



Philanthropy

Bad Times, Good Deeds

Rachel S. Cohen 06.10.08, 12:16 PM ET

Executives tempted to cut back on their corporate philanthropy in a slowing economy should think again. The long-term reputational benefits outweigh the short-term costs of sustaining their levels of giving even when profit and earnings growth slows, according the Committee Encouraging Corporate Philanthropy (CEPC).

While the organization has a cause to push, it deploys numbers to back its case. Large multinationals increased their corporate giving by 5.6% in 2007, outstripping the 2.2% growth in the U.S. economy, and will sustain or increase their charity in 2008, according to the CEPC's latest annual survey of its members.

The organization, co-founded by actor-philanthropist Paul Newman, is a business forum composed of 175 chief executives and chairmen of some of the largest companies in the world. It accounts for 40% of the corporate giving in the U.S. Members include Richard Parsons of Time Warner, Sidney Taurel of Eli Lilly and Co. and Ivan G. Seidenberg of Verizon Communications.

The median for corporate giving increased to \$26.1 million in 2007 from \$24.7 million in 2006. Of companies whose profits increased in their most recent fiscal year, better than two out of three increased their giving. More than half the companies that reported lower profits also increased donations.

"Historically, companies have made strong commitments to respond during periods of higher unemployment and elevated community need," says Charles Moore, executive director of the CEPC. "Executives understand that meeting or falling short of ... public expectations can potentially have a strong influence on customers' purchasing decisions, as well as employee recruitment and retention."

The CEPC survey also showed that four out of five chief executives said the economy shouldn't have an impact in determining contribution levels. Nine out of 10 said they thought companies should have mechanisms in place--cash reserves or endowment funds--to maintain their contributions even in the toughest times.

Types of corporate giving remain little changed, with service companies more likely to donate money and pro-bono work and manufacturing companies donating the products their companies make.

In recent years, companies have become more aware of the need to make their corporate giving align with strategic business goals. If the economy does cause a company to review its corporate philanthropy, the CEPC's Lindsay Siegel suggests giving to fewer causes but giving deeper.