

SESSION II : Management of Corporate Philanthropy

Bridging Corporate Culture and Community Needs

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I think it is very important to have a certain perspective on corporate giving. My perspective is one of social investment. I think corporations are in a unique position to understand the concept of investment and return. Corporate giving is social investment whose return is not in dollars or cents but in the creation of social wealth. It is important to allocate resources and to make decisions based on your expected return in the area of corporate giving as it is in the area of profit-making. But for the most part, the return of your social investment must and should be measured in relation to the benefits accrued to the society or community.

The soundest basis for corporate philanthropy comes from understanding your corporate culture and the community needs. Apple's corporate culture is steeped very much into technology itself, especially in service to society; the belief that personal computers and information technology empower people, empower groups of people. And so when we were devising our corporate philanthropic program, we began from this desire to be innovative, to use this technology in socially beneficial ways. We have thus concentrated our efforts in the donation of equipment and technology itself. We also looked at where that desire comes from -- our people. So we not only have a donation program but also an employee volunteer program that allows our employees to donate their personal time to community service.

Our activities focus on equipment grants to educational institutions and non-profit voluntary community organizations. We also have a volunteer program and we have some cash giving that is usually for emergency activities, such as matching employee gifts in support of famine relief in Ethiopia, earthquake relief in Mexico, and volcano relief in Columbia. If you have a solid understanding of the arguments for corporate philanthropy, a justification, a perspective that I think should be in terms of social investment, and an understanding of the corporate culture and the community needs then you can come up with a program you know you can support; you must then only manage the program.

I think the most important point to managing is the correct positioning of your program, and the building of constituencies and relationships. You need to understand if what you are doing is cause-related marketing, or more philanthropic in its approach. Because we give computers, we have been told by several sources that what we do is marketing. Yes, we give computers because we believe very much in the societal benefit of the technology. However, we do not give computers for marketing or sales purposes.

Instead, we have a very defined process for applying for the grants, the primary focus of which is on finding a problem in need of solution, at least one portion of which we can offer.

Next, there are all kinds of relationships or constituencies that must be built in order to operate an effective corporate grants program. You need acceptance and support from the board of directors, from the executive staff, middle managers, and employees. I have to go in front of the executive staff every year with my business plan, and I am expected to meet my goals, to show real progress, and to come in on budget. By this process I must merge philanthropy with sound business practice.

Fortunately, our philanthropy has received very good acceptance by our employees. Because our programs are so well defined, we can quite easily get our employees to help us to decide who to give the grants to, which is only fair since it is their profit-sharing we are spending. We do this through employee committees that review proposals we receive. Most of our volunteer leaders on committees have experience either in the non-profit sector or educational institutions, so they are well qualified to help make decisions.

Last but not least, good management of corporate giving

necessitates good follow-through in your activities. You must understand what your return is in order to reinvest. We require our grantees to participate in a two-year evaluation process. This evaluation is extremely important to us because it allows us to fine-tune our programs. For example, in the first year we had a category of grantmaking for international development where we could give computer systems to projects in Third World countries. But these grants did not work well. We simply were unable to find the information prior to making a grant that is important in making a good decision. So we stopped direct grantmaking in international grants and made an arrangement, a strategic partnership with a group in New York City called Private Agencies Collaborating Together (PACT). This is an organization whose sole purpose is to broker U.S. philanthropic money with projects in developing countries. We are quite pleased at our progress. To date we have made 50 grants through PACT to development projects in Africa, South America, and the East. So feed-back, realizing that something may or may not be working and then adjusting, is a critical part of the process.

We spend a lot of time and resources in publication, speeches and whatever else we can think of, to talk not about Apple or Apple corporate grants but to talk about the organizations that have benefited from our grantmaking activities and tell how they have sometimes managed to take a rather small grant -- a piece of computer equipment -- and do really fantastic things with it to advance their purposes. It is very important for all the constituencies outside and inside your company to get the word out, to communicate what those activities are.

Lastly, I think it is extremely important to understand the concepts of phasing-out and regeneration. It is very important that you move on to other things as new societal needs develop and that the grant recipient understands that you are not an eternal fountain of funding. It will keep them on their toes a little bit more and it will put new life into your activities.