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The Keys to Rethinking Corporate Philanthropy

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Although the relevance of corporate philanthropy is widely accepted, few companies achieve significant, lasting societal impact because most lack a cohesive strategy. Effective philanthropy must be run no less professionally than the core business.

Heike Bruch and Frank Walter

Corporate philanthropy has gained substantial relevance to daily business operations. In the United Kingdom alone, leading publicly traded companies made donations to nonprofit organizations in 2003 and 2004 that were valued at more than $1.6 billion and that equaled close to 1% of the companies' pre-tax profits.[1] However, for leading companies, corporate philanthropy goes well beyond mere donations. Fannie Mae, a private mortgage company that works with the U.S. government to facilitate home loans, and the Procter & Gamble Co., were ranked first and second in *Business Ethics*' 100 Best Corporate Citizens list in 2004. They engage in a variety of philanthropic activities, such as volunteer initiatives, community service and educational or cultural projects. Often, such engagement is part of a larger framework of corporate social responsibility that also covers issues such as ethical business conduct, diversity and protection of the environment.[2]

Academics and practitioners alike have been emphasizing the strategic relevance of corporate philanthropy. They argue that companies can and should strategically use their charitable activities to create win-win opportunities for themselves and for the beneficiaries of their philanthropy.[3] A similar idea is reflected in a joint statement that CEOs from renowned companies such as Accenture, McDonald's Corp., Deutsche Bank AG, Siemens AG and Renault S.A. signed in January 2003 at the World Economic Forum. These corporate leaders acknowledged that social issues are crucial elements of their businesses and that taking active responsibility for such issues in a sound way is both economically and ethically crucial.[4]

Although the strategic relevance of corporate philanthropy is widely accepted, its effectiveness varies substantially. Few companies achieve significant lasting societal impacts with their philanthropy, and even fewer manage to accomplish both sustainable social effects and significant economic returns. Most companies' philanthropic activities lack a cohesive strategy and are conducted in a piecemeal fashion, causing investments in corporate philanthropy to often simply dissipate.

In most cases, executives dismiss this ineffectiveness as an inevitable part of philanthropic engagement. By doing so, they misjudge the situation. There is no reason to treat a company's charitable activities less professionally than the core business.

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But to what extent should corporate philanthropy be related to a company's core business? From an ethical perspective, is it legitimate to require corporate charitable activities to contribute to the company's bottom line by providing market benefits or advancing internal business operations? We think that this is clearly the case. Only philanthropic activities that both create true value for the beneficiaries and enhance the company's business performance are sustainable in the long run. Initiatives that don't fulfill these two objectives are easily threatened in difficult economic situations. Also, charitable activities that are not win-win solutions may not reach their potential and are often regarded within the company as negligible side activities. To achieve a sustainable and robust approach to corporate philanthropy, companies must direct their charitable engagement from both an ethical and an economic point of view.

Types of Corporate Philanthropy

Although many executives have started to pay more attention to corporate philanthropy, the strategic direction of their companies' philanthropic activities often remains superficial and poorly controlled. One reason is a poor understanding of managerial options in this area. Our research suggests that companies' philanthropic activities rely on two overarching perspectives, which we call *market orientation* and *competence orientation*. (See "About the Research.")

About the Research

Most of the ideas here come from our participation in a long-term research project. In 2001, seven major global companies — ABB, Alstom Power Service, Lufthansa, Hilti, RWE, Tata Steel and Unaxis — and a dozen small and medium-sized enterprises formed a research consortium with the Institute of Leadership and Human Resources Management at the University of St. Gallen in Switzerland. The purpose of this consortium is to enable member companies to learn from each other and participate in generating new insights on current leadership issues. Every year, our research team conducts one or two quantitative questionnaire surveys and multiple in-depth interviews with top and middle managers in most of the partner companies. For all but two of the companies, we have written detailed case studies on the basis of interviews, workshops with managers and relatively unrestricted access to internal documents.

Our research into corporate philanthropy is ongoing, and we also draw on our studies of corporate philanthropy in other companies such as ConocoPhillips, IBM, Novartis International and Swisscom.

Market Orientation Some executives put a strong emphasis on the expectations of stakeholders such as customers, employees, regulating agencies or neighboring communities. These executives strive to enhance their companies' competitive situation by designing their corporate philanthropy according to external demands. Trying to live up to the expectations of important stakeholders, these companies hope to achieve competitive advantages such as improved marketing and selling capabilities, higher attractiveness as an employer or better relationships with governmental and nongovernmental organizations. For example, Deutsche Lufthansa AG runs a community-involvement program that is designed with a clear external strategic goal: to enhance the company's relations with communities neighboring the airline's hub in Frankfurt. Since the program's launch in 1999, Lufthansa has supported more than 130 community projects and contributed more than $100,000 annually to the initiative.

Executives who adopt a market-oriented approach to corporate philanthropy tend to put stakeholder expectations at the center of their considerations. Such companies may be more interested in influencing stakeholder attitudes than in actual social outcomes. However, market-oriented corporate philanthropy can achieve remarkable societal benefits too. Because such initiatives are usually directed toward meeting stakeholder demands in order to affect stakeholders' attitudes, the activities often serve to satisfy crucial needs.

Competence Orientation There are some executives, on the other hand who, when deciding on the nature of their charitable engagement, focus on internal issues. In particular, they align corporate philanthropic initiatives with their companies' abilities and core competencies. In so doing, they avoid distractions from the core business, enhance the efficiency of their charitable activities and assure unique value creation for the beneficiaries.

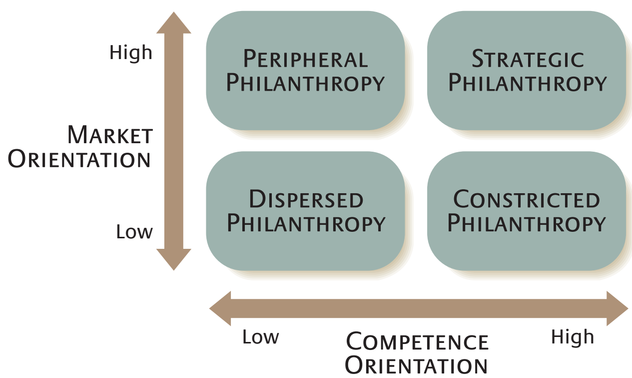
The pro bono projects conducted by many consulting companies represent an example of this kind of philanthropic activity. For instance, McKinsey & Co. offers free consulting services to nonprofit organizations in social, cultural and educational fields. Beneficiaries include public art galleries, colleges and charitable institutions. Each year, the company conducts about one hundred such projects worldwide, using its employees' unique knowledge of nonprofit causes. Besides meeting its responsibilities toward society, McKinsey explicitly cites its employees' excitement, inspiration and development as major motives to engage in these activities.

One of the dangers of the pronounced internal orientation of competence-oriented philanthropy is that the resulting philanthropic behavior may not be comprehensively aligned with external stakeholders' interests. As a result, the beneficiaries may not receive the most value possible. On the other hand, competence-oriented corporate philanthropy sometimes creates unique benefits. Because companies are operating within their core business areas, they can utilize their unique expertise instead of merely relying on financial resources.

Some companies combine an external, or market, orientation with an internal, or competence, orientation, while others focus on just one perspective on corporate philanthropy. Still others do not adopt a strategic orientation toward their philanthropic activities at all. The desired degree of internal and external orientation indicates one of four specific approaches to corporate charitable activities: peripheral philanthropy, constricted philanthropy, dispersed philanthropy and strategic philanthropy. (See "Four Types of Corporate Philanthropy.")

Four Types of Corporate Philanthropy

Typically, there are four common approaches to corporate philanthropy efforts. Strategic philanthropy, an approach that is often most effective, is characterized by a combination of strong external (market) and internal (competence) orientations. It balances the needs of beneficiaries with the skills and competencies of the organization.



Peripheral Philanthropy Companies that practice what we call peripheral philanthropy have charitable initiatives that are mainly driven by external demands and stakeholder expectations. Most such companies see corporate philanthropy as a means to better position themselves within their competitive environment. Their philanthropic engagement is usually unrelated to their core activities, but they are attempting to translate positive reputation effects into concrete bottom-line impacts.

The strategic consequences of peripheral philanthropy are mixed. Companies may be able to reap benefits from enhanced reputation. Their philanthropic image may help stimulate customer demand for their products and services. Also, they may improve their ability to attract and retain qualified employees or enjoy lessened public and regulatory scrutiny. However, peripheral philanthropic activities often do not tap a company's core competencies, may lack credibility and may appear superficial. Companies may end up engaging in charitable activities in a wide array of fields with contributions that are hardly distinctive.

On the other extreme, some companies design their peripheral philanthropy very comprehensively. Such companies risk confusing and impairing their business focus. Their social initiatives can distract both monetary and managerial resources from the business's core activities and can contribute to strategic ambiguity.

Consider the case of the Indian steel producer Tata Steel Ltd., based in Jamshedpur, India.[5] Founded in 1907, Tata Steel acquired a strong philanthropic heritage from its charismatic founder, Jamsetji Nusserwan Tata, who ran his business with a strong sense of social responsibility for the Indian nation's welfare. As a result, Tata Steel pioneered many employee welfare measures in India, introducing the general eight-hour working day in 1912, free medical treatment in 1915, maternity benefits in 1928 and a pension system in 1989. Tata Steel also virtually ran the city of Jamshedpur. The company provided a wide array of services, including water and power supply, landscaping, street sweeping and civil construction work. Tata Steel ran hospitals, schools and a college with 30,000 students. For many years, these far-reaching social welfare practices substantially enhanced Tata Steel's reputation and provided the company with significant advantages. It was able to attract and retain the talent necessary for its continued success, even though the area around Jamshedpur provided little infrastructure. In addition, the company enjoyed excellent labor-management relations and was spared from strikes for decades. Tata Steel was also able to create an enormous level of satisfaction and loyalty among its workforce.

However, in the early 1990s, the typical problems of peripheral philanthropy started overshadowing its benefits. Tata Steel's wide array of noncore activities impaired the company's ability to focus on the core steel business. As one of the company's vice presidents put it, "Tata Steel realized that it was necessary to review its approaches to the sustenance of its business and to the great social responsibility that was on its shoulders. The problem was how to grow into an efficient world-class business corporation without losing the image of a socially conscious employer." The company's philanthropic activities were widespread but stategically ambiguous, and this was eventually viewed as an impediment to future growth. These developments threatened to erode Tata Steel's position in the marketplace and put its very existence at risk.

Tata Steel suffered from inefficiency, and the company's oversized workforce boosted payroll costs. By the early 1990s, Tata Steel's payroll peaked at 78,000 employees, almost 10% of whom worked providing services for the town or medical services. The drawbacks of Tata Steel's approach to corporate philanthropy became obvious after the liberalization of the Indian economy in 1991 led to increased competition. Top management at Tata Steel suggested far-reaching changes, including massive workforce reductions and a substantial redesign of the company's social welfare programs.

The Hilti Corporation, a multinational construction-tool manufacturer, offered an example of constricted philanthropy when it donated tools to support the cleanup activities at Ground Zero.

It was only through a difficult change process that Tata Steel's top management was able to get the company back on track. Given the philanthropic heritage of the company, B. Muthuraman, managing director since 2001, did not want to jeopardize Tata Steel's reputation as an employer of choice and outstanding corporate citizen. There was consensus in top management that change was inevitable, but it should not involve an abandonment of the company's engagement in corporate philanthropy.

Today, Tata Steel is a highly profitable company with plans for substantial growth. However, even in early 2005, after substantial workforce reductions, about 1,400 of Tata Steel's 40,000 employees were still working in city services or medical services. The company was spending about $21 million each year to carry out those tasks, and the company's refocusing and downsizing processes were slated to continue. As this example illustrates, peripheral philanthropy may be appropriate under certain circumstances. It can help companies attain benefits that are vital both for themselves and for key stakeholders. In such cases, it may be both ethically and economically crucial for the company to jump in and meet stakeholder needs. However, such initiatives usually cannot be sustained in the long run.

Constricted Philanthropy Other companies emphasize a pronounced competence orientation in their philanthropic initiatives. Adopting an approach that we call constricted philanthropy, executives at these companies hope to use synergies between their main activities and their charitable activities. These executives harness their companies' core competencies for social purposes, but do so while largely neglecting an external stakeholder perspective.

The strategic impacts of constricted philanthropy are mixed. Using existing expertise, resources and facilities enhances the efficiency of the company's philanthropic initiatives. In some cases, executives may even see opportunities to transform their companies' cultures and their employees' mindsets by linking philanthropic and business activities. These managers strive to imbue a sense of responsibility throughout the corporation and to cultivate a sense of innovation by engaging corporate competencies in new areas.

However, constricted philanthropy is often accompanied by several problems. Due to its internal focus and corresponding tendency to neglect concrete stakeholder needs and expectations, this type of philanthropy may address areas with little relevance to the company's stakeholders. Executives often restrict their charitable engagement to a tight field defined by the company's core operations, using their own products and services or the special skills of their employees. Such activities may fail to address urgent needs and thus may miss the opportunity to substantially enhance the company's reputation or contribute to the company's strategy.

The Hilti Corp., a multinational construction-tool manufacturer based in Liechtenstein, offers a positive example of constricted philanthropy. In the wake of the September 11, 2001, terrorist attacks on the World Trade Center in New York, the company donated several containers of construction tools to support the cleanup activities at Ground Zero. By doing so, Hilti made an important contribution and communicated a notable message of solidarity. In addition, the company was able to use its core business competency to provide a societal benefit. However, Hilti's contribution was hardly noticed by its global customer base, as they were neither systematically informed of the initiative nor directly benefited from it. The donation did not generate any substantial impacts in the marketplace for the corporation.

Generally, constricted philanthropy may be appropriate if urgent and severe circumstances require the use of a company's unique capabilities because, otherwise, the problem at hand could not be efficiently solved. This may be particularly the case in emergency situations, as the Hilti Corp. example illustrates. In such instances, it may be possible and necessary to use corporate core competencies to meet pressing needs in a uniquely efficient way. However, since this type of philanthropy does not systematically address a company's key stakeholders, it lacks a strategic orientation, and its impact on the company's competitive situation tends to be limited at best.

Dispersed Philanthropy Corporate philanthropy in many companies is characterized by a general lack of strategic direction. Such initiatives are largely uncoordinated. Neither top executives nor typical employees have a comprehensive overview of the company's activities, and there are no clear-cut decision criteria that explain why specific charitable projects are chosen. As a result, these companies may engage in a multitude of small projects without a guiding theme. Funding is spread more or less arbitrarily across various institutions in differing areas.

The consequences of this piecemeal approach, which we call dispersed philanthropy, are usually not particularly favorable for either the company or the beneficiaries of its philanthropy. The negative aspects of peripheral and constricted philanthropy multiply here. For instance, dispersed philanthropy increases the problem of strategic ambiguity. Neither external stakeholder needs nor internal business considerations guide the company's philanthropic engagement. Both managers and employees may find it hard to understand why the company is doing what it is doing. Also, the impacts of dispersed philanthropy tend to be minimal. Operating in areas far from its core competencies, the company is not able to realize internal synergies. At the same time, the multitude of different projects prevents the company from focusing its efforts on certain stakeholder groups and providing them with substantial benefits.

Dispersed philanthropy most often occurs in the realm of corporate donations. Some executives admit that the main motive behind such contributions can be found in "the board members' personal interests."[6] Without exhibiting much creativity or evaluating the actual impacts of their gifts, executives often lend their companies' financial support unsystematically. Consider the example of the Rheingau Musik Festival, one of Germany's major classical music festivals. In 2004, it was sponsored by as many as 165 companies from various industries, including competitors from banking (such as Deutsche Bank, Commerzbank, Credit Suisse and UBS), information technology (such as IBM and SAP) and consulting (such as Accenture and Arthur D. Little). Donating between about $6,000 and $600,000 each, the sponsoring companies made overall contributions to the festival that totaled about $3.6 million. However, their involvement has to be evaluated very differently from a strategic perspective. For the main sponsors such as LOTTO, Germany's biggest lottery, there were clear-cut marketing advantages, as their logos appeared prominently on all festival publications and at concert locations. Also, several donors were able to go beyond mere financial contributions and employ their core competencies in support of the festival in a way that may also benefit them in the marketplace. For instance, various hotels offered hundreds of rooms for musicians, free of charge. By doing so, the hotels not only contributed in an effective way but also gained an opportunity to showcase their services.

For other companies, however, the strategic impacts of their purely monetary contributions were limited at best. As but one in a large group of sponsors, these companies were hardly visible. Thus, the reputation and marketing impacts of their engagement were marginal. Also, there was no apparent connection between the respective companies' contributions and their core businesses. In sum, these donations suffered from the limited strategic effects typical of dispersed philanthropy.

In specific cases, dispersed philanthropy may be appropriate and useful, particularly in situations of severe crisis when immediate action is required. For example, when the Houston area was hit by tropical storm Allison in June 2001, energy giant Conoco Inc. (today known as ConocoPhillips) quickly decided to give a day off to virtually all of the almost 3,000 employees in its Houston headquarters to allow them to provide voluntary aid to neighborhoods most affected by the flooding. With the company actively supporting these activities and organizing supplies, communications and logistics, about one-third of its employees volunteered to help in Houston's hardest hit areas. This initiative not only brought much-needed relief to owners of devastated houses but also boosted Conoco's employees' pride in being able to help.

Although dispersed philanthropy may be highly valuable in such special situations, it is not appropriate as a general approach to corporate philanthropy. Under normal circumstances, companies could both produce far more significant societal impacts and benefit far more themselves if executives adopted a truly systematic strategic approach to corporate philanthropy.

Strategic Philanthropy The most effective approach to corporate philanthropy, which we call strategic philanthropy, integrates an internal and an external perspective. It applies the same professional management principles to corporate philanthropy as to any other field of business operations. Executives align philanthropic efforts with the core competencies of their companies, thus using the company's unique abilities to benefit society. However, they also take into account stakeholder and market expectations so that the company may benefit from the effect of its philanthropic activities in the marketplace. Companies with this approach to corporate philanthropy achieve sustainable results with regard to both their stakeholders' needs and their own competitive advantage. While providing substantial benefits for society, they can gain opportunities to learn how to apply their core competencies in new business areas, boost their employees' intrinsic motivation, stimulate customer demand and enhance their attractiveness in the labor market. They maintain and even strengthen their identity by aligning their social engagement with the overall company mission and vision.

IBM's Reinventing Education grant program is a classic example of strategic philanthropy.[7] Launched in 1994, Reinventing Education aimed to improve school systems and drive education reform in the United States and other countries. To achieve this aim, IBM provided IT solutions in areas like communication between homes and schools, teacher professional development, student assessment and data management and analysis. Reinventing Education drew heavily on IBM's employees' specialized skills to provide solutions for technological problems. By August 2004, the program, which is still ongoing, had completed three rounds of grant awards to schools and school districts and had, in 2004, issued grants valued at more than $70 million. However, only about 25% of those contributions were given in cash, while 75% consisted of research and consulting time, software and technical equipment.

The Center for Children & Technology in New York estimates that by 2004, more than 90,000 teachers and millions of students were using educational technology tools created through Reinventing Education. The program was working in 25 sites across the U.S. and in nine countries in Asia, Latin America, Europe and Australia. Besides offering significant contributions toward the improvement of public education, Reinventing Education also provided IBM with important strategic advantages, such as enhancing its reputation. From 2000 to 2003, IBM continuously remained in the top five of *Business Ethics*' 100 Best Corporate Citizens list. In addition, the company received the 1999–2000 Ron Brown Award for Corporate Leadership. Reinventing Education also boosted IBM employees' pride and loyalty. And the program enabled technological learning, skill transfer and the development of new technologies with commercial potential. For instance, as part of the Reinventing Education initiative IBM staff developed new drag-and-drop technology for the Internet that also could be used for commercial purposes. IBM also created "Watch-me!-Read," an innovative voice-recognition software application for children. Although initially designed as part of the philanthropic initiative, these innovations also had substantial commercial potential. Because of Reinventing Education, IBM was eventually able to make its K-12 education business profitable even though that business had been losing money before the program started.

As this example illustrates, strategic philanthropy enables companies to fully realize the potential of corporate philanthropy both for its beneficiaries and for the company. However, strategic philanthropy also entails substantial commitment on the part of management. It requires sound planning and careful implementation, and executives need to clearly focus their companies' charitable activities. For example, Reinventing Education was clearly directed toward providing technological solutions to barriers to reform in K-12 education, and projects were only initiated if they addressed that issue. Without such a clear focus, corporate social engagement is likely to drift away from strategic philanthropy.

Overcoming the Pitfalls of Corporate Philanthropy

In addition to adopting the strategic approach, there are concrete tactical factors that help make some companies' social initiatives successful. Our research suggested four tactics that effective companies use to avoid typical mistakes in managing corporate philanthropy.

Track the Impact Specifying concrete goals and overarching guidelines for philanthropic activities is an important first step for purposeful management of corporate philanthropy. Then it is a logical — and far-reaching — next step to integrate a company's performance in the area of corporate philanthropy into the overall controlling and reporting system, putting it on an equal footing with other accounts of corporate performance. Besides depicting the impacts of the companies' charitable initiatives on their intended beneficiaries, an appropriate corporate philanthropy monitoring system must be able to answer questions such as: How well do our activities meet our goals for corporate philanthropy? To what extent do we meet expectations of core stakeholders? To what degree does this philanthropic initiative advance the company's core business operations? Some companies have found that including philanthropy-related performance measures into a balanced scorecard approach[8] proves to be one effective way to help answer these questions.

Define Exit Options Executives who strategically direct their companies' philanthropic activities toward sustainability avoid hasty or superficial commitments. By devoting great diligence to the initial design of their charitable initiatives, these executives make sure not to fall prey to the trap of becoming overcommitted. In particular, we observed that successful approaches to corporate philanthropy often involved an active control of stakeholder expectations. From the outset, executives explicitly defined what would be included in their company's philanthropic initiative and what would not. By doing so, they avoided raising expectations incorrectly. They also explicitly specified exit options, clearly defining when and under what conditions an initiative would end.

For example, in spite of the generous outline of IBM's Reinventing Education program, the program from the outset incorporated a number of limits and exit options. Most importantly, Reinventing Education was divided into separate waves with budgets that were defined before each wave was launched. In 1994, Louis V. Gerstner Jr., IBM's CEO at the time, started the first round of Reinventing Education with $25 million in grants. In 1997, the second round of the program began with $10 million in grants, followed by the same amount of international grants in 1998. And finally, in 2002, a third round of the Reinventing Education program was launched, with another $25 million in grants. Even though each of these program phases had a substantial size, establishing the budgets years in advance allowed IBM to take the overall costs into account early on and plan adequately for the program's financing. In addition, the design deliberately made it easy for the company to withdraw from specific projects at the end of each respective phase, if appropriate, without having created the expectation of a longer-term commitment.

Professionalize Social Engagement Executives with a strategic approach to corporate philanthropy establish clear-cut principles for their charitable activities in general and for corporate donations in particular. Some also define in advance the circle of preferred beneficiaries to guarantee goal-directed contributions and exclude the distraction that can result from personal preferences. Clear-cut principles that govern philanthropic activities can guide decision making in specific cases and, more generally, help strengthen the strategic orientation of corporate philanthropy and enhance its efficiency.

Consider the example of a Swiss producer of armored vehicles. To strategically direct its donations, this 550-employee company developed stringent guidelines to govern its corporate giving. These internal rules explicitly state that employees' personal interests are secondary in donation decisions. In addition, the guidelines define specific categories of preferred recipients that represent areas of strategic company interest, such as military and political institutions and events, as well as local sports and charitable organizations and occasions. Each of these categories is assigned a particular share of the overall sum that the board of directors reserves for donations. Finally, all contributions exceeding about $830 have to be approved by the CEO. According to the executive in charge of corporate donations at this company, transparency is the main advantage of these rules. While funding about 50 to 60 events and institutions a year, the company declines about three-quarters of the applications for funding it receives. Prior to the formal guidelines, such decisions were made on an ad hoc basis. Because of the new guidelines, it is now possible to draw upon clear-cut directives for corporate grants. Both positive and negative funding decisions can thus be justified to stakeholders in an appropriate way, and corporate charitable activities are now more predictable and directed toward strategic objectives.

Throw Light on Good Deeds Some companies fail to realize the market benefits of corporate philanthropy because they do not sufficiently communicate their charitable activities to important stakeholder groups, other than direct beneficiaries. In contrast, companies with effective communication about their philanthropic activities identify and target their most important stakeholder groups and provide them with relevant information. To prevent their efforts from being dismissed as mere marketing fads, these companies put an emphasis on the credibility of their philanthropy-related communication. They may integrate such information into a communication system that covers all of the company's activities in the field of corporate social responsibility, including the social and environmental effects of its day-to-day operations. Finally, successful corporations accommodate their stakeholders' preferences for more than mere one-way information. They actively involve stakeholders in dialogues and allow for their participation in important decisions related to corporate philanthropy.

Moving Beyond Myths and Misconceptions

Too often, management thinking about corporate philanthropy is shaped by myth and misunderstanding. Although executives recognize the importance of philanthropic programs and willingly pay for them, the programs' effectiveness often suffers from four widespread misconceptions: (1) Corporate philanthropy cannot be managed with the same degree of rigor applied to core business activities; (2) good deeds should not be publicized; (3) corporate philanthropy should serve as emergency aid and is best practiced briefly or spontaneously, and; (4) a company's level of giving is all that matters, rather than its level of strategic engagement with philanthropic activities.

In reality, some companies achieve much more than others in their corporate philanthropy programs. A serious and consequential corporate social engagement ultimately requires that the implementation and responsibility for corporate philanthropy be linked with the system of management responsibility in a company. Questions of strategic direction for corporate philanthropy should not be handled purely by lower-level staff, but instead should be top management's responsibility. To be effective in the long term, corporate philanthropic initiatives should be addressed with the same professional standards and value-creating ambitions that are applied to any other business issue.

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