

# GAME CHANGERS

## The Future of Corporate Foundations

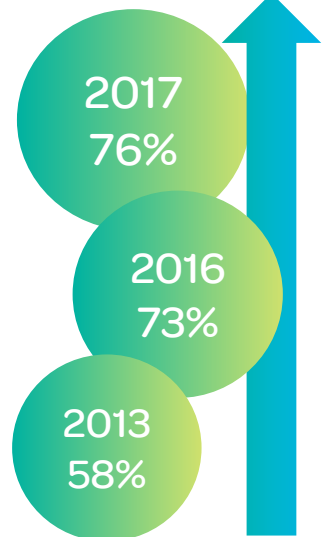
Corporate Citizenship's third annual global corporate foundations survey continues to look at how foundations are working with their parent companies, what approaches they are taking towards giving, and how they are working in the current climate. Companies continue to be challenged to define their role in society and contributions to tackling global challenges, and corporate foundations are now developing new models of strategic giving which moves away from traditional philanthropic giving.

### Closer alignment with parent company

Our latest research sees a growth in foundations aligning even closer with their parent companies, with many respondents citing that the giving strategy is linked to the parent company's core business focus and priorities.

Unanimously across all geographies and regions, responses indicate *people* and *expertise* are the primary enablers to the operations of a foundation. This is supported by an increase in foundations utilising the expertise of their parent company employees to assist with the foundation strategy and/or delivery of programmes (up 12%), and additionally a significant rise in foundations making use of the networks and contacts created by the parent company, increasing 14% on the previous year. Foundations have made it clear that whilst they are drawing on the expertise and leverage the business focus of the parent company, foundations are not a substitute vehicle to deliver a company's corporate social responsibility obligations.

Current giving strategy linked to the parent company's business focus continues to grow:



### Innovation through collaboration

External co-creation and collaboration continue to emerge as a strong theme. The increasing use of contacts and networks created by the parent company supports the collaborative delivery of innovation, up 14% from the previous year to 71%. Where foundations are safe mediums to convene a number of different actors with a shared interest to tackle issues, they also can act as a conduit to bring together organisations in the same industry to join resources to solve issues. Additionally, foundations bringing together organisations from different industries in private sector, government, NGOs, academic institutions offer different perspectives on an issue.

## On collaboration

Existing initiatives from respondents include:

*"We develop our own projects, some of them in collaboration with third parties"*

**Technology and Telecoms Foundation**

*"We co-created an educational program with a non-profit partner in multiple languages that teaches youth about water conservation and healthy hygiene practices"*

**Utilities and Services Foundation**

*"We test new approaches to improve working conditions in factories in the parent company's own supply chain"*

**Retail Foundation**

## Fostering a place for learning

As an intermediary between corporates and NGOs, corporate foundations are fostering an environment where they can also offer learning opportunities as part of their partnerships with smaller NGOs. Drawing on greater funding and resources available, business acumen from parent companies and experience in creating partnerships, foundations can provide learning opportunities for smaller NGOs in aspects ranging from fundraising, governance, due diligence, operational processes and measurement.

## Measurement

The need to demonstrate results were evident with a significantly higher number of foundations now measuring their achievements.

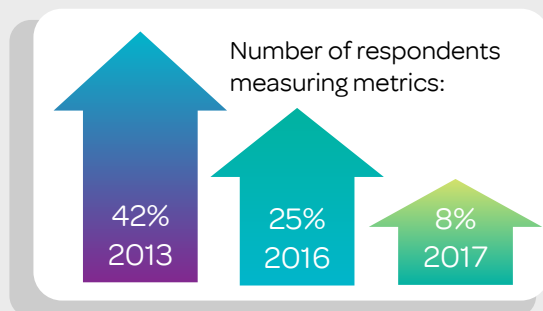
In 2013, almost half (42%) did not measure any metric - this dropped to 25% in 2016, and 8% in 2017.

The most common metrics being measured include:

- The financial value of resources contributed to the activity (up 6% on last year)
- The number of people or organisations that have been helped (up 5% on last year)
- The short-term changes experienced by people or organisations that have been helped (up 4% on last year)

However, corporate foundations continue to struggle with impact measurement, particularly when it comes to demonstrating the longer-term changes experienced by people or organisations that have been helped. Getting this right will be important for those that want to demonstrate their contribution to the ambitious SDGs.

That said, socio-economic impact measurements were key metrics for European foundations, whilst North American foundations have indicated they are moving from simple measurements such as numbers of people supported in a community, to more complex, longer term metrics around sustainability such as the capacity and sustainability of the charity or social enterprise supported.



Our research brings to light a growing trend of corporate foundations aligning more closely with their parent companies, whilst still maintaining a degree of independence. Traditionally, corporate foundations have been the mechanism for companies to demonstrate their contribution to society; however this general view has now shifted to a more strategic approach that allows greater autonomy and remit for foundations to leverage their corporate resources to drive social innovation. The increasing alignment with funders is a positive sign. The challenge for many is how to differentiate their role and value to funders, rethink their business models and adopt sustainable strategies to remain relevant. We've identified possible areas of differentiation:

## Partnerships

Independence from companies allows credibility and the possibility of convening a large number of actors and funders to address one issue. Foundations can act as the intermediaries between companies, NGOs, academics and other organisations. The SDGs accelerated thinking on partnerships, with strategy and collaboration becoming more of a focal point.

## Accelerating innovative thinking

Corporate foundations provide a place for innovation and trialling of new approaches where companies cannot often make commitments. Foundations are drawing on valuable links to the parent company and making use of business acumen to develop new models of giving.

## Expertise on global challenges

Working with both the business and other organisations external to the business allows corporate foundations to differentiate themselves with access to knowledge and networks. They can leverage this expertise to address social and environmental issues.

## Demonstrate impact

Impact measurement has become a focus for foundations in the past few years, shifting the mindset that the role they traditionally play is confined to grant-giving. Impact measurement provides insights to enable foundations to improve management and delivery, as well as informing future strategic direction and objectives. It is also crucial for strengthening communication and engagement with external audiences by creating more powerful storytelling.

## About Corporate Citizenship

Corporate Citizenship has over 20 years' experience advising corporate clients on a range of topics including foundation set up, governance and management structures, strategy development, stakeholder engagement on how they can maximise their giving, and measurement to protect, build and enhance long-term social value creation.

You can find more information on our thought leadership at [www.corporate-citizenship.com](http://www.corporate-citizenship.com)

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