ROBBINEX® EXECU-BRIEF®

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STRATEGIC PHILANTHROPY: REBALANCING POWER

MOST BUSINESS OWNERS FIRMLY BELIEVE IN BEING GOOD CORPORATE CITIZENS, GIVING BACK TO THE COMMUNITIES THAT PURCHASE THEIR PRODUCTS AND SERVICES. STILL, MANY OWNERS QUESTION IF THEY ARE RECEIVING A RETURN ON THEIR CHARITABLE DONATIONS - PHILANTHROPY? UNLESS IT'S INVESTED STRATEGICALLY, PHILANTHROPY HAS LITTLE POTENTIAL TO CONTRIBUTE TO FUTURE PROFITS.

Doug Robbins has always said, since he started Robbinex in 1974, that to create a marketable business one needs to know the value of the intangibles. These are assets that hold no physical value but can have a substantial effect on one's future profit potential. A managing intermediary's function is to assist business owners in how to strategically invest today, for tomorrow's profit growth. "The true value of any business lies in the company's ability to make a profit in the future."

Many businesses engage in basic forms of just-in-time philanthropy: donating gift certificates, purchasing advertising space in yearbooks, sponsoring sports teams. But, unless the business owners can transform these displays of generosity into future returns, they will remain an expense without any payback.

The alchemy to turn your philanthropy into a potential revenue stream is to view it as a strategic investment – strategic philanthropy in building brand awareness.

Strategic philanthropy is a unique and powerful way to combine a company's long-term profit growth objectives with a desire to be socially responsible. It's more than charity. It's a business imperative when the owner purposefully donates strategically. Where companies enter agreements with non-profits that reflect the goals, objectives, strategies and tactics that represent the wants that **each of the partners require from the relationship**, then philanthropic efforts will result in more pronounced benefits for both parties.

Philanthropy is a two-way street. Non-profits must see your generosity as a partnership with responsibilities that necessitates both parties working symbiotically for mutual prosperity. If the non-profit that comes knocking is looking solely for charity, then find another charity.

Strategic philanthropy involves a power shift. It shifts the power of the owner from standing meekly on the sidelines to actively participating and shaping how the donation will reap a return on investment over the short and long terms for both parties.

The guiding principle of strategic philanthropy is to get the highest return for every corporate dollar invested.

Principle of Strategic Philanthropy - Basic Economic Principle
The donation should have more dollar value to the non-profit than as a cost to the business owner. For example, a television manufacturer donates $80,000 to the public library to support literacy or donates $80,000 worth of television inventory that cost $35,000 to produce.

The better investment is achieved by donating the inventory with the lower production cost. In this example, each television should have a "Donated By" label attached.

Donate Something Owned

A number of bus lines formed an alliance with a professional organization (police chiefs association) to provide teenage runaways with a free, safe trip home. While the actual costs of the tickets amounted to a significant sum, it cost the bus companies virtually nothing. The bus routes were already established and the runaways sat in unsold seats. But the billboard goodwill was priceless.

Think Small and Often

Rather than a gold level sponsorship and a one-shot opportunity for recognition, break the initiative up into several small gifts and negotiate significant recognition with each individual gift. Repetition is important, five or more smaller gifts will go further than one large gift.

Brand Every Donation

Anonymous philanthropy provides no opportunity for recognition. Build brand loyalty or goodwill with every donation.

THE BOTTOM LINE
Strategic philanthropy is not an afterthought. It is a long-term strategy planned and implemented over many years. This is a powerful tool for the charity as it helps with planning and operating in the future as well as the present. *Business owners shortchange themselves when they focus only on current revenues and not growth. Owners need to know how to capitalize on philanthropic contributions.*

About the Author

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