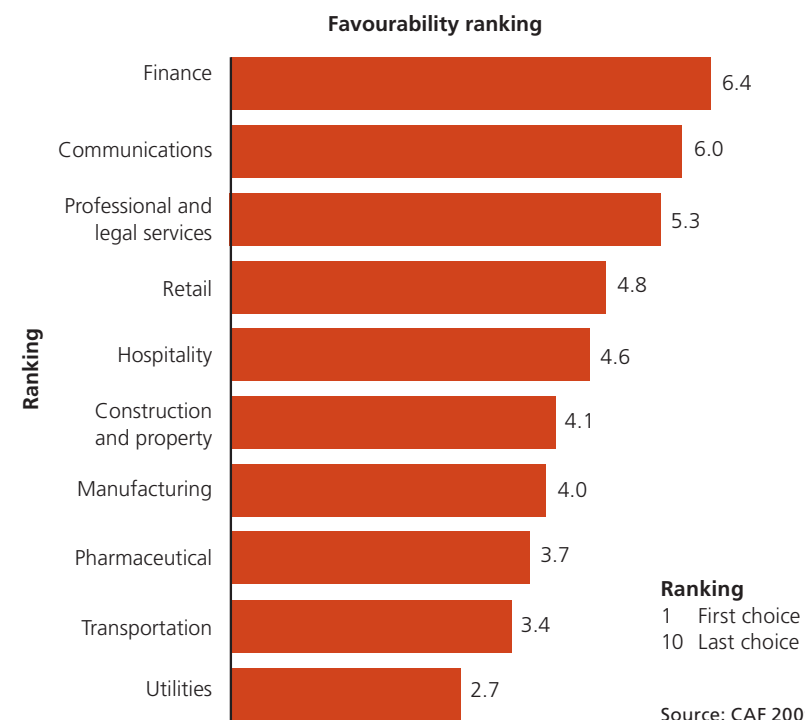
"Any charity today is not being realistic if they think that companies will support them just because they are a good cause. I also believe that companies are on the whole looking for true partnerships that last rather than one off fundraising days."

Survey participant

Which industry sectors do charities perceive as having the most desirable corporate partners?

Charities were shown a list of industries and asked to rank the list in terms of favourability as a potential partner.

Figure 3: Industry sectors ranked by charities in terms of favourability



Charities perceived significant differences between industries and in what they had to offer, with finance clearly favoured taking the highest ranking and communications coming in at second place.

"The current recession has changed the potential for corporate support. This in turn changes how we need to view different sectors"

Survey participant

What are the attributes associated with different industry sectors?

Survey participants were given a list of attributes and asked which they would associate with different industries.

Table 1: *Industries and their attributes as perceived by charities*

Industry	Seen as more likely	Seen as less likely
Finance	to offer long-term support	to be recession proof
	to offer financial support	to offer gifts in kind
Communications	to enhance the charity's brand	to offer gifts in kind
	to be innovative	to offer financial support
Professional and legal services	to have knowledge of the third sector	to offer financial support
	to be seen as an ethical industry	to offer gifts in kind
Retail	to mobilise employees/ customers	to offer long-term support
	to be conveniently located	to be recession proof
Hospitality	to offer gifts in kind	to be recession proof
	to be conveniently located	to offer long-term support
Construction and property	to offer financial support	to be recession proof
	to demonstrate passion for a cause	to have knowledge of the third sector
Manufacturing	to offer gifts in kind	to have knowledge of the third sector
	to mobilise employees/ customers	to be recession proof
Pharmaceutical	to be recession proof	to offer gifts in kind
	to offer financial support	to mobilise employees/ customers
Transportation	to be conveniently located	to be seen as an ethical industry
	to demonstrate passion for a cause	to have knowledge of the third sector
Utilities	to be recession proof	to be well perceived
	to offer financial support	to offer gifts in kind

Despite the current economic situation, the finance sector was still perceived as most likely to be able to offer financial and long-term support; the attributes most valued by charities. This played a key role which accounted for its top ranking. The high-ranking communications sector was attributed with being able to enhance a charity's brand and being innovative. Conversely the utilities sector was ranked lowest. Although, as shown in Table 1, they were seen as likely to offer financial support and be recession proof; perhaps because they were regarded as less likely to be well perceived by charities' donor bases and beneficiaries.

The table overleaf shows the industries that charities felt were most likely to demonstrate key attributes sought in a corporate partner. The professional and legal services industry dominated the table, being perceived as one of the two industries most likely to demonstrate 11 of the 14 attributes. This is interesting as survey participants ranked this industry in third place overall (p11), possibly highlighting a lack of in-depth understanding on the charities' side with regards to the actual sum of offerings and attributes that can be provided by this industry sector.

Table 2: *Attributes charities look for in a corporate partner and the industries they perceive as most likely to offer them*

Attribute	Top ranked industry	Second ranked industry
Can demonstrate passion for a cause	Communications	Professional and legal services
Able to mobilise their employees/customers	Retail	Finance
Will offer long-term support	Finance	Professional and legal services
Knowledgeable about the voluntary sector	Professional and legal services	Finance/ Communications
Able to offer us financial support	Finance	Professional and legal services
Able to offer us gifts in kind	Retail	Hospitality
Able to offer us support in terms of employee time	Professional and legal services	Finance
Well located for us	Retail	Professional and legal services
Well perceived by our donor base and our beneficiaries	Professional and legal services	Retail
Ethical business	Professional and legal services	Retail
Recession proof	Pharmaceutical	Professional and legal service
Mission fit	Professional and legal services	Communications
Innovative approach to charity partnership	Communications	Finance
Enhances our brand	Communications	Professional and legal services

What trends and developments do charities see?

Charities were asked for their views on what trends or developments they were seeing, or expected to see in the relationship between charities and companies. The comments received covered a wide variety of topics; they were grouped together into similar themes for ease of analysis.

There were a significant number of comments on the impact of the recession on charity/company partnerships. The most popularly expressed views are listed below.

Respondents said they expected to see or were already seeing:

- less support generally
- less financial support, particularly unrestricted finance
- companies looking at the charity's ability to help promote their business or build brand
- an increase in volunteering or employee engagement, usually at the expense of financial or in-kind donations
- companies favouring large charities over smaller ones

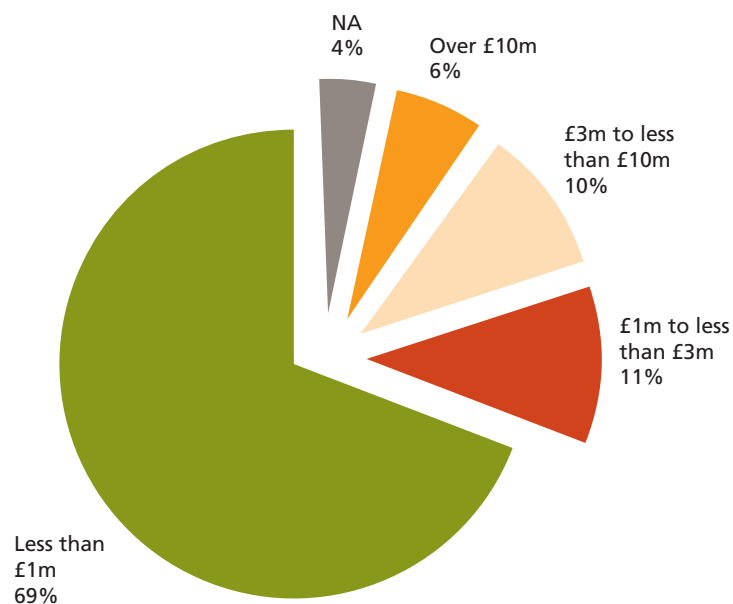
Many of these factors are interconnected. The recession is perceived as triggering a reduction in financial support; companies still want to help but are thought to be swapping their support and offering other forms of help instead, such as staff volunteering time.

There is also a perception that companies are becoming more selective in their choice of charity partners. Charities believe that companies are focusing on organisations which help them to build business or enhance their brand. This might explain why some charities believe companies are favouring larger charities; the larger organisations tend to have a more established reputation which companies are seen to value. For the small to medium-sized charities responding to this survey, this was definitely a negative trend.

Demographics of responding charities

The charities surveyed covered a broad spectrum. The majority were small to medium sized organisations with 69% describing their income as being less than £1m and 6% with income over £10m. The Charity Commission estimates the proportion of registered UK charities with an annual income of up to £500,000 in 2008 as 83% and those with an income of over £5m as less than 1%. In this context the survey results are slightly more representative of larger sized charities.

Figure 4: Annual income in previous year of surveyed charities



Source: CAF 2009

Section 2 What does this mean for charities?

The fall in charitable donations is already having a major impact on the voluntary sector. 41% of participants in a recent CAF survey said that they had seen voluntary income fall compared to what they expected in the previous three months. The Charity Commission's latest Economic Survey also mirrored this with 52% of charities surveyed reporting being affected by the financial downturn, of these, 58% have experienced a drop in income (this figure rises to 60 – 65% when looking at charities with an income of below £1m).

CAF's survey also found that of those charities that receive corporate income, 41% have seen a drop in this type of donation. This is in parallel with recent research commissioned by the Social Investment Consultancy which estimated that corporate giving will fall by £500m this year based on a survey with 450 senior business leaders in the UK. This is an expected drop of 34%.

So, the message is clear, donations may well be set to fall. The charitable sector, like all others is being affected by the recession. Due to the perceived lack of corporate donations directed at core funding some charities appear to be using 'projects' to attract this type of support. Others are finding it increasingly difficult to manage resources given to them that do not quite fit their needs. Smaller charities are also feeling the pinch with companies appearing to favour the larger charities that can meet their various demands. These trends do not place charities in good stead for the long-term.

Social contribution extends much further than just giving money. Companies have a range of resources that charities can benefit from. Employee engagement is increasing in popularity as companies realise the benefits of having a work force that is able to meet their own individual charitable giving needs through payroll giving, fundraising and volunteering. According to the VSO, volunteering has increased in recent

times, but as we can see from the research this can sometimes present us with risks as well as opportunities. The gap between what charities need and what companies give them has been highlighted, especially in the area of volunteering where charities are sometimes inundated with unskilled volunteers when what they really need is skilled volunteers.

The research also highlights a clear differentiation between the attributes or offerings of different industry sectors. Where misperceptions exist this could translate into lost opportunities for charities whereby they are unable to realise the full potential of current or future corporate partners.

In summary, it is easy to forget the real impact of reduced giving levels on the charitable sector in the midst of discussions about cash donations and income. It is the people and the causes that charities exist to help that suffer. And, as the recession continues, the demand for charities' services will continue to increase as these organisations are called upon to help those affected – which will no doubt include employees and customers of companies in the UK and across the globe. Charitable organisations are the hub of the community where help is given to those who are in financial difficulty, have lost their homes and are struggling to deal with the situations being forced upon them. Charities exist to keep communities vibrant and healthy by helping those in need. This ultimately affects the lives of every one of us, sometimes without realising it.

Clearly in these uncertain times it would be unrealistic and too simplistic to ask companies to give more money. So what can they do to help charities and communities in the short and long term?

Section 3 Tips and guidance for companies working with charities

There is no one way for companies to work with charities just as there is no 'golden ticket' for charities working with companies. Organisations work with one another differently, forming relationships based on changing motivations and practicalities – like social individuals.

For this reason, we do not aim to tell companies or charities how they should be engaged. Instead, we draw upon the research and our own experience to create a range of tips for companies to help them to work with charities better in the current recession, and out the other side. The tips should be considered in the broader context of effective company giving, which includes having a well defined partnership framework in place and a programme that is reviewed on a regular basis.

Be clear about what resources your company has to offer and which you can guarantee

What can your company actually offer – funds, time, business skills, contacts, networks? Be open to new suggestions/ideas but make it clear which resources are guaranteed and which may emerge as the partnership continues. This will give a solid framework for the charity to plan ahead with some level of certainty.

Understand your organisation's core strengths and address any misperceptions

Our research shows that charities perceive industry sectors differently in terms of what they have to offer. Build on the perceived strengths and address any misperceptions. Be clear about your organisation's core strengths and what you have to offer in terms of resources – funds, time, gifts in kind.

"Sky are a fantastic partner for Global Action Plan, as they bring their core skills as a communications company to the partnership. Part of our challenge as a small charity, is to create scale and clarity about what we do. Sky have worked with us to develop a new brand, helped us create innovative communications and are using their reach to enable us to inspire people into action"

Andrea Van-Sittart, Partnership Director, Global Action Plan

"Combining Sky's resources and reach with Global Action Plan's expertise and fun, practical approach means we can move faster and further in helping others to join us in living a low carbon lifestyle. We are now rolling out a series of nationwide initiatives with Global Action Plan, and will maximise awareness of these initiatives by using Sky's marketing and media in internal and external communications in the one in three homes we are in."

Daniella Vega, Head of Community Investment, Sky

Reduce the restrictions around the cash you currently give to charities

Our research shows that charities most want unrestricted finance yet this is perceived as being the type of support companies are least willing to give. Agree outcomes without restricting the donation. Another way is to make sure your donations meet the true cost of the project, including an allowance for salaries to manage the project you are supporting. This will:

- help charity partners to deliver more effectively on their mission
- support bigger social impact for users/beneficiaries
- enable charities to use resources more flexibly including recession proofing and valuable funding that can work round other donations

"We see that our best charitable partnerships are those with strong and stable organisations. Naturally, our priority is on the achievement of agreed outcomes but we respect our partners' abilities to manage that responsibility as they see fit. So we trust those we support to use our funds as effectively as they can; both to deliver the results but also to sustain and grow their organisations."

Matthew Sparkes, Global Community Investment Manager, Linklaters

"The Prince's Trust is very proud of its successful, long-term partnership with Linklaters. With their generous support we are able to help disadvantaged young people achieve their potential. Together we focus on particular aspects of our work that are in line with Linklaters' Community Investment Programme, focusing on areas where our needs are greatest. This flexibility is invaluable in enabling us to provide the best possible service for young people."

Tamsin Lancaster, Corporate Development Manager, The Prince's Trust

Help your charitable partners to access other support

Our research showed that charities would like companies to give them more access to funders and business networks. For example:

- Have you thought about how your charity partners might benefit from developing relationships with each other?
- Can you help your charity partners by referring them to your business partners when it is appropriate to do so?
- Can you support your charity partner in tangible ways when they make bids to others?
- Have you considered giving in a way that encourages new donors to support the organisation?

"BT is committed to sharing best practice as well as working with other stakeholders. We have hosted corporate events for ChildLine to share learnings, including the business benefits of working with the charity – whilst we recognise ChildLine is best placed to talk about their service, who better to speak to businesses about the business benefits than a business partner? We have introduced ChildLine to new supporters and worked collaboratively with suppliers and customers to support ChildLine – we see this as a win, win, win, benefiting ChildLine, other organisations and BT."

Beth Courtier, Head of BT's Charity Programme, BT

"Access to networks is important for us as a charity as we look to maximise support for our vital services for children. We are delighted that BT shares our vision to answer every call from a child and that BT is happy to share its contacts and endorse working in partnership with us. The ChildLine/BT partnership has some impressive statistics and successes that we have achieved together and being able to share these with new partners and prospects is invaluable."

Jackie Clasper, Corporate Partnerships, ChildLine/NSPCC

Factor in the time to know your charity and the causes/issues important to it

Our research shows that charities want to partner with companies that are passionate about their cause. This means knowing about their activities and understanding areas of need and the challenges being faced. You can do this by:

- keeping abreast of third sector news
- following your charity partner's activities
- undertaking research to understand their needs

All these things can help you to develop a more effective relationship with your charity partners and focus your giving to where it will make the most difference.

"KPMG is delighted to be supporting Alzheimer's Society as our UK People Charity 2008 – 2010. It's a cause that our people chose to support so understanding their needs and challenges is very important to us. That's why in addition to setting a challenging fundraising target of £800,000 we have developed our relationship further by identifying specific areas of need and addressing them by creating a number of pro-bono volunteering opportunities. This has enabled KPMG people to share their skills and talents, helping the charity to achieve its strategic ambitions. We are also running information sessions on the research work of the charity, providing opportunities for staff to understand what dementia is through training sessions delivered by the Society, as well as addressing topical issues such as the recent launch of the National Dementia Strategy."

Katie Briggs, CSR Communications Manager, KPMG

Ensure the resources you have are matched with what charities need

Our research clearly highlights a gap in the perception of what charities need and what companies are willing to give. A review of the needs of the local community can greatly assist companies when deciding where to direct resource for maximum impact.

"Macquarie Group places great importance on supporting the communities in which our staff live and work. Macquarie's London office is located next to the borough of Islington, and we were inspired by the Cripplegate Foundation's report Invisible Islington: Living in Poverty in Inner London to partner with Cripplegate in supporting local charities."

"The Cripplegate Foundation was aware of a pressing need for capacity building of local charities, while Macquarie staff had the skills which the charities required, such as HR, IT and financial planning. CAF undertook a diagnostic exercise to map the needs of each charity and it became clear that by working alone no individual staff member could meet all the identified needs. There was therefore a clear benefit to grouping volunteers into small operational clusters."

"The project has positive outcomes for all involved – the charities get access to the specialist skills they need, staff volunteers have the support of colleagues, and better outcomes are achieved for the local community."

Julie White, Head, Macquarie Group Foundation

"The Core project is focusing on larger organisations in Islington where the emphasis is on immediate service delivery. Back room skills such as IT, managing and developing premises, human relations, public relations and even good administrative systems can be in short supply. Issues such as long-term planning, consideration of mergers and sharing premises are often avoided. The Core project offers a fantastic opportunity to align the talents and knowledge of Macquarie staff with Islington organisations who are working with some of the poorest people in London"

Kristina Glenn, Director, Cripplegate

"The programme has given us a real opportunity to develop our skills with a group of professionals, who are genuinely committed to working with us on identifying and developing solutions to our operational needs. It really has given us the courage to be brave and share with our Macquarie volunteers our aspirations, safe in the knowledge that they will help us realise them."

Annie Doubleddee, Director, Islington Childcare Trust

Raise the level of employee engagement in your giving programme and encourage buy-in on all levels

Giving can be significantly increased by nurturing a corporate culture of giving and encouraging employees to personally commit through payroll giving, fundraising and volunteering. Introducing simple low cost incentives and reward programmes can massively boost your organisation's charitable contribution. Giving skilled or technical support to charities can be an opportunity to transfer business skills to both your charity partner and your business. It can also provide opportunities for innovation and creative working.

Section 4 What can we do to help?

Working with companies

CAF has expert knowledge of the voluntary sector. We've been running community programmes for over 33 years and work with over 3,500 employers, including around 75% of the FTSE 100.

We work with companies to help evaluate, design and implement community programmes that deliver maximum benefit to the business, voluntary sector and society as a whole. In particular we provide the required strategic and practical support to help you achieve:

CLARITY by evaluating your current activity:

- the resources you have available
- the effectiveness of your current programme
- the engagement of your stakeholders including employees and customers
- assessment of your peers and your current charity partners

PURPOSE by designing a clear programme framework that:

- is based on measurable objectives
- scopes the potential areas of interest in the charity 'marketplace' both in the UK and overseas
- matches your resources with real community needs
- is built around a strong communications strategy

RESULTS by implementing and running an efficient programme with ease – including:

- managing your budget and donations with the most effective financial products and highest charity validation standards
- getting the maximum engagement from your employees with Give As You Earn, matched giving and fundraising solutions
- training to raise the understanding and awareness of charitable needs among your employees and other stakeholders
- monitoring and reviewing your programme regularly to ensure continual improvement

To find out more contact Ed Ciacci on

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