



The Business Case for Charity

...or How to Benefit From Doing
the Right Thing



Agenda

- The need
- The pitch
- What's in it for you
- Making the most of what you have to offer
- Getting others involved
- Choosing the right recipients
- Questions and answers



The Need

- Money (!!!)
- Exposure
- Knowledge
- Expertise
- Moral support
- Small organizations need the same things as large organizations



The “Morals” Pitch

- We have a duty to help those less fortunate, in proportion to what we have and they do not.



The “Ethics” Pitch

- Individuals and businesses cannot profit from the community without giving anything back. We collectively have a responsibility to better the communities from which we derive our revenues.



The “Business Case” Pitch

- It’s the right thing to do, from a business perspective. There are tangible and intangible benefits to charity that exceed the required investment.
- Since it’s the right thing to do anyway (from a moral and ethical perspective), that there is also a business case just makes charity a “no brainer”.



What's In It For You

- Tax benefits
- Free (almost) marketing
- Contacts, contacts, contacts
- Employee satisfaction



Tax Benefits

- Cash and cash-equivalents donated to eligible charitable non-profit organizations are tax-deductible dollar-for-dollar
- Goods donated to eligible charitable non-profit organizations are tax-deductible at your cost or fair market value depending on the circumstances
- Talk to your accountant



However...

- The value of your time, and that of your employees, is not tax-deductible
- Any out-of-pocket expenses can be deducted at actual cost
- Talk to your accountant



Free (almost) Marketing

- Sponsor/donor recognition in publications, press releases and at events
- Branding opportunities
- Garnering the interest of the press



Contacts, Contacts, Contacts

- Charitable non-profit organizations have boards of directors
- Directors usually are wealthy and influential individuals
- Such individuals usually are consummate networkers
- Providing for the organizations they care about creates instant credibility



Employee Satisfaction

- Your employees have favorite charities and causes
- By supporting those charities, you support your employees
- Happy employees = productive employees and increased retention



But What Can I Do?

- Everyone has something to offer
- Most companies and professionals have something specific to offer



What every business person has to offer

- Business expertise
 - Board
 - Operations
 - “Smart People”
- Arms and legs
- Contacts
 - Funding sources
 - Potential partners and beneficiaries



If You are in Manufacturing, Distribution or Retail...

- “Bad product” is not always bad product
- Overruns and freebies often have tangible value
- If you are selling it at deep-discount, you may be better off donating it
- Returning versus donating
- One or a hundred



If You are in Hospitality or Transportation...

- Your underutilized capacity has value
- Fixed costs are fixed costs
- Operating expenses specific to donated capacity may be deductible



If You are in Communications or Entertainment...

- Messages don't get across if they are not communicated
- A 4am spot or the back page is better than nothing
- A little "star power" goes a long way



If You are in Professional Services...

- Service is service is service
- Your people are eager to grow professionally
- Liability can be managed



If You are a Creative...

- There is a charitable application for your art
- Your work has value
- Your skills have value
- You probably are a teacher at heart



If You Manage an Office Or a Company...

- Disposing of assets does not have to mean throwing them away
- Waste not, want not
- Team building through volunteerism
- Creating a “giving” culture without resorting to strong-arm tactics or guilt



If You are Unemployed...

- You have time available
- Your skills, experience and contacts did not disappear with your paycheck
- “Volunteer” looks better than “unemployed” on a resume



Choosing the Right Recipients

- Nonprofit does not always mean charitable
- Intent versus action
- Throwing good money after bad
- Bigger does not always equal better
- Not helping those who seek only to help themselves
- Dig into the numbers



Charitable Nonprofit or Not?

- Section 501(c) of the Internal Revenue Code defines 22 types of nonprofit organizations
- Many, but not all, 501(c)(3) and 501(c)(4) organizations have charitable missions
- The remaining 20 types run the gamut from companies that rent poles for stringing electrical wire (12)(d) to funeral homes (13)



What They Say Versus What They Do

- Mission and vision are wonderful, but it's results that matter
- Testimonials
- Press coverage
- Case studies
- References



Not Having Resources Versus Not Using Them Effectively

- Endowments
- Other recurring sources of funding
- Where the money goes
- “Operating ratio”
- The costs of fundraising



Big Organizations versus Small Organizations

- The difference between “big” and “small” is:
 - How much money they have
 - How well they use it
- Small organizations, with proper guidance, typically make more of what they are given



Fund Someone's Dream, Not Their Retirement

- Small charitable non-profit organizations with highly salaried executives and employees = RED FLAG
- Expensive perks for executives = RED FLAG
- Fair compensation and some fundraising-oriented perks for executives and employees is not unreasonable



Getting Down to Brass Tacks

- Ask for copies of historical profit and loss and cash flow reports showing line-item detail
- Ask for line-item budgets
- Ask for a history of endowment or trust fund balances
- Look at how the money was (and will be) spent
- Let good business sense be your guide



How Do I Get Started?

- Create a Charitable Mission Statement
- Set limits for what you can do
- Be ready to say “no”
- Get others involved



Create Your Company's Charitable Mission Statement

- Who you prefer to support
- What you are prepared to offer... and what you are not
- What you expect in return



For Example...

- XYZ Co., a leading manufacturer of private-label unadorned and decorated t-shirts and sportswear, is committed to supporting the communities in which our customers live and work. We are seeking opportunities to make donations in kind of sportswear and decorating services to:
 - Registered 501(c)(3) or 501(c)(4) nonprofit organizations with charitable missions to serve the needs of:
 - the homeless
 - underprivileged youth and,
 - victims of domestic violence
 - Headquartered or supporting operations in the metro Big City area
- XYZ is prepared to offer up to 10,000 pieces of second-run apparel annually, with no more than 25% to be donated to any one organization
- XYZ will decorate donated goods free of charge if they are to be sold or distributed as part of a fundraising event for the same organization
- Charitable nonprofit organizations associated with one particular religious faith must demonstrate their charitable acts are not limited to only those of the same faith and are not wholly evangelistic in nature



Demand Will Exceed Supply

- Do what you can, but don't feel compelled to do more
- Use your Charitable Mission Statement to guide whom you choose to support
- Get your employees involved in the process
- If you can't help... perhaps you know someone who can



Getting Others Involved

- Prove it to yourself, and then prove it to others
- More people = more resources = more results
- A conversation starting point with anyone
- Share your accomplishments, and others will strive to duplicate them



The Business Case for Charity

- It's the right thing to do
- Financial benefits
 - Tax deductions
- Intangible benefits
 - Marketing
 - Contacts
 - Employee satisfaction
- But mostly... it's the right thing to do



Questions? Ideas? Suggestions?

Matthew H Podowitz
561 Moreland Avenue SE
Atlanta, GA 30316

(678) 360-3919

mpodowitz@usa.net

www.volunteer-consultants.org