

# Creating a Giving Plan for Your Small Business



*Giving money away is hard.* From the outside, it seems like a joy. When corporate philanthropy professionals like me meet people and they figure out that I “give the company’s money away,” they’re delighted. “What a great job,” they say. And it is. Working alongside of nonprofits every day, figuring out how we can align the company’s resources with their needs, is a joy.

But that doesn’t mean it’s easy. The key word is “align.” Matching resources and needs takes time, effort and a lot of thought. Before you can even attempt to do this effectively, you have to know what you can give, why you’re giving and how. You need to be thoughtful, carefully considering the approach your business should take or how, like many, you can “get more strategic” about your giving after a few years of going on impulse as requests come in the door.

There’s no right answer to these questions because each business is different – your brands, locations, employees, products. So the expression of how each business decides to give back will vary, sometimes dramatically. Taken to its fullest potential, a company’s giving can be a part of its brand personality. It can live right at the core, in the firm’s values. That doesn’t work for everyone, and that’s ok. In the end, the way you decide to approach philanthropy should fit with who you are. That means you should take the time to think about it. This guide offers a step-by-step approach for that process, offering tips to help you build a plan, covering:

- The money or product (what you give today, what you’d like to give tomorrow)
- The focus (what cause or area you’d like to adopt)
- The how (the methods and policies)

## What you give today

When businesses start up and begin to market themselves – whether they’re a new store in the shopping center down the street or an IT company – people come calling, asking for money, asking for involvement. This is all good, but it can be overwhelming if you haven’t thought through what to do and what not to do. So the typical business responds case by case, selecting an event to support, a nonprofit to help or a school to champion. Often these decisions are made by the founder or owner of the business and have a lot to do with what that person cares about. Make no mistake, this isn’t bad. It’s where most

businesses begin when it comes to philanthropy, and it can help you learn what works and what doesn't.

Over time, it's easy for a lot of money, effort, time, and even product to be used to support the requests you receive – more resources than you might expect. So when you are seeking to be more strategic about giving, deciding to drive it versus respond to requests, it's important to stop and figure out the actual amount of giving you do. This is kind of like going on a treasure hunt. Where are donations buried in your budget?

## How To: How much are you giving?

Review your company's spending, working with the people who lead key areas like marketing, product fulfillment and accounting. Ask everyone to document, the best they can, what the business does for free. This may include:

- **Philanthropic donations**

If you have a specific budget established for this, great. That makes your life easier. If you don't, then figure out where the donations are hitting your General Ledger. Are they being assigned to marketing, perhaps? Or does the founder, owner or CEO have a discretionary fund that's tapped here and there? This is anything but scientific. You may need to dig through details with your financial team and ask follow up questions to understand why the business spent money on certain things. You are literally building a philanthropy budget line by line. It's work, but it's worth the time because, in the end, you will understand exactly what you're giving to and have a better sense of why.

- **Sponsorships**

It's not unusual for businesses to mix sponsorships and donations in the same budget. The language people use when they ask for money can be confusing. For example, a nonprofit may ask you to sponsor an event. Is that a marketing expense or a donation? It depends. Ask why the money is being invested. If it is being spent to promote the company and drive business, and you might not support the event again if it's unsuccessful at generating sales, then it's marketing (which usually comes with promotional opportunities, logo placement, tickets, and so on). If it's a charitable gift, done to support the nonprofit because you believe in it and you want to do good in the community, then it's a gift. That's a very simplistic view (we'll get into aligning your brand with the right causes later), but in this case, it helps when you're sifting through a sponsorship budget asking what's giving and what's marketing.

- **Employee/community relations**

Another area worth exploring is the HR budget where you may spend money on events or efforts that are aimed at connecting your business or employees to the community. For example, you might belong to the local Chamber of Commerce or the Rotary Club. Again, ask yourself why you are involved and whether the money is about benefits you receive in return or about giving. It's easy to get confused. For example, you may have a membership at the local children's museum so employees can take their kids to visit. That's a membership and a company benefit for employees,



which is an HR investment. The children's museum asks you to sponsor an event. You decide to do it because the museum store is a potential customer for the products you produce. That's a marketing investment. The museum's executive director then asks you to make a donation to the annual fund, supporting the museum's operations. That's giving.

- **Products or Services**

The final area to consider is the actual products and services you provide to the market. I'm talking about what you, as a business, sell. Say you are a local beverage company, making a new organic product. How many bottles of this product do you donate to nonprofits for their events? What, in dollars, does this equate to? The same applies for professional services. If you provide a service, like Web design, how much of this do you do for free, for charitable reasons (not to help appease an unhappy customer)? Assign the appropriate dollar value to the donation, and count this in your giving total.

### Building the Corporate Giving Budget

Philanthropic donations	\$
Donations disguised as sponsorships	\$
Donations disguised as employee relations	\$
Donations of products or services	\$
Total Giving	=

## What cause you would like to adopt

When I said that giving money away is hard, I meant that it's hard to choose how best to invest your dollars. Which nonprofit is the best one to support? How do you pick one over the other? Is cancer more important than homelessness, child abuse a higher priority than infant mortality? These questions are impossible to answer and vary dramatically person by person. But as a business, you have some pre-determined factors in place that can help you decide on an approach. This section is designed to step you through that process.

## How To: Determining your giving focus

Work through the list below, carefully considering each category before making any decisions about what you might support. Give yourself time to think through the options. Although you can and should update your focus over time – as the business evolves and changes – deciding your giving focus is not something you do every year. You will likely live with the focus for many years, so you want to make sure it fits.

- **Products and Services**

What products or services do you offer? Is there a logical connection between what you sell and a specific kind of nonprofit in the community? For example:

- a landscaping company and a nonprofit that teaches city kids gardening
- a contractor or a hardware store and housing for the homeless
- an eye surgery center and an association for the blind



Looking at the obvious connection between your products or services and community need is a logical first step. But what if what you do as a business doesn't align so nicely with a type of nonprofit? For example, what if you do web design? Although there could be nonprofits that teach kids this skill, you could also take the approach of saying "we're going to give to nonprofits that have marketing needs like those we fulfill as a business." This is a less conventional but extremely important way to think about giving because chances are, there aren't as many donors out there looking to support this kind of need – funding for web development so the nonprofit can tell its story. Be creative as there is no one answer.

- **Brand**

Similar to the products and services suggestion above, think about what your brand stands for and whether that leads you to any logical intersections with nonprofits. This approach is admittedly a bit fuzzier, not so black and white. If your company's brand stands for innovation or creativity, then perhaps your giving programs are designed to support those same qualities.

- **Location**

Where is your business located within your community? Are you in an office park, an industrial zone, the rural outskirts, the middle of the city, or perhaps a place where people both live and work? Are there specific needs in the neighborhood, problems that you want to help fix? Are there residents close by with specific needs? Answering these questions will help you come up with options for how to give – perhaps to a local community center, a program for people who speak English as a second language, to help preserve woodlands or maybe to encourage environmentally friendly transportation options. Again, there is no right answer. These are just clues to help you decide.

- **History**

Businesses grow up in communities, rarely on their own. They have connections to people, places and causes that develop naturally. Just because some of the early donations you made might not have been strategic, that doesn't mean they weren't good and important to keep. Looking at what you have already done, ask if there are certain nonprofits that feel central to who you are as a company. Is there a group that's always been there, that you feel connected to, that has – in some way – grown up with you? This is the outlier category in many ways because the organization might not fit into any of the other categories you're considering (product, location, etc.) You might just feel a passion for them, and if that commitment is strong enough, then it's important to think about how to maintain it.

- **CEO**

This is a touchy but important one. What does the founder, owner or CEO care about? If you're one of these people and you're driving the change, then you're ahead of the game. If you aren't, and you're seeking buy in from those who made the giving decisions before, make sure you carefully inquire about what they think and if there are any areas of giving that are important to preserve. You may have already hit on this in the history discussion as the two are often intertwined.

- **Employees**

Who are your employees? What are they like? What do they care about? What do they like? Are



they unique in any specific way? Taking a look at the demographics, interests and experiences of your employees is important because it provides a perspective you might not have considered. This doesn't mean you're asking your employees to tell you what to give to. It means you're looking at who they are and what they care about, which might lead you to considering certain kinds of nonprofits that otherwise might not make it into the discussion.

- **What you won't give to**

It might be obvious, but any discussion about what to support should include conversation about what NOT to support. Are there certain types of nonprofits that aren't in line with what you do or what you believe? Does the company have policies against aligning its brand with political candidates, for example, or religious activity? Or do you prefer not to give to multi-year campaigns or not to give products away? All of this is important to know.

Category	Nonprofits/Causes (ideas)
Products or Services	
Brand	
Location	
History	
CEO	
Employees	
What you won't give to	

This exercise will leave you with a lot of ideas and different potential directions to take. It won't answer your question immediately, but it will help to narrow or orient the discussion. With this information, you can better step through the options, considering which one is the right one for your business. If possible, involve line employee as well as leadership in this process to help encourage buy in for the choices you make. After all, you will want the team to embrace the decision and help champion the focus on behalf of your business, your brand. You want them to be proud.

Two final notes on selecting a giving focus. First, you don't have to be 100% absolute, never straying from your giving focus. You can decide "what you give to as a company" in a public way and still privately support other organizations that are meaningful to you (like those you uncovered in the history discussion). Corporate giving budgets usually contain a mix of programs that made it there for different reasons. You may give to certain nonprofits because of history and others because you have an executive serving on the board. The publicly stated giving focus should both convey a strong story about your support of the company and should help the groups asking you for money to focus their requests.

Second, when you ultimately decide on your giving focus, be open that it is something you will revisit over time. Although it is not a decision to rethink every year, it is appropriate to stop, at key points in a firm's growth and after key events, to reevaluate. For example, your business outgrows its current building



and moves across town to a new location, in a neighborhood with different needs. What moves to the “history” category, and what’s new about how you want to give? Maybe you merge with another business that has a different giving focus. Which one do you keep or do you come up with a new approach altogether that fits who you will be in the future? These are but two examples of why there can and should be room to change.

## How To: Selecting the financial vehicle to use for giving

As you consider your focus for giving, you should also consider which financial vehicle you would like to use to handle the actual dollars. Over time, it’s not unusual for companies to have a mixed portfolio, looking to different options to support different programs.

- **Corporate Philanthropy Budget**

Every business should have a corporate philanthropy budget managed by the person most knowledgeable about how and why you give. In the early stages, it’s likely that this person might not be called a CSR professional. What matters is that the company’s “give back” function resides with the person in the role; someone who can track what is given to what organizations. This pool is funded annually as a part of the company’s budgeting process. Keeping all contributions tied to this budget is helpful both to see what you are giving and to provide information to receive tax relief for your donations. The budget may contain several categories, including donations given because of history, support for organizations where executives serve on the board, funding for a local grant program, and money to support employee-led initiatives. These categories will change over time as your program matures, but using them helps you better understand how you are giving and how to tell the stories behind your giving.

How much money you allot for giving is up to the leadership of your firm. Some businesses strive to give away a percent of pre-tax profit, while others use a dollars-per-employee formula. More often than not, the budget evolves, first through discovery of how much you are giving (as discussed earlier in this guide) and then as you decides to take on new projects or donations. It is not unusual for the strategic argument behind how much to give, in total, to build over time. If the CEO gave you \$1 million today to give away, it might end up being more of a burden than a help if you don’t have the infrastructure in place to handle the work and the thoughtful deliberation.

- **Fund at a Third-Party Foundation**

Another option for growing firms is to establish a donor-advised fund at a third-party foundation, such as a community foundation (Blackbaud has had one of these at The Coastal Community Foundation since the mid-1990s). Businesses choosing this scenario provide an initial investment to create the fund and then additional donations over time to help it grow. They pay an administrative fee to the foundation annually, which takes over actual management of the dollars, pooling them with other funds to generate a better return. A percentage of the fund (usually four or five percent) are available each year to grant to nonprofits that fit with the fund’s mission, as established when it is opened. The benefits of establishing a third-party fund like this include being able to rely



on the foundation for expertise and staff support while the business is small and doesn't have an established philanthropy or CSR function, having the foundation's board vet and approve all donations (lowering your risk), and building an endowment for future giving.

- **Foundation**

A third option is to establish a separate foundation, with its own board and IRS tax status. This is a more expensive option that requires significant time and resources to both set up and run. But businesses wanting to make a lasting imprint through their giving and have those efforts tied to a company foundation's name should consider this approach. Like with a third party, a percentage of funds under management are available to grant out each year.

The approach you choose for how to handle dollars available for philanthropy will change over time. It's not unusual for a business to begin with a corporate philanthropy budget and add a third-party fund later on, focused on a specific program or cause. Other examples of change that could affect where you place your money might include an expansion into a new location, where you might want to establish a fund to help support the new area, one you don't know as well as where you're headquartered; or a merger or acquisition where you inherit a previously established fund or giving budget. In all of these cases, careful thought should be put into what the pool of money was used to support, why and how it makes sense to proceed in the future. As major events happen to your company, you may want to spend a fund down you have inherited, merge budgets and add new categories, or explore launching something new.

## Thinking Ahead: Beyond Traditional Giving

Once you have the infrastructure of your giving plan in place, with a budget and focus established, you will have time to consider additional ways to expand what you do. This is where things can get really fun. Examples could include:

- **Employee giving through payroll deduction**

Workplace giving campaigns have long been a part of corporate America, with the United Way leading the charge and other large nonprofit brands offering ways for employees to give back directly through their paychecks. This remains an option today, although as people become more aware of the array of nonprofits and causes to support, it can be difficult for a company to pick which organizations to feature. If you have a fund or foundation, one option is to offer your people the ability to support these efforts, making the donations part company, part employee.

- **Matching employees' gifts, informally and formally**

Smaller companies usually don't have the people power to offer traditional matching gift programs, where a certain dollar amount is given to nonprofits where employees make a donation (up to an agreed upon cap). That doesn't mean you can't adopt informal matching programs, such as offering to match all the donations made in support of a local holiday drive. This is a great way for company dollars to be used to support and enhance employee donations. When you announce or make the ultimate gift to the nonprofit, you can celebrate your combined role in donating the money.



- **Donations for nonprofits where employees volunteer**

Another option is to offer what some businesses call “dollars for doers” or grants that are in support of nonprofits where employees volunteer. If your firm values service, this is a great way to differentiate between all those asks you get from “someone’s cousin who has a kid in the band” and employees doing meaningful volunteer work. Take the program one step further, and form an employee committee to evaluate the grant applications and select winners each quarter. This is a nice way to empower your people and help relieve executives from some of the pressure they get from the community to give.

- **Donations in support of team volunteer efforts**

Sending teams out into the community to serve or participate in a charity event is a great way to build unity and strong ties. In addition to the team building itself, these opportunities help employees engage with the community on your behalf and help them learn about philanthropy. Consider setting aside a little bit of money each year to support the events your employees want to participate in. Putting company money behind their team can help spur them on and build the bond they have with the brand.

## How To: Establishing Policies, Procedures and Templates

And, finally, we get to policies. I promise you that this is NOT the boring part and not a section you should skip. Policies are your friend. Well-written policies help to both guide and protect you. This is especially the case when you’re managing a company’s giving. A couple of important policies to establish include:

- **Policy: Public Giving Statement (posted on your website)** – a short statement about what the business gives to (the giving focus) and why. It may also be helpful to include a frequently-asked-questions document that helps you tactfully convey what you don’t support, deadlines, whom to contact, and so on.
- **Policy: Internal Giving Guidelines** – a concise guide of giving protocols that goes into a little more detail, for you and others to refer to as needed. Often these are policies that are more sensitive, such as how you handle donations in memory of individuals who have died. When do you give? When it’s an employee, a member of the employee’s immediate family, a member of the employee’s extended family, a prominent community member, a former employee? Although it’s not fun to think about, it is important to figure out how you will approach this situation so you are consistent, both when you give memorial gifts and how much.
- **Policy: Fundraising at Work** – a series of tips for how to appropriately raise money at work. A business that gives back has employees who get involved, and that means some of them may bring their causes to work with them and ask others to give. This is especially true if you have done any company wide campaigns encouraging giving. Although giving sounds great, it’s important to establish some ground rules. What works for a 20-100 person business doesn’t work when you have 500 people, and some simple tips about focusing your asks on those you know well and never asking those who work for you will help convey an atmosphere of respect.



- **Process: Receiving and Reviewing Requests**

Establish who at the company should receive all requests for donations (ideally, your CSR staff member), whether these come in directly to that person or are forwarded internally. Make sure employees know who fills this role, so they can appropriately pass on phone calls, emails and letters and ensure each request gets a response. Decide how often requests will be reviewed (ex: monthly) and who will be involved in the process (the CSR staff member in consultation with key staff, perhaps). Note that requests that fall outside of your funding focus can be put in the “no” pile immediately.

- **Template: Responding to Requests**

Craft messages that can be used when you respond to requests for donations, either as a script for a phone call or copy for a letter or email. Saying yes is easy, but it's important to establish why you felt the program or organization was one you wanted to support. It's also an opportunity for you to stress why the gift fits with the giving focus you have established. On the flip side, saying no can be difficult and it's likely you will have to say it more often. Your “no” message should be concise and positive, saying no but in a way that is human and respectful. Take the opportunity to say a few words about how, although you could not fund their effort, you are committed to giving back. Provide a few details about how you do this. Simply getting back to those who ask, even if you are saying no, is something many businesses fail to do. Don't be one of them.



### About the Author

Rachel Hutchisson (@RachelHutchssn) is the director of corporate citizenship and philanthropy at Blackbaud, Inc. She built the company's “give back” function from the ground up, relying on expertise she gained in over two decades of working at the intersection of the business world and the nonprofit sector. Rachel is a member of the #GivingTuesday advisory team, leads her company's involvement in the A Billion+Change pro-bono initiative, and serves on the boards of the Association of Fundraising Professionals International, The Giving Institute, and the Coastal Community Foundation. She is also a member of the core team that launched TEDxCharleston in 2013. She is a graduate of Dickinson College and received a master's degree from the University of Missouri School of Journalism.

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