

## DEVELOPING A FUNDRAISING PLAN: CORPORATE FUNDING

### Background

The primary goal of corporations and businesses is to generate profits. Increasingly, corporate executives and business owners are identifying ways in which their philanthropic contributions can help them meet financial goals. Businesses have long acted as “good citizens” by contributing to charities in communities in which their employees live or to organizations serving populations that overlap with their customer base. While most continue that tradition, they are increasingly spending their philanthropic monies, as well as additional funds from their operating budgets, on endeavors that benefit the community while simultaneously supporting their business goals.

The Independent Sector estimated that corporations donate 5 to 6 percent (or \$10 billion) of the \$200 billion given annually to charities from private sources. However, that number is misleading. Corporate philanthropy is difficult to measure because funds can come from a variety of places, including departmental budgets, which can be hard to track. Some estimates place corporate giving at \$40 to \$50 billion annually.

The economic downturn has had an impact on corporate contributions. While it is difficult to measure precisely, surveys show that companies are decreasing and streamlining contribution programs. The key is to ensure that your program demonstrates a solid return on their investment, including:

- Making the most efficient use of increasingly limited dollars
- Increasing corporate profits
- Enhancing the company’s image

### The Basics

There are three major avenues into corporate giving:

- *Core Business Interests*: The most sizeable corporate contributions often are driven by the company’s core business interests and are paid for out of operating budgets rather than with philanthropic dollars. Accessing these funds requires extensive networking.
- *Corporate Giving Programs*: Many companies have established a grantmaking program. These programs do not have an endowment; grants are part of the company's annual budget and are not subject to the same reporting standards as a corporate foundation. The grants given through these programs are typically aligned with corporate interests, addressing the issues that affect their customers and employees. Many programs have established guidelines and have a designated “giving officer” who can answer specific questions regarding your request.
- *Corporate (company-sponsored) Foundations*: Some companies create foundations that they either endow or give annual gifts. While the company-sponsored foundation may maintain close ties with the donor company, it is a legally separate organization subject to the same rules and regulations as other private foundations.

The advantages of corporate fundraising are that companies:

- Have a relatively fast decision-making process once you have access to the right person
- Place few restrictions on the use of funds
- Require minimal reporting
- Desire much shorter and less detailed proposals
- Promote greater public awareness of a nonprofit's efforts through their extensive marketing campaigns

Be sure to consider how your relationship with a funder may affect your reputation in the community. A good rule of thumb is that if news of a donation from the company you are pursuing were to be on the front page of your newspaper, would you be comfortable? In addition to the restrictions on receiving matching funds from tobacco, alcohol and firearm companies, grantees should give careful consideration to other aspects of a company, such as whether or not it provides health care coverage for its employees, before asking it to support your work.

**Tip: Researching a Company's Potential Link to Tobacco, Alcohol or Firearms**

Grantees should avoid approaching companies that have an obvious link to:

- Tobacco (e.g., Philip Morris, R.J. Reynolds, and Brown and Williamson)
- Alcohol (e.g., Anheuser-Busch, Coors Brewing, and Seagram's)
- Firearms (e.g., Smith & Wesson, Browning, Bushmaster, and Colt)

Because many of these companies are large conglomerates that own several consumer product companies (particularly in the food and entertainment industries), grantees also should conduct research to see if there are less obvious links (e.g., Philip Morris/Kraft, R.J. Reynolds/Nabisco, Anheuser-Busch/SeaWorld). To do so, ask your contact at the company or carefully review each corporate prospect's annual report, which can be obtained by calling the company's main phone number or going to the corporate Web site. Specifically, look at the listing of the company's brands. Most publicly held companies have "About Us" or "Investor Relations" sections on their Web sites that provide more specific information.

If a prospective corporate funder has a connection to these types of businesses, you should consult with RWJF and the NPO prior to confirming the funding, so the funders can be considered on a case-by-case basis.

**Know Your Audience**

Like all your fundraising efforts, success in the corporate arena begins with an inward look at your coalition. It is important to examine your coalition's goals and resources to determine the most efficient and effective way to engage the companies in your fundraising efforts. This section will help you determine your corporate fundraising goals

and identify resources and benefits in advance to help you stay focused in your fundraising efforts. The most common factors include:

- *Alignment*: How does the issue of health care coverage fit with the corporation's needs, mission, and products or services?
- *Cost*: What are the costs associated with the company's involvement?
- *Ease*: Is donating money or materials going to be easy to implement? How much money are you specifically asking for and for what reason?
- *Timing*: What else is on the company's calendar? Does your grant work with the company's fiscal calendar/spending cycle?
- *Benefits*: How will the corporation benefit from its contribution?

Conduct an inventory of the benefits that your *Covering Kids & Families* coalition can offer a business. Being recognized as a good corporate citizen is important, but often not enough. Be creative and offer other tangible benefits. Possible benefits include:

- Enrolling families in SCHIP and Medicaid can substantially increase Medicaid reimbursements to hospitals for treatment they are already providing.
- By ensuring that families stay enrolled in these programs, as well as increasing enrollment, the health insurance companies that in some states administer the programs will benefit.
- Sponsoring CKF and hosting registration at their stores can increase customer traffic.
- Sponsoring CKF can provide them with good publicity in front of their target audience.

## **Targeting Prospects**

There are several potential funders in your state and community. The goal is to narrow the search to those who are the most viable candidates. Here, we provide the step-by-step process for developing and refining your prospect list.

***Step 1: Compile a broad list of companies that may be interested in supporting your CKF projects.***

Include:

- Previous corporate donors
- Business partners
- Health care companies, including hospitals (for-profit **AND** not-for-profit), insurers, pharmaceutical companies
- Companies whose customer base overlaps with your target audience (e.g., grocery stores, pharmacies)
- Companies headquartered or with facilities in your area, particularly those that have funded children's and health issues
- Businesses with which you have or can establish a close personal link

Another way to add to your list is to look at the members of your local chamber of commerce ([www.worldchambers.com](http://www.worldchambers.com)) as well as donors to similar nonprofit

organizations in your area. Many organizations will list major donors in their annual reports, on project materials, and in programs for their fundraising events.

***Step 2: Research each company's business and giving interests in order to pare down your list to a more manageable size.***

For each company, you will want to gain a better understanding of whether a funder will be a good match by researching the following:

- How will increasing enrollment in Medicaid and/or SCHIP increase the company's revenue?
- What are the company's products and/or services? Is it launching any new initiatives?
- Who is its target audience?
- Who are its competitors?
- What current community causes/issues does it support?
- What is the approval process and time frame for decision making?
- Who is the right contact? Which department are they in?
- Who are the top executives?
- Who serves on the board of directors?
- Is there anything about the company that might pose a real or perceived conflict of interest?

The Corporate Prospect Worksheet provides a rubric in which to gather the information you find on each prospective business donor. Based on your research, you should prioritize the prospects that seem to be the best match for your project needs. (Please note: Because of the proprietary nature of business plans, the information available in public sources is limited. Therefore, a conversation with an executive at the prospective company is a critically important step in your research.) Resources that will provide information include:

- Corporate annual report
- Corporate Web site
- Corporate giving guidelines
- Business publications, local newspaper's business section
- Hoovers\*
- LexisNexis\*
- American City Business Journals\*
- Your network
- Executives at the company

\* See the Resources section for more information on these resources.

***Step 3: Refine your list.***

Because your fundraising time and resources are limited, you will need to refine your list further. Rank your narrowed-down list of prospects based on business interest and personal relationship.

RANK	Interest	Examples
1	Direct Impact on Bottom Line	Hospitals or insurers that manage an SCHIP program
2	Indirect Impact on Bottom Line	Target population is customer base
3	General Interest	Business or philanthropic efforts focus on health and children
4	Geographic	Business or philanthropic efforts focus on region

In corporate fundraising, the top prospects have the business interest, sufficient resources and a connection to your organization. Based on the information you gathered through networking and research, determine the level of personal connection each prospect has to your organization. If you do not have a direct connection to a prospect, you should circulate the potential funder's name and, if available, the names of its board and key staff members to your network to see if there are any relationships upon which you can build. If, in spite of networking, you cannot find a connection to a prospect, you will need to determine whether the prospect can give a large enough gift to warrant the additional time and resources it will require to gain access.

Building business relationships takes time, persistence, creativity and enthusiasm.

## **Successful Strategy: Corporate Funding**

### *Indiana Covering Kids & Families*

In 1999, the Family and Social Services Administration for the state of Indiana was awarded a *Covering Kids* grant from The Robert Wood Johnson Foundation. At that time, there were eight pilot projects supporting the work of the statewide coalition. The local projects realized that in order to continue their work, they would need to secure additional sources of funding.

The projects decided to target their fundraising efforts to organizations that would have the greatest stake in enrolling eligible families in *Hoosier Healthwise*, Indiana's SCHIP and Medicaid program—hospitals, health insurance plans and health centers. They turned to the members of their coalition for help.

First, they gathered data available from reports published by the state on Medicaid enrollment, along with health department statistics on the number of mothers who had given birth to children in the state and were covered by Medicaid. Next, they asked their state hospital association, a strong coalition member, to provide information on the source of payment for every newborn in every hospital in the state. Using this data, they learned that mothers who could have been enrolled in *Hoosier Healthwise* or Medicaid were categorized as self-pay patients, and that if enrolled, their providers would have been reimbursed for their services more quickly or at a higher rate.

Armed with this data and knowledge of Medicaid and hospital finances, they met with representatives of the hospitals in St. Joseph's County, including the hospitals' chief financial officers. They presented their case to the hospitals, showing that if the hospitals supported their work by becoming active members in the coalition and providing financial support to help enroll children and families, the hospitals might ultimately benefit financially. To date, hospitals in Indiana have invested over \$2.5 million in the *Covering Kids & Families* coalition, and these funds have been applied toward its match requirement.

## MEETING THE MATCH: CORPORATE FUNDING

### Preparing Your Approach

The most important step in corporate fundraising is to find the best person in the company to approach. You should expect to make more than one phone call to a company to reach the best contact. Getting your foot in the door is sometimes the hardest part of fundraising.

If you have a personal connection, call your contact and discuss possible opportunities for funding or for guidance on how to approach the potential funder. Ask your contact to make an introductory phone call.

If you do not have a personal connection to a business that you are targeting, it is better to make a cold call than to send an unsolicited request. Contact the business and ask to speak to the appropriate person to discuss funding opportunities.

*Regardless of how you get connected to the business, whether it is through your personal connection or a cold call, make sure you are prepared before making the call or setting up a meeting.*

The goal is to find a decision-maker. Possible entry points include:

- Network
- Chief executive officer
- Chief financial officer
- Community relations department
- Corporate relations department
- Public relations department
- Human resources department
- Owner
- General manager

There are several individuals within an organization who can be targeted about funding your coalition; however, it is important to tailor your message for whomever you are approaching. Below is a list of various people and departments you can contact and the messages you will want to convey regarding their participation.

- *CEO/CFO/COO*: These executives are responsible for the overall management and expenditures of a corporation. Messages should align with the company's overall business mission and message. Executives will want to understand how funding your coalition will aid in achieving the company's financial and long-term goals.
- *Marketing director*: The marketing director is responsible for improving a corporation's sales strategy and maintaining a corporation's image to consumers. Messages should be tailored to show how a corporation's brand reputation will benefit from funding *Covering Kids & Families*.

- *Community/public affairs:* The community or public affairs department is responsible for a company's community involvement activities. This includes handling a company's media relations and ensuring the company receives positive press. Emphasize the importance of your work to the community as a whole, and if applicable, to the company's employees.

Once you have determined the appropriate person to contact regarding funding opportunities, follow these steps to approach them and make the ask.

***Step 1: Review research.***

Funders will want to see that you have done the necessary background research on them when you call. As opposed to foundations or government agencies, your ability to research a company's business plan will be limited because of its proprietary nature. You do not have to pretend that you have this type of information. Corporate executives who have an initial interest will educate you about their needs to see if you can help them meet these needs.

***Step 2: Prepare.***

Prepare to do the following during your first contact:

- Determine the right corporate contact.
- Outline why your CKF project is a good match for the funder.
- Gather additional information to guide you in your cultivation effort and proposal development.
- Set up a face-to-face meeting.

***Step 3: Rehearse.***

You will have a limited amount of time to state your case and ask questions. Based on your research, tailor your discussion to the company's interests. Specifically consider the following issues:

- Program – Will you be pitching the entire program or a specific project?
- Bottom line – How can your project improve the company's profits?
- Publicity – What type of acknowledgement opportunities would you provide?
- Grant size – How much do you need?

***Step 4: Make the call.***

When calling:

- Introduce yourself and your organization.
- Mention any personal connection you have to the company.
- Provide some background information on *Covering Kids & Families*.
- Ask questions you have about the company's interests as well as the proposal process.
- Ask for a face-to-face meeting.



### ***Step 5: Listen!***

Funders will often give you guidance—all you need to do is ask. Information that may be gleaned includes:

- The funder's business plan and funding priorities
- How to refine your proposal so that it better meets the funder's interests
- The funder's requirements and review procedures
- Additional funding prospects
- Timeline for making a decision

### ***Step 6: Be persistent.***

If your first call is not returned, keep trying.

### ***Step 7: Send a letter.***

The letter should contain some basic information about your CKF project and a request for a meeting if you are unable to reach anyone on the phone after repeated attempts. This should be your last alternative.

## **Meeting**

The goals of meeting with a potential funder are:

- Building interest in supporting your project
- Making a formal request or being invited to submit a proposal
- Receiving guidance on the proposal or next steps

Be prepared for the meeting by repeating the steps you took to prepare for the phone call. Sometimes, funders will give you an opportunity to make a presentation about your project. At other times, funders will guide the process by asking a series of questions. Be prepared for either.

You should open the conversation with a discussion of the merits of your project and how it connects to the interests of the funder. Then, using the information you have gathered from your research, learn more about the interests of the funder; the funding request process, including format of the proposal (e.g., letter, application or formal proposal); and the details to be included in a formal request.

In addition, you should consider who, if anyone, will attend the meeting with you. The main consideration is that each attendee should have a specific role to play at the meeting. For example, you may bring the person who is your connection to the funder. Such a person could offer you credibility while helping elicit advice. You do not want to bring too many people or you may overwhelm the funder and miss an important opportunity for an in-depth conversation.

Do not let the meeting end before you have an opportunity to clarify next steps. Ultimately, the goal is to be invited to submit a request.

**Remember:** In a competitive fundraising environment, it is up to you to draw the parallels between the funder's interests and the specifics of your CKF project. Be sure to:

- Review your research about the corporation's giving interests.
- Tailor your conversation to the funder's interests. (For example, if you are approaching a hospital, use data about the community and discuss the benefits the hospital will receive from funding your coalition, such as cost savings, reaching their customers, etc.)
- Talk about acknowledgement opportunities if you suspect a corporation may be more interested in opportunities for good publicity than in the details of your project.

## Proposals

Compared to foundations or government agencies, corporate prospects typically do not require extensive proposals. They prefer a one- to two-page summary of the project that highlights benefits to the company.

## Follow-up

To successfully engage corporations in your fundraising efforts, you will need to be committed to following up. It is important to follow up with prospective funders after each interaction. Do not wait for a corporation to initiate the follow-up. Keeping in touch with funders and

### Tips for follow-up:

- *Send a thank you note.* If you talk to a funding contact by phone or meet in person, be sure to send a formal thank you letter (see Appendix Q: Template Thank You Letter on p. xxii) along with follow-up materials, if applicable. Other thank you tips include:
  - Send a thank you letter as soon as possible (within two days). The letter can be short. A brief paragraph is appropriate.
  - If the follow-up information will take longer than two days to prepare, send the thank you letter separately and indicate in the letter that additional information will be arriving soon.
  - If you attend a meeting with multiple people, send a thank you letter with the follow-up materials to your primary contact and short thank you letters to the other meeting attendees.
  - Once a business relationship has been established, handwritten thank you notes or e-mails are acceptable.
- *Customize follow-up materials.* Use the information that you gathered from your conversation or meeting to customize follow-up materials. For example, if a corporation expressed interest, be sure to reference it in your follow-up materials.
- *Confirm receipt of correspondence and materials.* This is a professional courtesy. You can leave a voice mail message, send an e-mail or speak with your contact's assistant to confirm receipt of items.
- *Establish a rapport with your contact's assistant or secretary.* Assistants are often gatekeepers for corporate leaders. Be sure to learn the name of your contact's assistant and be cordial when you call. An assistant can help keep your grant on the boss's radar screen.

moving the relationship process forward is *your* responsibility.

## **Stewardship**

Once a corporation commits to funding a program, it becomes invested in its success. By continuing to build upon your relationship with the funder over the course of the grant, you:

- Increase your chances for the funder renewing the grant
- Position your organization for new funding opportunities from the funder
- Expand the network of people you can ask to utilize their personal contacts to assist your fundraising efforts

### **Tip: Building a Relationship With Your Donors**

Try to deepen the funder's interest in your project by sending updates on your efforts, showing that you are using their money effectively, and inviting them to any appropriate events. For example, if an elected official holds a press conference to promote SCHIP or Medicaid, call your major donors and invite them to attend.

### **Tip: Saying Thank You**

The first step of stewardship is thanking people for their support (of money or time). Here are some suggestions for saying thank you. It would be appropriate to choose several from this list:

- Call to thank individuals responsible for the grant.
- Send a personal thank you note.
- Inform the person who helped you make the connection so they also can thank the funder.
- Issue a press release.
- Include a mention of the funder in communication materials (e.g., newsletter, annual report).
- Invite them to attend local events.
- Send them materials you have developed and seek their input.
- Fulfill any acknowledgement offers discussed during your conversations, such as mention on program materials.
- Send something special (like homemade baked goods).