

HSC & COMPANY

Philanthropy and Community Investment Advisors

Corporate Australia is driving community investment because they want outcomes.

2009

Corporate Australia is on a journey to deliver more to the community but they're not giving anything away, they're investing. The reality and opportunities linked to community investment for companies is clear. Where to begin is the challenge.

Did anyone really understand what corporate social responsibility (CSR) meant when it appeared on the scene in the mid 1990s? Arguably it still remains a mystery to many executives today. The concept itself is not necessarily difficult to grasp. The real difficulty for business leaders continues to be developing and practically implementing a CSR strategy.

Although companies have embraced CSR to varying degrees, since its inception another trend has emerged from the philosophical and somewhat titanic CSR movement.

The notion of community investment is practical, implementable and results oriented. When structured to complement a company's commercial focus that delivers shareholder return, this concept helps companies tangibly demonstrate their social responsibility to shareholders, customers, the market and the community.

Get real about community investment

Paring away the altruistic intent of an organisation's leadership or its people, community investment strategy can enhance reputation or help mitigate risk.

The term 'investment' correctly suggests a return - have you ever known a company to 'give away' anything? When determining an appropriate return on investment the solid starting point is social outcomes. Social outcomes vary but *can* mean improved education for marginalised children, finding cures for health issues, addressing environmental challenges or generally helping those less fortunate. It's these outcomes, when woven into traditional marketing mechanisms and internal cultural initiatives, that enhances reputation (or helps manage risk).

The bottom line is that this adds value to a company, shareholders and the community.

The opportunity for companies is clear

Realising the benefits of this opportunity begins with identifying an organisation's intent and the way in which its resources can be applied to enhance reputation using community investment.

The starting point is not selecting a charity to support or host an event, these come later. These independent and tactical activities, in the absence of a strategy, usually result in resource-intensive outcomes and people questioning the 'bang for buck'.

Thinking for smaller organisations

The community investment approach taken by these businesses relies on their appetite to explore new ways of leveraging resources to help enable social outcomes.

A conservative approach should initially focus on determining the logical fit of core capabilities (e.g. IT, construction, finance, professional services) with social challenges.

The next steps involve introducing processes and systems needed to mobilise resources and coordinate the presentation of outcomes that results from the investment in community programs.

Innovative small businesses also undertake activities of their conservative peers and then look to partner organisations (i.e. inter-sector relationships, suppliers or even peers) for collaboration opportunities. Practically, this can mean agreeing to combine respective skill-sets to tackle specific issues one business cannot do alone.

Key advantages:

1. Experienced providers of systems and process (as noted above) are readily available in market.
2. The appetite of small business to join forces in addressing social issues is increasing.

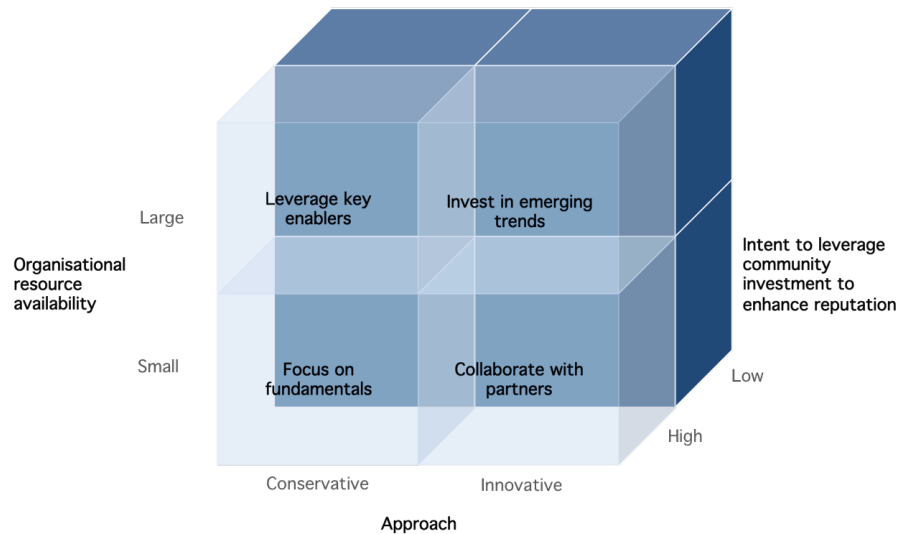
Considerations for large organisations

The emphasis on aligning core capabilities with social challenges is amplified when dealing with larger organisational resources. Increasing size usually suggests geographic and/or cultural divides across the resource base which can lead to challenges associated with focusing effort.

To be successful, an organisation with a conservative approach to community investment should ensure that key strategy enablers are well established and operating effectively across the organisation. These enablers may include infrastructure like endorsed volunteer and pro bono programs, executive appointment programs¹, workplace (payroll) giving, online collaborative project environments and coordinated fundraising campaigns. The backbone of these enablers is whole-of-organisation policy that helps guide, refine and communicate (internally and externally) the collective benefits.

Key advantage: Leveraging enablers helps large organisations focus effort and demonstrate community intent.

Larger organisations with a focus on innovation can begin exploring new ways of addressing social challenges. Companies operating in this territory usually have a deep and well articulated community engagement history - usually 10 years or more. With well established and supported key enablers (as noted above), these companies invest in identifying and finding ways to support social enterprises² that bring a strong innovation focus as a means to solving social challenges.



¹ Placement of staff as directors on non profit organisation boards

² Social enterprise - for profit or non-profit organisations that have a social mission

A key differentiating factor for these large organisations is that they are often able to leverage or refine traditional systems to enable them to successfully support the start up and survival of younger social enterprises.

Key advantage: Social innovation based community investment is a powerful platform to further enhance reputation.

We look forward to speaking with you about we can help you business.

HSC & Company is a specialist philanthropy and community investment consulting firm, helping businesses and private foundations in Australia and internationally.