Corporate Social Responsibility in Fairfax, Virginia: An Overview and Examination

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The authors thank the many individuals who are working in the field of corporate social responsibility in Fairfax County who were interviewed as part of this study. Their engagement made this project possible, and their work in CSR is doing much to make Fairfax a better place to live. Interviewees were promised anonymity so they are not named in the paper.

Introduction

It is commonly accepted that today's complex social problems will not be solved by one organization or even one sector – government, business, or nonprofit. Rather, lasting solutions are more likely to be the result of cross-sector partnerships.

One of the important roles of the public sector is to facilitate the development of these cross-sector partnerships. It can do this by finding innovative ways to engage the private sector while ensuring that businesses' needs are still being met (stakeholder values, profit goals, risk level).

To form lasting and valuable partnerships, an alliance has to be a win-win situation for both sides. The benefits can be tangible or intangible.[1] In some cases, the government can offer tax breaks, subsidies, or guaranteed revenue targets to the private sector in return for its commitment to a project. In other cases, the benefit is intangible, such as raising morale or developing new capabilities.

Corporate social responsibility (CSR) is rooted in the concept that businesses have to look at more than just their bottom-line. Businesses have social and economic responsibilities to the people and communities affected by their operations.[2] CSR covers a wide range of activities. For some organizations, it involves little commitment of time or money. For others, CSR is a central part of their business strategy, and their leaders see it as a way to strengthen their business and contribute to society. *The McKinsey Quarterly* recently published an article on CSR. The article defines CSR activities as falling into four categories: Pet Projects, Philanthropy, Propaganda, and Partnering. See Exhibit 1 below.[3]

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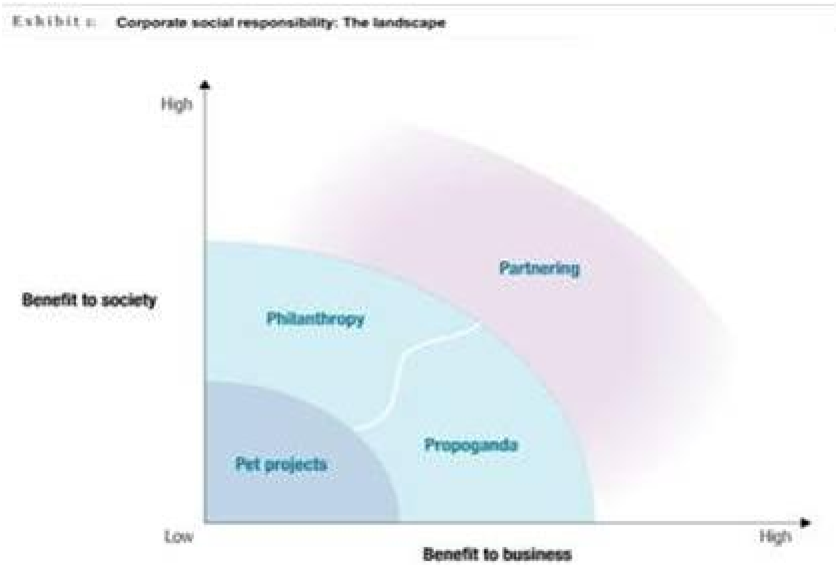
[1] https://www.mckinseyquarterly.com/Nonprofit/Philanthropy/Making_the_most_of_corporate_social_responsibility_2479#sidebar2
[2] http://www.williamcfrederick.com/business&society.html
[3] https://www.mckinseyquarterly.com/Nonprofit/Philanthropy/Making_the_most_of_corporate_social_responsibility_2479#sidebar2



The authors point out that for CSR to be effective, it must fulfill the dual purpose of benefitting business and society. Pet projects often reflect the personal interests of individual executives, but usually offer little in benefits to either business or society. Philanthropy can be corporate donations, which may benefit society, but does little to benefit the business. Propaganda focuses on building the business' reputation while offering little benefit to society. These three categories are the easiest to decide on and implement, but the last category, partnering, is the only category that offers real opportunities for shared value creation and creative solutions. These smart cross-sector partnerships require more focus, work, and commitment, but offer the potential for far greater rewards for both sides. The authors write, "The smart partnering view is that CSR is about doing good business and creatively addressing significant issues that face business and society, not simply feeling good."[4]

Additionally, the citizen sector is rapidly becoming a part of the new entrepreneurial landscape in the world today. One estimate puts the citizen sector at halving the gap between its productivity level and that of business every 10 to 12 years.[5] That trend is evident by the growth of nonprofit and NGO management and research. It can also be seen in recent legislative developments, such as the creation of the L3C legal category for hybrid organizations.

As we continue to learn from history and make corrections going forward, a new era of entrepreneurial, innovative thinkers has started to approach old problems in a creative way. "Social entrepreneurs are not content just to give a fish or to teach how to fish. They will not rest until they have revolutionized the fishing industry," says Bill

[4] https://www.mckinseyquarterly.com/Nonprofit/Philanthropy/Making_the_most_of_corporate_social_responsibility_2479#sidebar2

[5] Kristof, N. & WuDunn, Sheryl. 2009. Half the Sky: Turning Oppression into Opportunity for Women Worldwide. Random House: New York.

Drayton, founder of Ashoka, an organization that supports entrepreneurial fellows around the world and holds the belief that everyone can be a ‘changemaker’.[6]

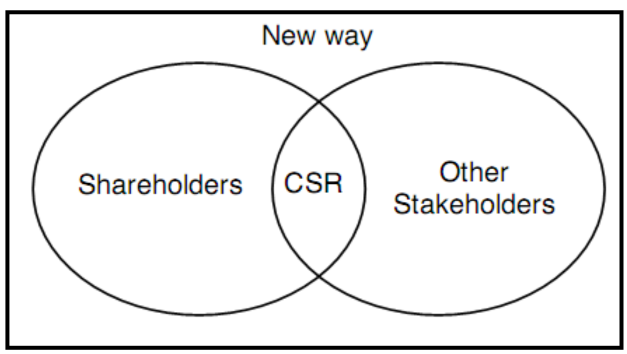
This project’s purpose was to survey the state of CSR in Fairfax County, Virginia, to get an idea of the kinds of CSR activities that businesses are involved in, and to understand their commitment to their CSR initiatives. This information can be leveraged by Fairfax County’s Office of Public-Private Partnerships (OP^3) to make strategic partnering decisions, and identify new partnering opportunities.

The methodology of this project included a literature review of Corporate Social Responsibility definitions and activities, and a review of relevant case studies on public-private partnerships in the country and the role of business schools in fostering multi-sector partnerships. Then, the group developed a questionnaire and solicited responses from several businesses in Fairfax County on the details of their CSR activities. The group used the feedback from the interviews and questionnaires to develop several recommendations for Fairfax County’s Office of Public-Private Partnerships (OP^3).

Literature Review: History and the Evolving Concept of CSR

If there is an underlying philosophy to the concept of corporate social responsibility (CSR), it was asserted by Bjorn Stigson, president of the World Business Council for Sustainable Development (WBSD) and Member of the Dow Jones Sustainability Index, when he said: “Businesses cannot survive in societies that fail.[7]” Founded in 1995, the WBSD is a CEO-led civic association dedicated to ensuring that business sustains its responsibility to the global society.

The coalition’s stance is in sharp contrast to the views of economist Milton Friedman who claimed: “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.[8]” Friedman’s influence cannot be understated;



[6] Kristof, N. & WuDunn, Sheryl. 2009. Half the Sky: Turning Oppression into Opportunity for Women Worldwide. Random House: New York.

7. Tomorrow Today, a Future for Business; Authentic Corporate Social Responsibility. Ian Berry, CSP FAIM. 2008
8. Capitalism and Freedom. Milton Friedman. 1967
9. Corporate Philanthropy and Law in the United States. Thomas Silk. 2004
10. CEOs as Public Leaders; a McKinsey Survey, 2007
11. The Shareholder vs. Stakeholder Debate. Jeff Smith. Business Insight; MIT Sloan Management Review

corporations are legally bound by law to prioritize the value they create for shareholders rather than for society[9]. But increasingly, there is a realization that oftentimes, what is best for society is also good for the corporation if a strategic approach to corporate social responsibility is adopted where the charity principle is abdicated for a mutual gains approach to financial and social benefit. As a rising tide of social consciousness envelopes the globe, corporations themselves are faced with a dramatic shift in social expectation. In a global survey of corporate executives, *The McKinsey Quarterly* found that 84 percent of executives believe that society now expects businesses to take a much more active role in environmental, social, and political issues than it did just five years ago.[10]

Often described as a shift from a Shareholder to a Stakeholder perspective,[11] corporate social responsibility represents the view that a corporation's far-reaching activities have many positive and negative effects on society. Issues such as environmental damage, improper treatment of workers, and defective products that endanger consumers have become an area of public concern and there has been increasing pressure on corporations to act in a manner that is considerate of the needs, concerns, and values of many of its stakeholders (stockholders/owners, customers/clients, employees/executives, suppliers, local communities in which they operate, and the environment). Caused by a blend of the media's exposition of irresponsible corporate practices, governmental regulation or threat thereof, and increasing pressure from civil society, corporate social responsibility has become increasingly adopted by companies all over the world.[12]

The pressure on corporations to contribute to the benefit of society dates back to the earliest annals of civilization, when rulers like King Hammurabi of Ancient Mesopotamia and ancient Roman senators commonly grumbled about the business community's lack of financial contributions to military or community spending chests.[13] In recent American history, Andrew Carnegie, founder of the legendary conglomerate US Steel, articulated two core principles for America's business community that he believed would enable the success of a capitalist society: 1) the charity principle, which required that wealthy members of society assist the less fortunate and 2) the Stewardship principle, which stated that corporations and wealthy individuals should act as caretakers of property and industry holding wealth "in trust" for the remainder of society[14]. It was Carnegie and the philanthropic leadership he exemplified that sets a signpost for our domestic history of corporate social responsibility. As the second industrial revolution

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12. The Real Face of Corporate Social Responsibility. Andrew Pendleton. Consumer Policy Review. 2004.
13. The History of Corporate Social Responsibility. JJ Asongu.
14. Corporate Social Responsibility: A Critical Approach; Business Horizons, 1991. R. Freedman & J. Liedkta
15. Strategic Corporate Responsibility in Practice. JJ Asongu. 2007.

boomed in the early 1900s, America began to take its formidable leadership role in the global economy; members of the business community began to question the role of business in a society plagued by poor worker conditions and economic inequity. A professor at the Harvard Business School, Wallace B. Donham, stated in 1929: "Business as we now know it is new – new in its broadening scope, new in its social significance…[and it] has not learned how to handle these changes, nor does it recognize the magnitude of its responsibilities for the future of civilization.[15]"

In a contemporary iteration of CSR philosophy that blends financial and social value creation, another Harvard University professor Michael Porter teamed up with Mark Kramer to move far away from Carnegie's views of American aristocratic paternalism and outline an approach that crosses the divide between Friedman's and Stigson's views of the role of corporations in our society. Their approach, which lies between "critics demanding ever higher levels of giving and shareholders wanting to maximize short term profits," is termed Strategic Corporate Philanthropy and described as "moving beyond good corporate citizenship and mitigating harmful impacts, to mounting a small number of initiatives whose social and business benefits are large and distinctive." Porter and Kramer believe that corporations should approach their CSR as strategically as they approach their core business practices, "doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs…pioneering innovation to benefit both society and a company's own competitiveness.[16]"

But, as *The Economist* noted, "Corporate social responsibility, once a do-gooding sideshow, is now seen as mainstream. But as of yet too few companies are doing it well.[17]" In a recent study commissioned by the Center for Encouraging Corporate Philanthropy and carried out by McKinsey and Company, only 20 percent of respondents considered themselves "very effective" or "extremely effective" at blending both financial and social objectives into their CSR strategies[18]. Regarding corporations' failure to achieve Strategic Corporate Social Responsibility several key challenges were identified: garnering executive buy-in; ideation of programs, activities and opportunities that meet both social and financial goals; difficulty of measuring return on investments as well as social impact; communicating to both internal and external audiences effectively; and information overload[19,20,21].

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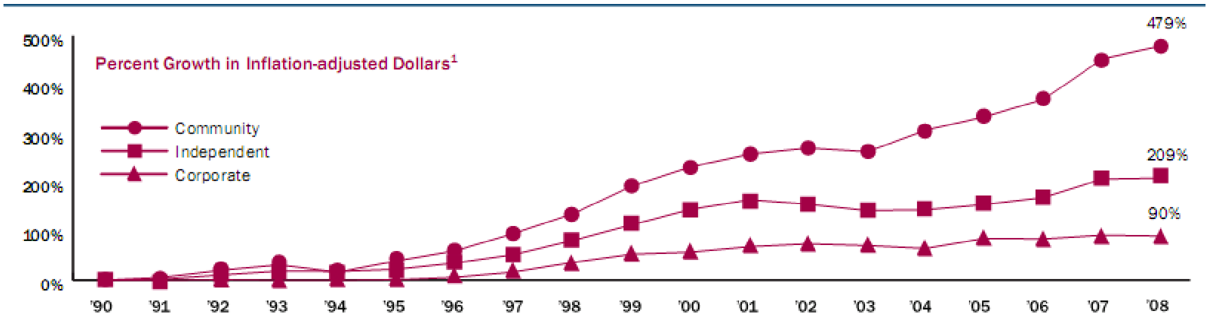
16. Strategy and Society. Michael Porter and Mark Kramer. 2006
17. Just Good Business. The Economist. January 17, 2008
18. Business's Social Contract: Capturing the Corporate Philanthropy Opportunity, based on Research by McKinsey and Company. Center for Encouraging Corporate Philanthropy.
19. State of Corporate Citizenship 2009. Boston College Center for Corporate Citizenship
20. Exploring Corporate Philanthropy; Member Survey 2006. Center for Encouraging Corporate Philanthropy
21. Corporate Citizenship in the 21st Century: a Competency Model. Boston College Center for Corporate Citizenship.
22. ibid

The failure of corporations to achieve strategic corporate social responsibility may not be as surprising when considering the motivations for many of these activities. Reputation is often identified as the number one driver of corporate social responsibility programming,[22] and therefore many companies choose to forego the resources and energy required to create highly engaged activities. Instead they leverage their financial and human resources to engage in "corporate philanthropy," the granting of financial, human, and physical resources to citizen sector organizations. Whereas corporate social responsibility is the overarching idea of corporations contributing to society either through ethical business practices, linking environmental and social goals to business objectives, or some combination thereof, corporate philanthropy is often less connected to a corporation's core business activities. Over the past 20 years, the dollar amount (adjusted for inflation) of corporate gifts has almost doubled, a significant accomplishment, yet it has trailed significantly behind the growth of funding by independent and community foundations.

After inflation, corporate foundations reported slower cumulative growth in giving than other types of foundations since 1990

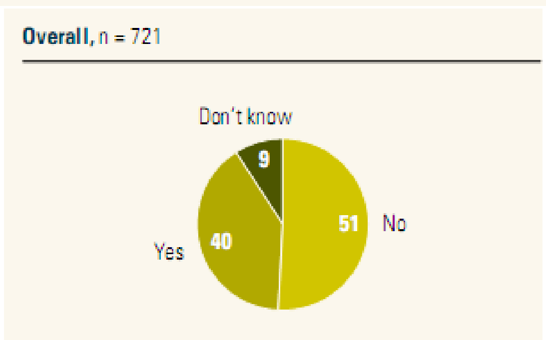


¹Percent change in constant 1990 dollars based on annual average Consumer Price Index, all urban consumers (Source: U.S. Department of Labor, Bureau of Labor Statistics, as of March 2009).

Corporate philanthropy programs supplement their financial donations by encouraging employee volunteerism, donating products and services in-kind, and leveraging other corporate assets to suit citizen sector needs. These activities may be targeted to social investments that have some long-term payoff, for example education to ensure a competitive workforce, or to raise visibility in a particular region, such as sponsoring community or sporting events, or it may just reflect individual interests of CEOs, corporate giving officers, or employees. In spite of the increased attention by citizen sector and governmental leaders to the importance of corporate philanthropic efforts, corporate funding makes up a small percentage of a typical organization's revenue. Citizen sector organizations typically receive about 20 percent of their annual budget from donations (individual, philanthropic, and corporate), and corporate giving makes up only 5% of all philanthropic funding. With only 20 percent of corporate funders donating over $1 million annually, the corporate philanthropic funding pool, nationally, is estimated at about $16 billion[23].

Despite its relatively small size, corporate philanthropy, or maybe more specifically "corporate community involvement," which the Boston College Center for Corporate Citizenship describes as "the state of relations between the company and the communities in which it has a presence or impact,[24]" is a vital aspect of an ecosystem of cross-sector collaboration and partnership within geographic regions and communities. With the increasingly globalized nature of business, some have questioned whether multinational corporations have spread their funding outside of the local geographic region in which they are headquartered. Indeed, increased awareness of global economic discrepancies has spurred many corporations with multinational presences to consider philanthropic activities in all areas in which they work; some fear that this is detracting from local corporate community involvement. The fear is not unfounded, of corporations surveyed by McKinsey and Company just under half planned to expand global giving over the next five years. But regardless of their future plans, empirical data and research shows that the vast majority of corporate funding goes to local communities. In a study of over 2,500 firms, Doug Gunthrie discovered that "80 percent of corporate spending is typically in the headquarter city" and that "77 percent of giving across 55 communities stayed within those communities.[25]"

Do you expect your company's corporate philanthropy programs to become increasingly global, either by trying to affect global issues or by operating in a larger number of countries, over the next 5 years?



Building on Gunthrie's research, Harvard University researcher Christopher Marquis decided to take a different approach to researching the drivers behind corporate community involvement within geographic regions. Marquis diverged from previous corporate social responsibility researchers by taking a socio-cultural approach to what he deemed "corporate social action" (to avoid a value statement about corporations' "responsibility" to society). Starting with the assumption that the majority of corporate social action has no discernable return on investment, he wondered why corporations continued to donate. In his report "Community Isomorphism and Corporate Social Action[26]," he analyzed over 1,000 geographic communities and tracked their levels of regional corporate social action over nearly 20 years to answer "how corporate communities come to share a frame of reference around the nature of corporate social action." Marquis was able to come up with several reasons for why corporations give, why they give locally, how they decide how much to give, and what can be done to increase or temper corporate social action in geographic regions.

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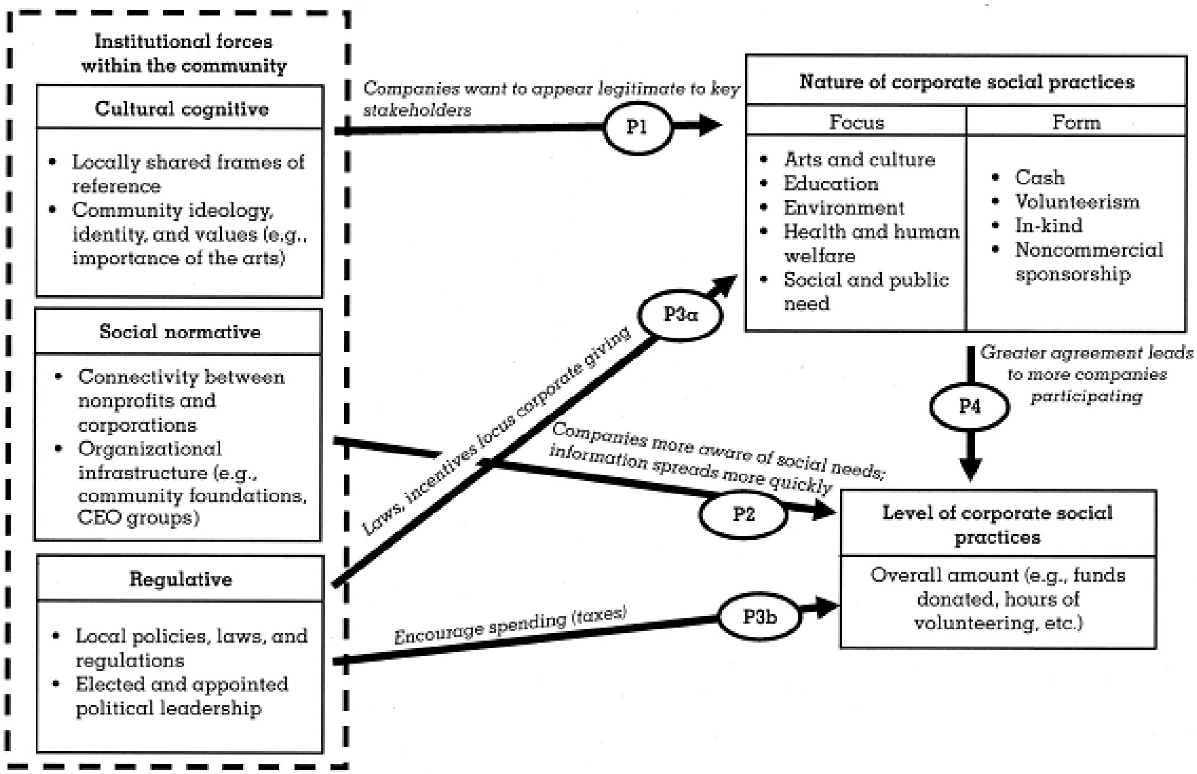
23. Giving USA 2008, The Giving USA Foundation
24. Determining the Values of Corporate Community Involvement. Boston College Center for Corporate Citizenship, 2000.
25.
26. Corporate Community Relation Study. Doug Gunthrie. 2003
27. Community Isomorphism and Corporate Social Action. Christopher Marquis. Harvard University.

FIGURE 1
Model of Corporate Social Action at the Community Level



Marquis outlined three primary factors that guide corporate decision-makers to donate to local causes: "what the government encourages (Regulative); what local peers are doing (Cultural-Cognitive); and what they believe to be 'right' (Social Normative)." According to Marquis, cultural influences, regional norms, and key institutions have a far greater impact on how much corporations give and on what causes they support than any rational ROI analysis or "strategic" process. As Robert Putnam's research on social capital shows, different regions have different propensities for behaviors such as volunteerism and socializing (Virginia ranks 33rd on his index). Marquis deduced that different regions must have different "standards of appropriateness" as they relate to corporate social action as well.

Analyzing cases from Detroit, Cleveland, Silicon Valley, Minnesota, Atlanta, and Cincinnati, he came to formulate a theory that "common and accepted ways of acting serve as models that can be used by existing or new actors within a community as a reference point for patterning their actions." In Minnesota, for example, arts and cultural institutions receive some of the most corporate funding. Marquis claims that this is a cause of a regional culture of artistic engagement, demonstrated by a 2003 state survey in which 94 percent of respondents believed that arts and cultural activities made Minnesota "an attractive place to live and work." Minnesota ranks in the top five nationally of

> *Proposition 1: Community-level cultural cognitive factors will affect the nature of corporate social action, shaping both its focus and form, leading to isomorphism within communities.*

regions that give to arts and cultural organizations, while ranking 33rd overall in funding for non-arts related enterprises. This reflects the notion that "community-level cultural cognitive factors will affect the nature of corporate social action, shaping its function and form, leading to isomorphism within communities…[or] a shared conception of 'how things are done around here'"

In his next proposition, Marquis claims that normative influences, or "what is right to do around here, " are caused primarily by peer pressure within social circles. "Dense social systems that value high levels of giving face regular scrutiny from their colleagues, which can enforce norms about appropriate levels of giving," writes Marquis. To spur this peer-based influence, Marquis recommends that "dense connections between nonprofits and corporations" as exemplified by board leadership, volunteerism, and advocacy for social causes, be catalyzed. To encourage this network, he suggests the creation of, or leadership within, institutions such as community foundations and elite civic involvement groups; "local institutions that serve to put corporations directly in touch with social needs and channel the capacity for coordinated action created by dense networks." He also cites examples of Chamber of Commerces instituting nonprofit board membership development programs as a lever for increasing connections between the for-profit and non-profit communities.

Proposition 2: Community-level social and normative institutional forces will affect the level of corporate social action. Greater connectivity between corporations and local nonprofits, as well as the presence of local institutions, increases the level of corporate action.

For local government administrators he recommended exercising political leadership and convening the for-profit and nonprofit communities around areas of urgent social significance; "aligning corporate social action with needed social concerns." His final recommendation could also be useful to government administrators, though it is not explicitly directed at them. Marquis states that "corporate social action benefits from mobilization around a focal concept, much like collective action in a social movement of the diffusion of an innovation." Giving the corporate community a set of pressing community needs, and mobilizing action around specific, thematic topics with concrete resource and actions plans, Marquis believes, will yield higher levels of corporate social action. As early adopters join the movement, they will then model behavior for those who arrive later, "lessening the cognitive load for later adopters who can emulate the form and focus the social engagement of their predecessors."

Proposition 4: The greater the level of agreement among local corporations within a community on the appropriate focus and form of social action, the greater the overall level of social action by local corporations.

Marquis' approach factors the "cultural and historical frameworks in which organizations are located" and forcing leaders to recognize the social environment in which this activity takes place.

What Do Businesses Want From CSR Today?

2005 market research from Community Wealth Ventures indicates there is a great deal of ambiguity in the field of CSR for businesses.[27] CWV interviewed representatives from 25 businesses in 2005, and found that in general, business leaders are interested in strategic philanthropy. They're interested in promoting the community and building employee relations, but they haven't structured their own goals strategically with philanthropy, and they haven't figured out how to take the steps of measuring their ROI. The results of those interviews underlined the importance of CEO buy-in in strategic philanthropy, and a strategic vision for their philanthropy and CSR—and that managers tend to be more enthusiastic about the work. CWV ultimately recommends definitions, benchmarks, measuring and good marketing/reasoning as what will push CSR forward.

In terms of businesses' view of what needs to happen in the community, and their perception of where they can help, a recent report from the philanthropy wing of the U.S. Chamber of Commerce gives particularly keen insight. The Business Civic Leadership Center held forums in eight regions across the country and collaborated with the Center on Philanthropy at Indiana University to survey business officials on their views of CSR.[28] Key findings of the report included:

- Businesses are particularly concerned about the affordability of housing in their regions, and the relative attractiveness of their communities, in terms of quality of life.[29]
- They're particularly concerned that the areas in which they do business attract a highly qualified workforce.[30]
- Although they seem to be less interested in investing in external sustainability efforts, early childhood education was a key concern.[31] Finally, businesses like the idea of marketing the community to outsiders.[32]
- Although businesses perceive local government structures as slow and unwieldy, 70.2 percent of the business officials surveyed said they should consult more with local government on solving community development issues.[33] They shy away from big-ticket and controversial issues,[34] and they prefer cooperation over simply being asked for money.[35]

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[27] Community Wealth Ventures. 2005.
[28] Business Civic Leadership Center. Report on the State of Corporate Community Investment. U.S. Chamber of Commerce: Washington, DC, December 2008, 1.
[29] Ibid, 4.
[30] Ibid, 5.
[31] Ibid, 6.
[32] Ibid, 7.
[33] Ibid, 9.
[34] Ibid, 10.
[35] Ibid, 11.

- They give most to education, youth and family, community funds, community development and arts & culture.
- They feel they can address the lack of good jobs, the lack of qualified workers, environmental conditions, school quality, and healthcare costs.[36]

The results of the report seem to indicate an encouraging trend—businesses are increasingly looking to become involved in community efforts. With sound reasoning and a strong system of measurement, Fairfax may be able to harness their good intentions and energy toward philanthropy to solving some of the County's problems.

[36] Ibid, 16.

Case Studies

Across the country, there are several noteworthy examples of successful public-private partnerships. Minnesota, Silicon Valley, and New York City are highlighted in the following section.

Minnesota: A Culture of Corporate Giving in the Twin Cities

Minneapolis and St. Paul have many foundations that were started by the founders or top executives of many of the prominent companies, like 3M and Target. Philanthropy became part of the culture of the Twin Cities' corporate life, especially philanthropy aimed at helping Minneapolis and St. Paul. In an age when most companies are cutting back, both cities' cultures of giving is like no other place.[37]

Examples of how companies donate

Strategic Philanthropy
At General Mills, for instance, 50 percent of the company's donations contribute to what is called "strategic philanthropy." One program gives money to schools by having kids buy Cheerios and bring in a coupon attached to the box. "At Target, Mr. Garvis said that much of the company's philanthropy had become "guest-centric…we want to be engaged in activities [the customers] care about." Even so, he said, the company makes contributions in Minneapolis-St. Paul that are far in excess of its size as a Target market."[38]

The Five Percent Club
Minneapolis-St. Paul corporations agreed to set aside 5 percent of their pretax income for philanthropy. General Mills was an early member of this organization that began in the mid-1970s. This club, now known as the Keystone Club, has 214 members with 134 of them donating at the 5 percent level (The others give away 1-2 percent of their profits).[39] For example, the One Percent Club tries to increase philanthropy in the community. Since 1997, the One Percent Club has grown from a handful of people with a passion for giving, to a large and very diverse organization of 1,000 members - and growing - who have pledged to give back to the communities and organizations they are passionate about."[40] Last year, General Mills donated more than $57 million, second only to Target, which gave away nearly $160 million.

Giving Circle
Giving Circle is another example used in Minnesota to collaborate with others and practice giving in a supportive environment. It is described as "a group of donors who place their charitable dollars into a pooled fund, and decide as a group which charities to support. Giving Circle donors often commit to participation for several years at an

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[37] Nocera, Joy. "Talking Business, Emerald City of Giving," *The New York Times*, December 22, 2007
[38] Nocera, Joy. "Talking Business, Emerald City of Giving," *The New York Times*, December 22, 2007
[39] Nocera, Joy. "Talking Business, Emerald City of Giving," *The New York Times*, December 22, 2007
[40] http://www.onepercentclub.org/home.cfm

established dollar level, and the funds are typically donated to nonprofits chosen by the entire group. Giving circles vary in structure, size and charitable focus. Some giving circles are very informal, nothing more than a group of friends with a bank account who meet in each others' homes to discuss and decide on where their funds will go. Other giving circles have hundreds of members and governing boards, and may use a community foundation to manage the financial aspects of their giving."[41]

Minnesota Council on Foundations
"Minnesota Council on Foundations is a community of grantmakers working actively to strengthen and expand philanthropy and improve the vitality and health of our communities. The Council is a regional membership association of family and private foundations, community and other public foundations, and corporate foundations and giving programs."[42]

The organization is:

- An advocate for giving, promoting ethical and responsible charitable giving
- A resource for grantmaking, creating and sharing information for and about grantmakers
- A catalyst for philanthropy, sparking connections, networks and knowledge for effective grantmaking

"According to the report released by the Minnesota Council on Foundations, there were 1,429 active grantmakers in the state. Eighty-five percent of these were private family and independent foundations (1,209), 9 percent were corporate foundations and giving programs (131), and 6 percent were community/public foundations (89). The total number of grantmakers in the state ticked up slightly – 2.2 percent – from 2006. Although corporate foundations and giving programs make up a small percentage of Minnesota grantmakers, historically they have given a large share of grant dollars. In 2007 they accounted for 9 percent of the grantmakers and gave 43 percent of all grant dollars. Private foundations, the majority of grantmakers in the state, gave 43 percent of grant dollars. As the smallest portion of the state's grantmakers, community/public foundations accounted for 14 percent of total grant dollars paid. From 2006 to 2007, total grantmaking increased for all three grantmaker types."[43]

Top Ten Reasons Why Corporate Grantmakers Belong to the Minnesota Council on Foundations[44]

1) Resources to enhance your community impact

We help make your giving and community affairs as effective and meaningful as possible for your community and your business. You can learn about the latest methods used by corporations to achieve maximum impact with comprehensive community involvement efforts.

[41] http://www.minnesotagiving.org/options/circle.htm
[42] http://www.mcf.org/
[43] http://www.mcf.org/mcf/giving/gim/2009/summary.pdf
[44] http://www.mcf.org/Mcf/about/corporatemembership.pdf

2) Networks to learn from others

We make it easy to meet and work with your peers at other corporations and foundations in our region. You can connect with, and learn from, others who share your unique philanthropic role within a company, and be in touch with other types of grantmaking organizations working to make a difference here at home.

3) Professional development to expand your knowledge

We supply the knowledge, skills and relationships you need to develop your grantmaking and community affairs skills. Members can take advantage of the Council's skill-building courses on grantmaking fundamentals, briefings on key community issues, programs on corporate philanthropy and much more.

4) Regional information to keep you up-to-date

We are your access point for information and knowledge related to our region's unique needs — information you'll find nowhere else. We keep our members updated on emerging local giving trends, new community developments, pending legislative action, local giving news and more, to help you make effective decisions and plan for the future.

5) Opportunities to develop your leadership

We provide numerous opportunities for your organization and your staff to play an important leadership role in the field and the community. Members can get involved in Council committees and task forces, participate in programs with nonprofit and community leaders, and much more.

6) Visibility to highlight your philanthropy

We bring your company's giving and community involvement stories to a wider audience through the Council's widely read print and online news vehicles, local media and other venues, to help increase your program's visibility. You can use us to introduce your corporate philanthropy to new audiences and raise your regional profile.

7) A strong voice to represent your interests

We provide a unified voice to strengthen and protect philanthropy, representing members' interests with elected officials, the media, nonprofits and the general public. We communicate the important role of corporate grantmakers by supporting key legislation, building the skills of grantseekers and much more. You can lend your voice to this platform and benefit from our advocacy on behalf of all grantmakers.

8) Leadership to strengthen philanthropy

Membership in the Council makes you part of a leadership organization dedicated to strengthening respectful, ethical philanthropy. The Council developed Principles for Minnesota Grantmakers, a code of ethics for grantmakers; corresponding practices for corporate grantmakers that offer practical ways to implement the Principles; and many other leadership initiatives to help uphold the public trust of foundations and corporate grantmakers.

9) A local presence to serve you close to home

We offer you programs, services and events that are close-at-hand, and bring top national experts and expertise to the region. You can use a car instead of an airplane to participate in high quality skill-building and networking activities throughout the year.

10) Responsive, personalized service to meet your needs

We get to know you, your organization, and its distinct characteristics and goals. You receive personalized attention from staff people who live and work in this region — and who are committed to helping your company excel in achieving your philanthropic goals.

Reasons Why Companies in Minnesota Give Back

I) Enlightened self-interest

Christina L. Shea, the senior vice president for external relations at General Mills, thought it had to do with enlightened self-interest. “How do you attract high-powered talent?” she asked. A large part of the answer, she believed, had to do with building communities in which talented people wanted to live. Steve Rothschild, a former General Mills executive who left the company to found an antipoverty group called Twin Cities Rise, said he thought that Minneapolis-St. Paul companies have long viewed their responsibilities broadly. “Most Twin Cities companies have a stakeholder model, not a shareholder model,” he said. There is probably some truth to all of these theories.”[45]

II) Harsh climate

“When you live in such a harsh climate, you understand the need for the common good,” said Emmett D. Carson, the former president of the Minneapolis Foundation. Others suggested that the area’s corporate generosity grew out of the Scandinavian culture that took hold in this region, with its deep Lutheran roots.”[46]

III) Tithing

“It comes from the concept of tithing, which is something he totally believed in,” said Peter C. Hutchinson, who ran the Dayton Foundation for many years. The company had long given away 5 percent of its profits; Mr. Dayton’s purpose in starting the Five Percent Club was to both institutionalize the practice and persuade others to join in.”[47]

IV) Personal promise

“The one percent benchmark for giving is a personal promise - based on the honor system - you make to yourself and the organization. We've found that by making this pledge, almost half of our members have actually increased their charitable giving after joining the One Percent Club - contributing over $100 million per year to the charities of their choice.”[48]

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[45] Nocera, Joy. “Talking Business, Emerald City of Giving,” *The New York Times*, December 22, 2007
[46] Nocera, Joy. “Talking Business, Emerald City of Giving,” *The New York Times*, December 22, 2007
[47] Nocera, Joy. “Talking Business, Emerald City of Giving,” *The New York Times*, December 22, 2007
[48] http://www.onepercentclub.org/about_us/who_we_are.cfm

V) Giving for results

"Corporate foundations and giving programs are focused on more than just giving for good. It's about giving for results, both in the community and for the business. Corporate philanthropy is concerned with maximizing the impact of all of its community involvement efforts — grantmaking as well as employee volunteerism, matching gifts, in-kind contributions, federated fund programs, cause-related marketing, sponsorships and more."[49]

Giving Trends by Top 100 Grant Makers

Subject Areas

- Grant dollars increased for seven of the eight major subject areas. Public affairs/society benefit experienced a slight decrease in giving.
- Education, human services, and public affairs/society benefit received the largest shares of Minnesota's grant dollars, continuing a long-term trend.
- Human services, environment/animals, and international affairs experienced the fastest rates of growth in giving.

"Private foundations provided the largest shares of grant dollars given to environment/animals (79 percent), international affairs (61 percent), health (52 percent) and human services (46 percent). These four areas also received their largest shares of grant dollars from private foundations in 2006. Corporate grantmakers provided the largest shares of grant dollars given to arts, culture and humanities (55 percent), education (54 percent) and public affairs/society benefit (48 percent), in line with 2006 trends. Notably, corporate grantmakers' share of giving to international affairs increased by 9 percentage points, to 13 percent in 2007, from 4 percent in 2006. Continuing a long-term trend, community/public foundations gave the largest share of grant dollars to religion (48 percent)."[50]

Geographic Service Areas

- "Fifty-five percent of grant dollars were given to organizations serving Minnesota, in line with 2006. Among all geographic areas, giving to Greater Minnesota grew fastest in 2007."[51]

Intended Beneficiaries

- "Just over half (53 percent) of the grants analyzed could be coded to a specific beneficiary group other than general public/unspecified beneficiary. Of those, the largest share of dollars (22.2 percent) went to organizations that serve children and youth."[52]

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[49] http://www.mcf.org/Mcf/about/corporatemembership.pdf

[50] http://www.mcf.org/mcf/giving/gim/2009/summary.pdf

[51] http://www.mcf.org/mcf/giving/gim/2009/summary.pdf

[52] http://www.mcf.org/mcf/giving/gim/2009/summary.pdf

Support Types

- 'Minnesota grantmakers continued to devote the largest share of their grant dollars – 55.3 percent – to program support. Shares of giving to general support dropped again in 2007, as they have every year since 2004."[53]

Case Study: New York

New York has enjoyed a great tradition of philanthropy over the past two centuries. Some of the city's most special places and visited locations were created because of philanthropists' donations. The New York Public Library was built with the bequest of Samuel Tilman combined with two other trusts.[54] The Metropolitan Museum of Art was founded by businessmen and citizens who had an interest in promoting the arts.[55] In a third example, Central Park, city planners coordinated with wealthy individuals to create some of the more memorable places to visit in the park.[56]

The tradition of philanthropy and cooperation in the city continues today. Several organizations exist that organize each of the three sectors, including Philanthropy New York (a grantmakers' association in existence since 1979)[57], the New York Community Trust (which has existed since 1924)[58], and the Nonprofit Coordinating Committee of New York (founded in 1984 as a reaction to some potentially unfriendly tax laws proposed in the city).[59] New York is the one of the nation's hubs for philanthropy—the 7,000 foundations headquartered there gave over $5.6 billion in 2006 out of $39 billion given nationwide.[60] Many philanthropic innovations have been made in the city, including the New York City Venture Philanthropy Fund, a volunteer organization created in 2008 to coordinate venture philanthropy investors with investees.[61]

The City is obviously ripe with a long-term history of giving, which is made possible by a philanthropic sector that seems to grasp the idea that government can not accomplish everything on its own. That, combined with the sense of civic pride that seems particular to New York, goes a long way to increase donations and volunteer involvement. However, one unique effort may stand out as a potential example for OP3.

The Mayor's Fund to Advance New York City

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[53] http://www.mcf.org/mcf/giving/gim/2009/summary.pdf
[54] New York Public Library "History." Dec. 12, 2009, http://www.nypl.org/pr/history.cfm.
[55] Metropolitan Museum of Art. "Press Room: A Brief History of the Museum." Dec. 12, 2009,
[56] Central Park Conservancy. "Central Park History." Dec. 12, 2009, http://www.centralparknyc.org/site/PageNavigator/aboutpark_history_cp_history_150yrs.
[57] Philanthropy New York. "About Us." Dec. 13, 2009, http://www.philanthropynewyork.org/s_nyrag/sec.asp?CID=124&DID=195&mored=true.
[58] New York Community Trust. "Homepage." Dec. 13, 2009, http://www.nycommunitytrust.org/.
[59] Nonprofit Coordinating Committee of New York. "About Us." Dec. 13, 2009, http://www.npccny.org/aboutus.htm.
[60] Philanthropy New York. "History of Philanthropy." Dec. 13, 2009, http://www.philanthropynewyork.org/s_nyrag/sec_wide.asp?CID=167&DID=282
[61] New York Venture Philanthropy Fund. "What We Do." Dec. 13, 2009, http://www.nycvpf.org/whatwedo/.

In 1994, the city of New York established a nonprofit 501(c)(3) called "Public Private Partnerships," which primarily raised money for parades and centennials. In 2002, at the bequest of Mayor Mike Bloomberg, the name was changed to the "Mayor's Fund to Advance New York City," and the mission expanded dramatically.

Today it is "a non-for-profit organization established to promote partnerships between the City and the private sector."[62] The Mayor's Fund promotes projects in arts, education and youth, development, health and public safety, parks and open spaces, quality of life and special events. Specifically, some examples are the Family Justice Initiative, which offers services for victims of domestic violence, Million Trees NYC, an initiative to plant 1 million trees over the next decade in the city, and Opportunity NYC, a poverty elimination initiative.

The Fund itself appears to merely function as a channel for the money it is able to raise. It reports very few administrative fees—on Charity Navigator (which gives it a four-star rating), it appears that only the president is compensated and less than 1 percent of the budget is spent on fundraising.[63] Its board is made up of a number of minor celebrities (e.g. Harvey Weinstein, and Fred Wilpon, owner of the Mets) and wealthy individuals from around New York.[64] Since 2002, it has raised $167 million for 70 programs, attracting funds from foundations, individuals and corporations.[65]

The Fund seems to be strengthened by the leadership of Mayor Bloomberg, and his philanthropic vision. Its positioning as a 501(c)(3) so closely linked to the City seems to be unique but ultimately very successful. Its messaging is particularly noteworthy: "Since government can't do it all, the Mayor's Fund is committed to making a meaningful difference in the lives of New Yorkers with the help of private sector partners."[66] The Fund exemplifies the particular heights to which partnership organizations like OP3 can aspire.

Silicon Valley

Silicon Valley is a region that has many similarities with Fairfax County. To begin with, the demographics are surprisingly similar. Both areas are two of the wealthiest regions in the U.S. Residents in both areas are young, well-educated, and ethnically diverse.[67] Moreover, the areas share regional characteristics because both

[62] "Mayor's Fund to Advance New York City," Nov. 18, 2009, http://www.nyc.gov/html/fund/html/home/home.shtml.
[63] Charity Navigator. "Mayor's Fund to Advance New York City," 18 Nov. 2009
[64] Gardinier, Jill. "Mayor's Fund Attracting Big Money From Business," *The New York Sun*, May 22, 2007.
[65] Osborn, Tony. "A Light in City Hall," *Stanford Social Innovation Review*, Fall 2009.
[66] Mayor's Fund to Advance New York City. "About the Fund, " 18 Nov. 2009, http://www.nyc.gov/html/fund/html/about/about.shtml.
[67] Economic and Demographic Information: Fairfax County, Virginia. http://www.fairfaxcounty.gov/demogrph/gendemo.htm#race December 15, 2009. and Joint Venture Silicon Valley http://escholarship.org/uc/item/87d05794.pdf?action=transientDownload;expire=72h;from=2009-12-13:10:41;key=c25f3215366349c82f26173f8c50be64. December 13, 2009.

areas are considered suburbs, or are not the principal city in the region; both areas have similar industries, including IT; and both areas are home to national and international headquarters.

Silicon Valley is known for its entrepreneurship climate, wealthy technology companies, and more and more its progressive development of corporate giving and philanthropy. Venture philanthropy has strong roots in the area with innovative ventures such as the Center for Venture philanthropy at the Silicon Valley Community Foundation (SVCF), New School Venture Funds, Stanford's Center on Social Innovation, and Google's for-profit philanthropy arm, Google.org.[68] With all of the wealth and focus on for-profit entrepreneurship, nonprofits and foundations in this area are sure to take advantage of the business sector mentality.

A recent study by the SVCF found that firms in Silicon Valley gave more than the national average for median giving as percentages of pre-tax profit and revenue.[69] Nationally, firms gave 0.1% of their revenue and 0.9% of their pre-tax profit, while Silicon Valley averaged 1% of revenue and 3% of pre-tax profit. Moreover, 30% of firms in the area have foundations or corporate advised funds at the SVCM. Giving is highest among technology and consulting firms, possibly because they can easily give pro bono software and/or human consulting hours at relatively low costs to the company.

It is reported that 72% of firms located in Silicon Valley give locally in Silicon Valley. This high amount of local giving reflects the commitment in the corporate community to give back locally. One local professional recalled the benefits: "When we participate in community events it's good for our reputation – it's great to get the press and it helps with brand recognition, but it's just an added benefit – it's not the primary reason we believe in corporate social responsibility."[70] In its study on regional giving, the SVCF found that 61% of corporate giving programs did so because it was of great importance to have a direct impact on local issues, 32% gave for the benefit of the company's reputation, and 19% gave because they felt strongly that CSR recruits and keeps good employees. A human resources professional suggested that today's graduates and incoming workforce are concerned with corporate giving, "almost every recruit we talk with, especially the new graduates, ask about our involvement in the community."[71]

Corporate Advised Funds

The Silicon Valley Community Foundation (SVCF) has used targeted strategies to engage corporate giving. Targeting corporate giving in Silicon Valley is a lucrative idea

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[68] http://www.siliconvalleycf.org/initiatives_cfvp.html
http://www.newschools.org/
http://csi.gsb.stanford.edu/
google.org

[69] Corporate Philanthropy in Silicon Valley. http://www.siliconvalleycf.org/docs/CorpStudy_web.pdf
October 2007. December 14, 2009.
[70] Ibid. 11.
[71] Ibid. 12.

for two reasons: first, the region is rich in corporations and corporate assets and secondly because there is a culture of corporate giving in the region. SVCF takes advantage of its region's resources with its keystone corporate giving program, Corporate Advised Funds (CAF). The CAFs are beneficial for both small businesses and large corporations. The CAFs allow small businesses to outsource much of the time consuming and subject expertise that is required in corporate philanthropy – such as accounting, grant criteria design, RFP analysis, and grant admission and processing – to grantmaking experts at the community foundation. Furthermore, a small business can open a CAF with as little as $25,000 in cash, real estate, or stock. For larger corporations, CAFs provide the same benefits above while also providing access to grantmakers who are intimately familiar with the needs of local nonprofits.

Business Schools as Promoters of CSR:

Business schools are important in shaping the values of students and futures executives in the business world. Many of these schools are now looking at how to use corporate responsibility as a business strategy, by linking a firm's core business objectives and competencies to a financial and social/environmental return.

The current generation of MBA students is arguably the most socially-minded. Students entering business school today witnessed greed-driven disasters like the Enron scandal, dot.com crash, Madoff Ponzi scheme scandal, economic recession, and the housing crisis. According to a November 2008 Net Impact/Aspen Institute study, 78% of MBA students surveyed wanted more content and case studies on sustainability and corporate responsibility integrated with the curriculum.[72] Graduates of MBA programs are also looking for jobs at companies whose values match their own.

This change in curriculum goes beyond incorporating a course on CSR; the MBA programs are shifting toward a curriculum that infuses ethics and social responsibility into all aspects of learning. Sustainable MBA programs focus on three broad categories: social enterprise, environmental sustainability and corporate social responsibility.[73] Additionally, member organizations like NetImpact developed initiatives and best practices in curriculum change to guide MBA programs through the incorporation of socially and environmentally-focused classes into the curriculum.[74]

Other organizations, like Beyond Grey Pinstripes, spotlight innovative MBA programs leading the way in integrating social and environmental issues into the curriculum.[75] Beyond Grey Pinstripes collaborated with The Aspen Institute on Aspen's Global 100, a measure of how well MBA programs incorporate social, environmental, and ethical issues into executive training.[76] The goal is to teach students to look at the triple bottom-line: economic, social, and environmental success. A healthy profit margin is no longer the sole indicator of success. Other measures include showing a measurable impact on the local communities, a betterment of society (such as a lower carbon footprint, fair trade, fair wages, equality and human rights, local empowerment).[77] In the end the goal is to have the best of both worlds: Business leaders who deliver the numbers in a responsible way and use those strong bottom lines to make a difference in the world.

The Wall Street Journal and the *Financial Tim*es ranks Berkeley's Haas Business School at the forefront of teaching, research and experiential learning opportunities for MBA students in corporate social responsibility (CSR). With gifts from Silicon Valley visionary Mike Homer, Paul Newman and a former chairman of Bank of America, in

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[72] http://www.mba-channel.com/channel/article/the-greenest-mba-corporate-social-responsibility/
[73] http://www.mba-channel.com/channel/article/the-greenest-mba-corporate-social-responsibility/
[74] http://www.netimpact.org/displaycommon.cfm?an=1&subarticlenbr=1048
[75] http://www.beyondgreypinstripes.org/about/index.cfm
[76] http://www.aspeninstitute.org/publications/aspens-global-100
[77] http://www.forbes.com/2006/11/28/leadership-philanthropy-csr-lead-citizen-cx_tw_1128mba.html

2003 the school launched the Center for Social Responsibility (CSR) as a bridge between academia and the corporate world.[78] The CSR oversees the "Strategic CSR & Projects" field course, where students can perform live consulting projects, or pair with senior executives at local firms. Past projects include: social entrepreneurship, socially responsible investing, branding, communications, stakeholder engagement, public/private partnerships, and strategic philanthropy.[79]

In the national capital region, George Washington University established the Institute for Corporate Responsibility (ICR) in 2006 with the goal of being the intellectual leader in the corporate responsibility and fostering business-university-government partnerships.[80] The ICR also created a Certificate in Responsible Management to develop student's capabilities in social responsibility. There are 3 parts to the certificate: coursework, extracurricular work, and community service. To date, students finished their community service at several local organizations, including: SOME (So Others Might Eat), Miriam's Kitchen, and the Boys and Girls Club.[81]

Also, Georgetown University also partnered with NetImpact to mainstream CSR into their MBA curriculum.[82] The goal at both of these universities is to raise the bar for MBA students, the business community, and policy makers. By stressing a triple bottom-line, these students and future executives are learning the skills needed to go out and create smart partnerships in their communities and sustainable, responsible business decisions.

Fairfax County OP^3 stands to gain access to many resources and innovative students by beginning a smart partnership with the local universities. In doing so, OP^3 would also provide a valuable service to these students by bridging the gap between academia and the public sector, and creating opportunities for students to gain real world experience to apply their learned theories and frameworks.

[78] http://www.mba-channel.com/channel/article/the-greenest-mba-corporate-social-responsibility/
[79] http://www.haas.berkeley.edu/responsiblebusiness/
[80] http://business.gwu.edu/icr/purpose.asp
[81] http://business.gwu.edu/icr/certificate_in_responsible_management.asp
[82] http://netimpact.gumbaclub.org/

Fairfax County CSR

Interview Results - Small Businesses in Northern Virginia

We surveyed seven small business representatives. These small companies range in size from one person to 20-30 employees. The companies' industries include finance, entertainment, human resources consulting, internet marketing, and retail.

Only one business actually has an office dedicated to CSR. While the smaller businesses may not have formal statements about CSR, some refer to their activities on their websites. For example, an insurance firm mentions their work the local charitable organizations under their "Resources" section on their website. Other websites list CSR as one of their core values. An internet marketing firm in Woodbridge, VA, states the following as their sixth and last value: "We do the right thing for our clients, families, communities, and company." Their internal core values page elaborates on this point:

* We are responsible for our choices, actions, and consequences
* We value each others' health and happiness
* We act with integrity and expect it from others
* We give generously to improve our communities
* We think and act like owners
* We work with anyone who can live these values

A business specializing in human resources contains a "Giving Back" section on its website which declares "[We] believe strongly in giving back to our community, recognizing that it is a privilege to be a member of the communities in which we work and live. In addition to participating in company-sponsored events, [our] team members also augment these efforts by donating their own time and resources to support those in need, as well as enlisting the support of their families and friends." They also list the nonprofits they serve, such as Reston Interfaith, Northern Virginia Family Services' CARE (Companies as Responsive Employers), and Employer Advisory Committee (EAC) to the Virginia Employment Commissions (VEC) which includes post 9/11 support.

A financial firm that participated in the study even has a "Philanthropic Activities" website which requires organizations to submit grant proposals. Their philanthropy statement reads, "[Our] mission is to have a positive social impact on those in need in the greater Washington, DC area. Our contributions are targeted at helping socially and economically disadvantaged youth and young families who are striving to become financially independent. Our hope is that these young people and families will become contributing members of society, and continue the circle of giving."

Small companies in Fairfax County seem to support similar activities and causes, such as helping the hungry and homeless, low-income housing, education, and generally those less fortunate. For example, two of the businesses surveyed both support Reston

Interfaith. This indicates these companies' perception of the most important causes to contribute in Fairfax County.

Among these businesses, CSR activities are generally prioritized by the CEO/management's perceived needs in Fairfax. However, most of them value their employees' inputs as well as random, external factors. One such business, with retail stores across the region, attributes "relationships, resources, and politics" as factors in their CSR decision-making process. While most view CSR as spiritually uplifting and a core value, it is in the strategic interest of the business in boosting staff morale and bringing in more business in the community. The owner/CEO of a medium sized business suggested that, "Community spirit is very important to being "known" in the area. People respond to businesses that get involved in their activities…. Big benefits." However, in the end, business's first priority is making a profit, as the President of another financial firm responded, "[CSR is] one of our corporate mission goals. The least important of all corporate mission goals."

Because these are small businesses, they mainly focus their CSR efforts at the local level. Most of their staff reside in the area and have many networks and relationships in this community. However, three of the businesses also contribute regionally to the Washington metropolitan area. This shows that depending on the nature of each company, they choose their beneficiaries based on their strategic business interests.

Regarding contributions, these companies donate between $10K-$200K, depending on their business income. The human resources firm reported giving 5 percent of their gross revenues each year. Staff volunteer time ranges in 100+ hours annually, depending on the size of the company. In-kind contributions range depending on the nature of the company. For example, an entertainment business donates free tickets to underserved groups, while a consulting firm provides pro bono services to local organizations. In terms of corporate matching gifts, these businesses do not have this program or are uncertain of their work. However, the human resources firm provides incentives for their employees to dress casually on Fridays if they donate $5 per pay period and the company matches that to their favorite charity.

These companies agree that their CSR activities should grow as long as their business grows, but several of them are concerned about how the recession will affect their company in the new few years. Beyond the economy, the greatest challenges to CSR are time, people honoring their commitments, and sustaining staff interests in volunteer activities. In order to improve CSR within the companies, these executives believe in relating their employees to the beneficiaries. One executive replied, "Have a database of organizations that do events, need to have events, what marketing works, how to do internet blasts to the right audiences to promote events. Make it clear that one important objective is that if we do CSR activities, it may save government spending in the future. Involve businesses so they can be assured that one of the goals is to bring them customers. If everyone gives a little, no one is hurt and the good guys get money or activities where there weren't any before." Other businesses are not sure how to answer this question and would like more help.

There were various responses on barriers to effective corporate citizenship in Fairfax County, such as CSR being concentrated at the federal level and not on the local/community level, time constraints, lack of clarity in the definition of CSR, lack of return on investment and motivation to get involved, and lack of PR and marketing from nonprofits for the public to recognize needs in the community. Most of these companies would like to learn about partnering opportunities in the future, as they perceive partnering as an important resource to promote CSR among their businesses, nonprofits, and government. As previously mentioned, some of the topics these companies would like to be involved include housing, education, poverty alleviation, child welfare, green movement activities, arts, career training, and health care.

While these businesses believe they already invest their resources and encourage their employees to volunteer in CSR activities, they feel that CSR can be enhanced. Publishing more information about poverty, adding more CSR programs, making direct “asks” to companies for philanthropic support, senior executives peer pressuring one another to give, stronger outreach between county/agencies and businesses, and more PR/marketing from organizations in need are just some suggestions to foster increased CSR among companies based in Fairfax County. Compared to the Community Wealth Ventures report four years ago, small businesses in Fairfax County are also more aware of strategic philanthropy and the concept of promoting community and employee morale as win-win outcomes. These businesses have incorporated CSR in varying degrees. Yet they continue to express the need for benchmarks, measuring, and good marketing to continue driving CSR forward and to save time. Based on these results, the small businesses surveyed could benefit from OP3's assistance to promote CSR and community relationships.

Interview Results - Big Businesses

We interviewed and surveyed executives from three large businesses with major offices in Fairfax County. These three companies each have over 500 employees nationwide and worldwide. They are in the aerospace and aircraft manufacturing, banking, and international news industries. The CSR offices of these three companies are not all in Fairfax County, but they do each recognize Fairfax as one of their focus areas.

Two of the three offices have an office of CSR; all three refer to their activities by different names and document their work on their website. The banking firm is currently creating a Service Corps for their employees to provide training, education, and board services when working with nonprofits.

These large corporations invest in activities related to education, economic development, youth development, and community problem-solving. They seek innovative ideas that will bring about significant impact. It is worth noting that they focus their activities primarily in the offices in which they operate. For example, one international business uses its regional affiliates to make decisions without consulting its headquarters. Another international business makes similar decisions by giving community action grants in the communities where they operate. They also provide grants to the United Kingdom, where they have a subsidiary operation. They work to ensure that there is a return on investment (ROI) when focusing their energy on these communities.

Priorities are determined by the ROI and cost-benefit analysis for CSR activities. For example, the bank's service corps works to empower its employees to launch the project as well as boost the bank's public image. One company's corporate foundation "supports non-profit activities in the communities where [we do] business…the Foundation invests in the future of the media industry, encourages employee giving, reacts to natural and other disasters, and contributes to a variety of charitable causes." They identify opportunities that "demonstrate long-term impact on community, impact on organization, and work in community." This is aligned with the corporations' business and workforce objectives – investing in community will pay off in the long term.

Since these are large businesses, their financial donations and in-kind contributions total in the millions – from 2 million to 9.7 million – depending on their revenue. They expect for CSR activities to grow steadily in the next five years because community investors are recognizing that the community is part of the company's strategic interests. A leading CSR executive points out, "We need to create win-win opportunities that build our bottom line and address community concerns."

Challenges among these businesses include measurement, collaborating with others, making the best use of available resources as demand increases, and the current economy (foreclosure/economic crisis and schools). While some barriers to effective corporate citizenship consist of "politics, favoritism, and big egos," all three corporations believe that Fairfax County can improve CSR by facilitating relationships between non-profits and for-profits. This can be done by recognizing "common interests and common funding priorities." They believe that OP3 can be a part of larger process: "Gathering corporate funders together is already being done by the Washington Regional Grantmakers and others…[OP3 should be] the government community as the go-to entity for partnering with government to identify what opportunities are available. Public-private partnerships require resources...Look into Fairfax Futures and Washington Area Women's Foundation early childhood education collaborative…[this] raised my awareness of how important early childhood education is and…understand (and make the business case) for investing in that 'sector'."

Comparing to the Community Wealth Ventures report, these big businesses around the Washington, DC area have embraced CSR as part of their strategic philanthropy and as "community investors" four years later. However, there is still room for improvement to strengthen relationships between the non-profit and for-profit sectors. Like the small businesses previously mentioned, OP3 should act as the liaison to further encourage CSR activities in Fairfax County.

Recommendations

Ultimately, the case studies, literature review, and interviews are meant to serve as recommendations for improving CSR in Fairfax County. Each offers its own insight into how others have encouraged CSR, how some see OP3's role, and how some have challenges. For example, in the case study from Minnesota, the Five Percent Club – the partnership where corporations voluntarily give 5 percent of their after tax revenue to charity – offers a good idea that could be used in Fairfax County. However, a closer look at the Minnesota case study highlights the fact that the context in which the Five Percent Club developed is as important as the idea itself: business executives led the way by building a culture of philanthropy. The recommendations below are meant to serve as good ideas on their own, but the context in which they developed is just as important as the ideas themselves.

Recommendation 1: Educate small and medium sized businesses on CSR and corporate giving skills and large corporations on local nonprofit needs.

Smaller businesses give less, but are more likely to give locally because they do all of their business in the region. These smaller businesses give enough to make an impact, but do not give strategically. For example, they may not understand the significance for corporate giving to be in line with their businesses goals or they could improve technical skills to help achieve strategic giving.

Retail Store X clearly has less cash to give than larger corporations, but they are a retail store that has locations only in the Greater Washington, DC area. Therefore, they are more likely to give to local needs because they do not work on a national scale like many large corporations. However, they report lacking resources in accounting that would approve their ability to give.

Recommendation 1-A: Leverage key resources in the philanthropy community to educate small and medium sized businesses on CSR and corporate giving skills.

There is currently a wave of momentum in the philanthropy community to offer non-financial resources to improve corporate giving. The Washington Regional Association of Grantmakers highlights the need for elected officials and government agencies to ride this wave because, now more than ever, philanthropy must make the most of its investments by "capitalizing on critical aspects of a grantmaker's role that are often overlooked."[83] Local grantmakers are key resources for corporate giving programs to improve their grant processes, enabling them to have access to evidence-based research on grantmaking, and creating opportunities for employees to get involved in the grantmaking process at little overhead costs to the business.

[83] "Investing in Big Change." Washington Regional Association of Grantmakers. 2009.

The case study on Silicon Valley highlights the Silicon Valley Community Foundation's (SVCF) Corporate Advised Funds. It has long been known that one of the strengths of community foundations is to give advice on charitable giving. Indeed their most valuable asset may be the intellectual capital they hold in expert grantmaking. The SVCF's Corporate Advised Funds take advantage of their in-house expertise in grantmaking, grant criteria and RFP design, grant administration and processing, reports and accounting, investment opportunities, and legal services by offering corporations all of the benefits of a foundation without taking away from small business' staff resources that make it impossible for small businesses to have strategic giving programs.

Recommendation 1-B: Leverage the university community to educate small and medium sized businesses on CSR and corporate giving skills.

Since the financial turmoil of 2008, universities and academics have taken ownership of their role in the crisis. Today they are offering new curriculums and agendas that incorporate CSR into business schools. George Mason University is seated in Fairfax County and can offer a host of resources. In addition to existing resources, there is a need for a semester-long certificate program for business leaders to learn more about CSR. The certificate course would be located in Mason's business school, and it would be ideal for small and medium businesses and for managers of CSR in large corporations. Furthermore, engagement with academic leaders would give Fairfax County leaders access to conferences and up-to-date research on CSR. Likewise, graduate students are often looking for internships in their fields to improve their resumes upon entering the workforce.

George Washington University established the Institute for Corporate Responsibility (ICR) in 2006 with the goal of being the intellectual leader in the field of corporate responsibility and fostering business-university-government partnerships.[84] *The ICR also created a Certificate in Responsible Management to develop student's capabilities in the area of social responsibility. There are three components to the certificate: coursework, extracurricular work, and community service. To date, students completed their community service at a number of local organizations, including: SOME (So Others Might Eat), Miriam's Kitchen, and the Boys and Girls Club.*

Recommendation 1-C: Lobby for large corporations to give locally.

Because they do business nationwide or worldwide, large corporations are more likely to have CSR programs that reflect these business interests – as they should. However, many of these large corporations are headquartered or have major offices in Fairfax County, and they should recognize their community interest by investing in the local workforce. One way to lobby large corporations is to connect them with local nonprofits that are in need of their assistance for financial

[84] http://business.gwu.edu/icr/purpose.asp

and especially nonfinancial resources in the corporation's field of expertise. Local corporate headquarters are major resources for subject experts in the fields of IT, management, consulting, government relations, emergency planning, and other useful areas. Harnessing the non-financial power of corporations is one way to engage them locally.

"In addition to funding the project with $250,000 over two years, Deloitte's disaster management and strategic planning experts put more than 1,000 hours of pro bono time into developing the Roadmap to Preparedness, and funded a law student to work with the Roundtable. In addition, hundreds of staff volunteers from Deloitte participated in hands-on trainings with nonprofits, co-convened with the Roundtable…Deloitte wanted to partner with an organization that could offer access to an existing network of nonprofit leaders and in-depth knowledge of what nonprofits needed in order to respond to disasters."[85]

Recommendation 2: Continue to identify opportunities for collaboration among government, businesses, and nonprofits.

Government provides the lion's share of money to social problems and it provides access to many of the areas – like transportation and education – that CSR seeks to solve.[86] Virginia's former governor, Mark Warner, emphasizes the government's role: "Unless nonprofits and foundations engage with the public sector, they are not really going to accomplish sustainable change. All of the money the Gates Foundation has spent on education during its entire existence wouldn't fund public education in Virginia for six months."[87] Many see OP3's role as identifying financial resources and opportunities to grant access into government programs.

The Chief CSR officer for an international business, outlines his vision for OP3: "Gathering corporate funders together is already being done by the Washington Regional Grantmakers and others. The role that I see them (OP3) playing is connecting to the government community as the go to entity for partnering with government to identify what opportunities are available."

Recommendation 3: Business and philanthropy leadership can create a culture of corporate giving.

Business leaders are opposed to any kind of pressure for corporate giving coming from government or philanthropy; however, when they engage in a leadership role themselves, they often report more productive results. That is, a true CSR culture cannot be forced upon a business community, the culture must grow internally from leaders in the business community. One way to achieve this is for Fairfax County to develop an awards

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[85] "Investing in Big Change." Washington Regional Association of Grantmakers. Pg 6. 2009.
[86] Giving USA. Giving USA Foundation. 2008.
[87] Wolk, Andrew. Advancing Social Entrepreneurship: Recommendation for Policy Makers and Government Agencies.

program, Fairfax County CSR-certified program, and media opportunities that will recognize business leaders who take the initiative themselves to engage in CSR. An awards program would give recognition to CSR leaders in Fairfax County. A certified program could be designed much like 'certified organic' stamps that allow others to recognize that a CSR office meets certain criteria

Minneapolis and St. Paul have many foundations that were started by the founders or top executives of many of its prominent companies like 3M and Target. Philanthropy became part of the culture of Twin Cities corporate life, especially philanthropy aimed at helping Minneapolis and St. Paul. The Five Percent Club, the Giving Circle, and the Minnesota Council on Foundations are all examples of collaborative efforts where business leaders are engaging in CSR by taking a self-interest in the field and not being pressured by government.

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