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**Corporate Community Service:  
Achieving Effective  
Engagement**

**James E. Austin**

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***CORPORATE COMMUNITY SERVICE:  
ACHIEVING EFFECTIVE ENGAGEMENT***

James E. Austin  
McLean Professor of Business Administration  
Harvard University Graduate School of Business Administration

Business leaders and their corporations are deeply involved in serving their communities. This involvement goes beyond their primary role as economic organizations providing the benefits of employment and the production of goods and services. A survey of almost 500 corporations revealed that 9 out of 10 have formal volunteer service programs for their employees and that they also encourage their executives to serve on nonprofit boards.<sup>1</sup> Our research documents that 81% of Harvard Business School graduates are involved with nonprofits and that 57% serve as board members.<sup>2</sup> Almost 85% of Fortune 500 CEO's and senior managers are nonprofit trustees, with the CEOs usually serving on four or more boards.

This significant investment of human capital combined with sizable philanthropic donations make corporate community service an important item on business leaders' agendas. Our executive interviews and studies of company practices confirms that such involvement produces important benefits to the companies, the individuals, and the communities.<sup>3</sup> Benefits accrue in the Human Resource Management area by enhancing employee recruiting, motivation, professional development, and assessment. Community service strengthens corporate culture. It also contributes to business generation through improving reputation, creating goodwill, enriching networks, and developing relationships. Individual managers and employees get significant psychic income and skill development from their service. Communities benefit from these resources being directed toward important collective needs.

The issue is not should corporations engage in community service. They have already almost unanimously resolved that affirmatively. The challenge is how to best do it. Actions in six areas will enable companies to achieve more effective community engagement.

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<sup>1</sup> The Conference Board, "Corporate Volunteer Programs: Benefits to Business," Report Number 1029, 1993

<sup>2</sup> James E. Austin, "Business Leaders and Nonprofits," Harvard Business School Working Paper, Social Enterprise Series No.1, 1997

<sup>3</sup> James E. Austin, "Making Business Sense of Community Service," Harvard Business School Working Paper, Social Enterprise Series No. 2, 1997

***Integrate community service into corporate strategy and culture.***

Those companies that have viewed community involvement strategically and as a central element in their values construct have harvested greater benefits for the company, the employees, and the community. Those that treat it as a peripheral, public relations charity function are foregoing value-creation opportunities. A survey revealed that 77% of the companies believed that volunteer programs helped them reach their strategic goals.<sup>4</sup>

Many leading U.S. corporations have been shifting from a traditional charity perspective to “strategic philanthropy,”<sup>5</sup> which attempts to integrate its corporate donations and community service activities with its business operations and interests. “Cause-Related Marketing,” whereby firms link the promotion of their product to a social cause and contribute a share of the revenues to the cause, is one increasingly common manifestation of these linkages. The larger challenge, however, is to go beyond ad hoc initiatives and piecemeal activities and to create a more comprehensive and systematic approach that is integrated into the corporation’s strategy, values, and operations. Even the term “philanthropy” may be an impediment to this integration. It conjures up donations, with the spotlight on how much are we giving. The more appropriate question is: “How are we involved and what impact are we having?”

“Strategic Engagement” is a preferable term because it signals proactive, deep, and multifaceted involvement that is an integral part of the company’s strategy. For example, Citicorp has made community service an integral part of its new global corporate strategy and measures company performance on it along with five other key areas (people management, customer/franchise performance, strategic cost management, risk and control, and financial performance). Managers’ contributions to community betterment are explicitly assessed through the company’s Balanced Scorecard accountability system.

Citicorp’s strategy is to be an “imbedded” corporation in each of the communities it operates in, an integral part of the institutional fabric. This means an involvement that goes beyond simply offering its services in the financial marketplace to include “assessing the impact of business decisions on the community and mitigating any negative consequences, and engaging in activities - volunteer and philanthropic - that help build the community.” Citicorp describes its rationale for this strategic engagement in this way: “We do this because it is the right thing to do and can offer profitable business opportunities. We also do this because we want a positive and trusted image with customers, potential customers, regulators, legislators and community groups, all of which supports our global image as a trusted brand name. We are talking here about how

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<sup>4</sup> The Conference Board, “Corporate Volunteer Programs: Benefits to Business,” Report Number 1029, 1993

<sup>5</sup> Craig Smith, “The New Corporate Philanthropy,” *HBR*, May-June 1994; Rosabeth Moss Kanter, *World Class: Thriving Locally in the Global Economy*, New York: Simon & Schuster, 1995, pp.190-197.

we run our business, not just about contributions, volunteerism and PR. It has moved from ‘nice to do’ to ‘need to do’ as part of our business strategy.”

Strategic Engagement requires focus. Doing everything would be as nonsensical in the social arena as it is in the marketplace. Priorities should be set, resources focused, and synergies captured. A company should delineate those social needs areas that are most important to its communities and those which have the best fit with the corporation’s interests and competencies. Citicorp, for example, shifted from a community activities policy of “let a thousand flowers bloom” to a focus on two key areas. Before, recounted one executive, “Citibank was involved in everything from cleaning up beaches to orphanages to programs for disabled people, all of which are nice and useful things to do, but left us with no identity as a company for what we’re doing in the community.” As part of the new “embedded bank” strategy in which Citibank was to be seen in its markets as a strong and valuable contributor to the economy and a local problem solver, they saw the “opportunity for us to get some ‘branding’ for our community programs.”

To do this they launched two initiatives, “Banking on Enterprise,” a \$10-million, 5 year effort to fund not-for-profit organizations operating microenterprise lending programs in Citibank markets across the globe. In addition to grants, the corporation has used its banking expertise to devise innovative financial instruments and services to foster this underserved segment of the financial markets. Leveraging corporate core competencies to enhance social impact is an important criteria for creating substantive focus for community engagement activities. One executive explained, “Why would you take on something about which we have no expertise internally? In order not to marginalize our activities in the community, they need to be an extension of who we are as a business.” The second initiative, “Banking on Education,” is a \$25 million, decade long effort started in 1990 to strengthen public education. The effort has involved partnering with urban schools, teacher training, new classroom technologies, and Citibank employees serving as mentors, tutors, and board members. Most of the company’s donations now go to education and community development rather than being spread thinly across many areas. Citicorp Chairman, John S. Reed, explained in March of 1996 the corporation’s community commitment: “We should have an organized approach in every country and make a conscious decision about what we do and how much we do.”

Another part of a “strategic engagement” approach is identifying key community institutions for strategic alliances. For example, Timberland made community service an integral part of its corporate strategy and culture under its “Boots, Brand, and Beliefs” framework. To implement this it concentrated its social sector activities around youth service in an alliance with City Year. This was a two-way relationship in which City Year values and organizational techniques were integrated into Timberland’s corporate culture. City Year’s emphasis on becoming involved, seeing problems not as someone else’s but yours, and ensuring that decisions are made well were all viewed as highly relevant to the employee ethic that Timberland was seeking to cultivate. As one of their vice president’s said: “City Year’s innovative ways of thinking, learning, and doing are highly relevant in the business world and can make a lot of difference in our company.” Citicorp also

created several strategic alliances to implement this effort, for example, with ACCION International, a leading microenterprise promoter for whom Citicorp had been serving previously as its banker for many years. ACCION helped Citicorp learn about the microenterprise field and, in turn, Citicorp's name enhanced the credibility of the microfinance movement through these partnership arrangements.

A "Strategic Engagement Strategy" can provide a vision and plan for corporate wide involvement with the community, but full integration requires that it be incorporated into the overall corporate strategy and culture. Rather than remaining only as a stand alone document or section of the overall strategy, it is preferable that each operating unit indicate as part of its strategy formulation the objectives and forms of community involvement and how they relate to the other dimensions of their strategy. This clearly is Citicorp's approach, which requires managers to assess community impact of their business decisions and to demonstrate what it is they are doing in the community. Another example comes from British Petroleum - America's manager for external affairs who explained how this was happening at his company: "BP management's involvement in non-profit organizations fits in because our interest is to become more open, to be part of the community where we work. We have plant managers that in the past have just been plant managers. Whereas now plant managers are much more community-oriented. They see their operations as an integral part of their community. And we are actively working with the commissioners, the Mayor, environmental groups, the citizens, and whoever else has a stake in what we do. So the plant managers are very much more representatives in the community. A lot more of their time goes into community issues, and less to managing the day-to-day detail of running the operations. This has been going on for a number of years now. This is a fundamental shift in how we think of our managers."

One officer of a major Cleveland bank explained that they were increasingly trying to coordinate their philanthropy, not-for-profit relations, and community banking operations to create and capture the synergies of these activities so as to increase the overall social impact as well as the commercial value, in effect, taking an integrated rather than segregated approach. "If we are giving a grant to a nonprofit and feel that we can also provide a commercial credit service at a competitive rate, then it's another situation that we can do together." An Executive VP at Chase Manhattan described their strategic perspective: "You have to be a part of the fabric of the communities that you live in and sell products to globally. And part of that fabric is having your people serve where wanted on boards of key not-for-profits. We've extended that in every country that we have an operation. The truly great companies cannot simply have high profits, even do a super job on the people side and the product side, and yet sit in a self-contained way, as if they were not part of the larger fabric."

Making community involvement an integral part of corporate strategy is half the task. The other is integrating it into the company's culture. It is increasingly clear that values are a powerful force in shaping corporate performance. Firms are finding that having a firm commitment to community service is a valuable motivator. Even more significantly, they are finding that the characteristics of those who choose to engage in community service --- initiative, vision, commitment, energy, caring --- are the same

attributes needed to excel on the commercial side. Community service flows from and fosters the creation of a leadership organization. William Madar, CEO of Nordson Corporation, stated that “the company’s community service activities contributed to changing the work culture.” When the employees contributed their efforts to building homes with Habitat for Humanity it revealed enormous leadership and teamwork capabilities that encouraged and supported the move into using manufacturing teams without foremen. As Madar put it, “The whole key is to uncover that potential for the benefit of the community and the company.” The challenge is achieving strategic alignment between company and community needs. One of the indicators that community engagement is “baked into” the corporate culture is when it becomes a common topic of conversation. As one executive put it, “People talk about their board memberships when they’re not-for-profit, and with a lot of pride and enthusiasm. It’s part of the culture of this place.”

The potential social impact is also enhanced by this more holistic approach. John Whitehead, former Chairman of Goldman Sachs asserted, “The future dream should be that corporations will not just use extracurricular time of executives or financial grants but have their whole structure take on the responsibilities for providing community services so that the power of the organization is utilized.” Individuals within corporations can contribute meaningfully, but the full potential resides in the company’s total institutional capacity to take on significant tasks. Harnessing and focusing that capability on key social problems and projects holds the promise of generating much greater social value added.

***Make it a top-down and bottom-up process.***

The CEO is the molder of the company’s values. As the chief belief builder, the CEO’s words and deeds are critical to the creation of a high-engagement corporation. Top management’s blessings and active encouragement are essential to mobilizing widespread involvement. Those below listen acutely, and to say nothing is to say a great deal. The leadership must be highly vocal. But words are not enough. CEOs are, inescapably, role models. What they do is “heard” even more clearly than what they say. They need to be actively engaged in the community in significant and visible ways. Major nonprofits seek out CEOs, and there are never enough to go around. Too often they end up sitting on more boards than they can serve in a quality way. Strategic Engagement means quality involvement. One solution is to spread the service opportunities around. It is essential that all of the top management are involved in order to signal importance.

As one top manager said, “Nonmanagement people are involved in a whole host of things in the communities. When they see management doing the same thing, that only reinforces their behavior.” A young manager put it this way, “It does start from the top. And it’s kind of ‘lead by example.’ When you go to different functions and they are introducing top management and they give a brief resume, you see all the areas of volunteership. That’s the most effective way of promoting the volunteer aspect in the company.” A survey by JC Penney revealed that employer encouragement significantly

increases employee volunteerism. In another survey 51% of the employees reported that if they knew that their CEO was volunteering time for community service, their loyalty to the company and to the CEO would increase.<sup>6</sup>

Some companies rely primarily on this role modeling as their promotion mechanism. One executive explained the premise: “There is no active promotion of board service. I think most people around here see what our current and previous chairmen and vice chairmen do and say to themselves, ‘Well, part of the whole package is being involved in the community.’ There was always a sense that the leaders of the firm are giving back to the community, not in a splashy way but in kind of a New Englandy quiet way.” This approach presumes that some process of organizational osmosis will lead to employee imitation. The presumption may be tenuous, as this same executive’s concerns reveal: “I know that many people around here feel that community service is important, but like much of our culture, we too optimistically assume that it is intuitive. As the world changes so rapidly, we have discovered that in other areas we need to do a lot more formal reinforcement of our core values than we ever did in the past when we were smaller, had longer careers with the company, and had a more homogeneous business client. We do a lot more training, but we don’t formally emphasize civic responsibility. There is probably still in our culture a little of that New Englandy sense that you don’t interfere much in other people’s lives and you shouldn’t be telling them what they ought to be doing outside.”

In stark contrast, the chairman in another corporation withholds 10% of every officer’s annual bonus for expenditure on the charities designated by the contributing officer. If the officer doesn’t expend it, he or she forfeits it. In between the passive role-modeling and the obligatory giving is another company that focused on sending explicit signals of encouragement: “You have to show employees that they won’t be penalized for working on such activities and will be deeply encouraged. We let top management people know that this was something we wanted to make successful and that we had committed ourselves to do. They can get behind it and encourage their people to participate. However, they should not make people feel that they have to do it in order to look good. It has to be voluntary.”

For community engagement to permeate the organization, not only must the push from above penetrate deeply, the process must foster initiative from below. There are extraordinary amounts of latent energy and creativity that can be tapped in most employee groups to develop and implement community service activities. Line engagement is essential. By empowering them as architects and administrators of community service actions, ownership is achieved, which is a prerequisite to institutionalizing such engagement into the company’s culture and practices. Nordson Corporation created “Community Involvement Committees” in all of its operating locations and then made block grants to them from the corporate foundation as a way to

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<sup>6</sup> Research and Forecasts, Inc., “Chivas Regal Report on Working Americans: Emerging Values for the 1990s,” 1989

decentralize the decision-making on how to use these funds, which are part of the 5% of pre-tax profits that Nordson set aside annually for community works.

One company was unsuccessful in launching an employee service effort because it overplanned. An employee group spent a year and a half creating a policies and procedures manual that didn't produce a project. A community involvement specialist in another company suggested that a more action-oriented approach was preferable: "Just pick a fun, hands-on, outdoor project in a warm month, or a real rewarding holiday project, or something with kids, and then get people involved. You won't believe the number of people who will want to come next time." General Mills' Volunteer Connection program is directed by an employee board and a corporate staff coordinator. It created a network of area coordinators who encourage volunteerism among fellow employees and retirees and provide information on service opportunities, including direct service, management and technical assistance to nonprofits, and board membership. One survey indicated that 37% of the companies use a committee or task force to manage their community service programs.<sup>7</sup>

Our research revealed a problem area in spreading the engagement ethic throughout the organization. Both top management and line employees seem to be disposed and readily mobilized. Middle management, however, sometimes seems to be a sticking ground.<sup>8</sup> They face tremendous pressures from above to meet sales and profit targets and are stretched very thin on time, particularly given reduced staff and increased duties arising from downsizing. These short-term exigencies often make them see community service activities as a drain on their scarce people resources and a diversion of their own time. Their resistance creates barriers to their staffs' participation and causes dissonance in the signals that top management is trying to send, as is evident from this young manager's situation: "Top management may encourage employees to get involved, but that priority at the top level has not permeated equally among all of the managers at the lower levels. Some managers are devoted to encouraging volunteerism, but mine is not, and he determines my future. To him, it's a waste of time, and that's reflected in my future assessments. It would be great for someone in the company to say, 'Wow, that was great' or 'thanks for doing that' instead of, 'Oh, you're doing that minority thing again.' So, you have to go and do it under cover, even though it's good for your company."

Permeating the service ethic throughout the organization requires integrating it into the psychological incentive system, as is evident from the following manager's observation: "The upper middle management, the people who report to the top guys, just don't see it helping their career yet, they don't see it helping their business and getting their job done, so therefore, they're saying, 'this is going to be lower on my priority list.'" Where the involvement norm has been widely diffused, however, participation is almost a natural process, as this upper middle manager at McDonald & Company explained: "Around here it's become evident that so many people are doing so many different

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<sup>7</sup> The Conference Board, Report Number 1029, OP CIT.

<sup>8</sup> 37% of the companies in the Conference Board survey also cited lack of middle management support as an obstacle to expanding its volunteer program.

things. It's important and very visible and they make it very easy. It just seemed natural that I should become involved in a nonprofit organization.”

The companies that are moving forward on Strategic Engagement have all created high level staff departments with responsibilities for community relations. Such entities are important because they create a focal point and energy source for these activities. However, challenges exist. These staff groups need to avoid taking the responsibility for community relations and to see their role as getting line managers and employees to assume that responsibility. There needs to be a greater integration of the community into the larger strategic construct of stakeholder relations, i.e., with investors, employees, customers, and suppliers. These relationships are highly entwined and should be managed as a whole rather than as unrelated pieces. Complete delegation to the community relations staff can marginalize these activities from the company's core strategy formulation, thereby failing to capture the power and benefits of strategic engagement and reverting to the traditional modality of peripheral and residual philanthropic activity. The community relations staff, therefore, need to conceive of their role more as enablers and facilitators rather than program implementers. They also have an important role in fostering internal and external communications about the community service dimension of the company's operations. Although there does not appear to be any inherently superior way to organize these activities, the functions of communicating, coordinating, and motivating are the critical managerial tasks.

Organizationally, it is important to note that many corporations distinguish between their philanthropic giving and their community service activities. Some form legally separate foundations or charitable trusts into which the company donates a portion of its earnings or endows it with a portion of its shares. The separation approach enables the corporation to give more in good years, and receive a tax deduction, while the receiving foundation can dispense at rates in accordance with perceived needs. For some the separation is a “fire wall” to ensure that the charitable giving is not influenced or its “charitable purity” tainted by business reasons. In one company, for example, business-related giving, such as buying tables for dinners of a client's favorite charity, are treated as business expenses and handled by the operating units, and corporate sponsorships, such as for a concert or art show, are also handled separately, as are cause-related marketing programs, and personal giving was fostered by a matching grants mechanism. These other vehicles for providing financial support avoided having the foundation respond to a wide range of requests that would dilute the company's directed giving strategy, which had been clearly focused on a few priority areas. However, the company's Vice-Chairman lamented that this separation approach caused “the giving part of our business to be viewed as a little bit remote from the rest of the firm and perhaps not as well understood or appreciated as it should be.”

Other companies take a more organizationally integrated approach to their giving activities, trying to find synergies among them and with their business strategy and activities. This integrationist blending opens the corporation to criticism about its business interests superseding its interest in the community and therefore distorting its contributions. On the other hand, weaving the two together in win-win combinations may

mobilize even greater corporate resources into community-betterment activities by tapping company marketing budgets, which are much larger than the philanthropy allocations. For example, the corporate sponsorship mechanism has risen in ten years from \$200 million to \$2.9 billion.<sup>9</sup> It may also institutionalize more the community engagement process into the corporation's being. There are some companies that have separate foundations and community relations departments, yet they work in a highly coordinated manner, with a common corporate strategy for community engagement providing the guidance.<sup>10</sup> Structure appears to be less critical than process in determining operational results.

***Remove barriers to involvement.***

There are two main impediments to employee involvement in community service: the difficulties in arranging activities and the time to carrying them out.

**(1) Reduce transaction costs.**

Companies can facilitate their employees' involvement in community service activities and particularly their executives' membership on nonprofit boards by reducing their transaction costs. This can be done by providing a matching service (either from an outside agency or internally) that takes an inventory of employee service interests and connects them with nonprofits with needs that appear to fit the employees' interests and talents. There are about 450 Volunteer Centers around the country that recruit volunteers for community service, and there are 70 Corporate Volunteer Councils serving 1,048 businesses.<sup>11</sup> Such a service removes the psychological and informational barriers of not knowing where to turn, increases convenience, saves employees time, and is a motivator. It simultaneously removes the similar barriers faced by the nonprofits. They now have a mechanism for locating needed volunteers within the corporate community. It is important to offer multiple opportunities and forms of service to fit employees' wide range of life situations.

One McKinsey manager commented on the benefits of using a matching service: "We recruit 25 people into this office every year, and almost all are not from this area and are new to Cleveland, and so we really saw the advantage of the Business Volunteerism Council helping us get involved in community activities. It has provided us with an opportunity, because we have a lot of people who are used to doing things in the community, but they don't have a link into it here. They are brand new. It's is not an easy

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<sup>9</sup> John A. Yankey, "Corporate Support of Nonprofit Organizations," Corporate Philanthropy at the Crossroads, Dwight F. Burlingame and Dennis R. Young, eds., (Bloomington: Indiana University Press), 1996, p.13

<sup>10</sup> In one financial services firm with a separate corporate foundation, the expertise developed in running the foundation provided the basis for developing a new advisory and trust management service for private clients.

<sup>11</sup> Alice Korngold and Elizabeth Hosler Voudouris, "Corporate Volunteerism," Corporate Philanthropy at the Crossroads, Dwight F. Burlingame and Dennis R. Young, eds., Bloomington: Indiana University Press, 1996, p.28

thing to figure out.” Information dissemination on service options encourages and facilitates involvement, as one McDonald manager indicated: “The emphasis around here was growing. There's information posted on bulletin boards and in the daily bulletin, so it's always so in front of you that it's hard to forget.”

General Mills' Volunteer Connection program maintains a computer database of volunteer interests and service opportunities. Both the contribution and the satisfaction will be greater if the employee is engaged in an activity that they care about and which makes good use of their particular talents. Misplacement can be very counterproductive, particularly for board service, as the following young manager's experience reveals: “I got placed on the Finance Committee. When I showed up at a meeting, there were 23 people, all old men -- lots of gray hair in the room. There wasn't another woman and there wasn't anybody under 55, and they had all sat on the committee for years. I manage money for a living, so I know a lot about this area. My husband reminded me that I might want to not talk until they got to know me, and I should have listened to that advice. It became very clear that I was playing in their puddle and I should get out. It was clear that that wasn't going to be a place I was going to have an impact and so I didn't go back to that committee.” One executive recounted the importance of this matching: “Before, I was just asked if I would join this board and it didn't work out very well, but this time [with the matching service] I had a choice in the matter and that made it work very well for me.”

The IBM office for Northern New England surveys executives' interest in board service, time availability, and unique skills and then tries to match them with board service requests that come to the company. The company also tries to find out as much as it can about the nonprofit making the request, including their expectations of the board member and what type of help are they seeking. The company then arranges a meeting between the two parties so that they can explore the fit. As one IBM community affairs officer put it, “It's something like a dating service.”

It is also desirable for companies to develop and maintain an “involvement inventory” that would document who is engaged in what types of community and board service. The voluntary nature of such service does not obviate the need to document and manage. If it is to be considered an important and serious part of the company's activities, then it merits professional and systematic attention. Knowing what activities are being undertaken is necessary to address the issues of focus. Knowing who is doing what is useful in understanding the breadth of involvement and service preferences and patterns among different employee groups, and enables linking employees who might have similar interests so that experiences can be shared. Nonservice is a flag signaling further follow up to determine why not: it may be that the employee's personal situation prevents it, or that preferences or values deny it, and there is no reason to force service. There may be, however, among nonservers a desire to engage but some removable barrier impedes it, e.g., a supervisor's attitude or a scheduling problem or inadequate information. This would reveal an opportunity for the company to take an appropriate facilitating action.

## **(2) Provide release time.**

The biggest difficulty the managers point to in their board and other service activity is inadequate time. As one senior manager said, "If you want to be active, as opposed to a bystander, you have to carve out the time to do that. That's the cost side." If companies promote community and board service, then they should recognize that these activities are a valid use of time. As one manager pointed out, "It's getting very difficult to get people to volunteer after hours, because employers ask a lot of their employees. It's difficult to get someone who has already put in a nine hour day to commit." Corporate surveys reveal that about 2/3 of the companies provide release time.<sup>12</sup> Some companies, like Timberland, give an explicit quota of work time (32 hours) that their employees may use in service work, while others simply have the norm that attending board-related meetings during normal office hours is acceptable. One Senior Executive stated, "The great thing about McDonald is that if I'm away from the office in meetings or whatever, there's an understanding that that is part of my job."

IBM, for example, has created a series of partnerships with schools, and so when employees go to the schools to tutor or engage in other activities, that is work release time because "the employees are essentially working for us while they are in the schools." IBM also sponsors "Days of Caring" where a whole department might go off to, say, paint a school or clean a playground. These activities involve the executives and the line employees. As an IBM community relations officer put it, "If executives aren't going to do it, then it's not a day of caring."

In reality, most top executives work whatever number of long hours is required to get their jobs done and board work is added onto that leadership portfolio rather than displacing other duties and tasks. As one senior McKinsey executive who has been involved with nonprofits throughout his career stated, "You better really care about the purposes and programs of the organization, because the time is going to come out of your hide." Even for nonmanagement volunteer services, General Mills' experience was that there was very little work disruption caused by volunteer activities.<sup>13</sup> A McDonald manager stated, "they're in a sense volunteering my time, even though it's usually my time outside this job's hours."

Flex-time and the attitude toward time use are what are important, as noted by another McKinsey manager: "Verbally, it is encouraged, and then if I have to leave at 3 o'clock to go do something at Children's Museum, no one ever says, 'What are you doing leaving at 3 o'clock?' I think when our managing partner was president of the board of trustees of the ballet his assistant did a lot for the ballet, and that was considered perfectly

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<sup>12</sup> The Conference Board, survey of 454 companies, OP CIT; from a National Volunteer Center 1990 survey of 300 firms

<sup>13</sup> General Mills, Points of Light Foundation, Abt Associates, "Corporations in the Community: An Evaluation of the General Mills Employee/Retiree Volunteer Program," undated

acceptable. And he spent a lot of time away from the office doing things with the ballet, and no one said, 'What are you doing? Where are you spending your time? You're not billing at the same rate that you could.' It was more, 'This is a terrific thing that you contribute back to the community.'" The same norm existed in Duracell as evident from this junior manager: "When I was asked to join the board of Junior Achievement, I went to my boss and asked if there would be any problem with my being away on the first Tuesday of every month...they were behind it one hundred percent." For nonboard service, the company might want to try to create opportunities for employee families to participate together, which reduces the time competition with familial obligations and enriches the experience.

***Create effectiveness enhancers.***

The company can take three support actions in the areas of training, material support, and peer consultation to increase the effectiveness of their employees who wish to engage in service. Given that these employees are de facto "company ambassadors," it is in the company's interest to ensure that they are well prepared to carry out their service responsibilities.

**(1) Provide training.**

Particularly for board service, preparation is important. Training that will enable them to perform more effectively is a form of representational insurance. As one HRM executive stated, "When you're on a board, you're also representing the company. It's pretty hard to take the name off your sleeve, and if we have people making a commitment to our communities and doing good things, it speaks well of our company." Most managers' knowledge of boards and nonprofits, however, is quite limited, as this manager indicated, "I think the most difficult thing was not having an understanding of what a board member is." One young executive pointed out the importance of getting preparation in order to do well: "I had no understanding of what board service is or what would be expected of me. If I hadn't received this training, I probably wouldn't be on a nonprofit board." Senior managers can also benefit from this, as was clear from this COO's comment: "I have never served on a board before, so I have a little bit of apprehension."

A McDonald & Company executive explained how the use of the matching service helped the company's involvement effort: "The BVC and its Volunteer Trustee Institute has really given us a tool and an avenue to be more in control of the process. In the past, a board would call us and ask for recommendations and we would always try and comply. BVC allows us, through the VTI, to each year have a class of potential candidates who we feel comfortable know their fiduciary responsibilities and have some introduction to the non-profit. BVC also really help us be a little bit more orderly about the process. So, in a somewhat informal way, but on a regular basis, the management committee will look at our employees and recommend people to the VTI." Bill Summers, CEO of McDonald, pointed out the leveraging benefit: "This is really powerful. By taking people who want to help and have the capability to make a difference, then giving

them some direction, some coaching, and a headstart, and then placing them, that's giving a very powerful opportunity for them and the community."

Surveys by the National Center for Nonprofit Boards (NCNB) and the Points of Light Foundation and The Conference Board indicated that most companies have some sort of employee volunteer program, but very few provide training for board or other volunteers.<sup>14</sup> Training to prepare for board service can sometimes be obtained from local agencies such as BVC's Volunteer Trustees Institute in Cleveland or United Way's BoardBank in Boston. At a minimum, publications on board responsibilities and related issues can be obtained, e.g., through the NCNB in Washington, D.C. Sometimes the nonprofits themselves will provide helpful orientations to the incoming board members. But too often this is not the case, as one manager recounted: "I didn't have any orientation. I hit the first board meeting, didn't know a soul, didn't know what was going on, didn't understand the projects or the programs, and no one ever explained them to me." One executive specified the need: "If companies really want their employees and their middle and upper management to get involved in these community service activities, they have got to do more than just give their name out. They have to help in that education."

## **(2) Give material support.**

The executive's service input on a board can be leveraged if the company supports that involvement with a contribution of funds, goods, or services to the nonprofit. This can be quite helpful, as noted by this manager: "If I sit on a board that is having a black-tie dinner, I can almost guarantee that McDonald & Company will buy a table, which is wonderful. It alleviates some of the financial burden for me of serving on a board." IBM, for example, has a "Dollars for Doers" policy through which it will donate funds or a computer to any organization where an employee is volunteering ten or more hours a month for more than six months. The employee's presence, in turn, provides some guarantee that the contribution is needed and will be used well. Reciprocally, the executive will be motivated to ensure that the nonprofit operates well so as to justify the company's support. It also enhances the executive's value and power in the nonprofit and, therefore, his or her potential impact.

Providing an employee-managed fund to cover incidental expenses related to employee group volunteer projects can also be very helpful and greatly increase the quality of the volunteer experience. Providing in-kind services, such as use of copying machines or facilities for meetings, can leverage employees' efforts because they provide access to infrastructure that would not otherwise be available to the nonprofit. Smaller company giving tends to be as much in-kind as in cash, whereas larger firms are more likely to make cash donations.<sup>15</sup>

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<sup>14</sup> National Center for Nonprofit Boards, "Corporate Volunteer Service Survey," 1994; The Conference Board, "Corporate Volunteer Programs: Benefits to Business," Report Number 1029, 1993

<sup>15</sup> Dwight F. Burlingame and Patricia A. Frishkoff, "How does Firm Size Affect Corporate Philanthropy?," D. Burlingame and D. Young, eds., *Corporate Philanthropy at the Crossroads*, (Bloomington: Indiana University Press), 1996, pp.88-89.

### **(3) Encourage peer consultation.**

Effectiveness can also be enhanced by encouraging the company's executives to share their board service experiences, concerns, and insights with one another, perhaps in special discussion lunches. There is a tendency to keep these activities "off-line." Making them an integral part of corporate conversation fosters lateral learning, reinforces the legitimacy and importance of these activities, provides emotional support, and contributes to greater cohesion among employees by providing new grounds for interacting and sharing. And they will be better board members as a result of such peer enrichment. The CEO of one company explained how this occurred in his organization: "We spend a fair amount of our conversation when we're lunching or traveling together talking about the issues that we are facing with the boards and community activities that we're in, and sharing ideas. It is, in fact, a topic that probably ranks above football and other typical time-passing discussions. There is a sense that we can learn from one another."

#### ***Give recognition.***

To validate and motivate community service and to integrate it into corporate culture, companies can recognize these activities and those engaging in them. Almost all companies provide some recognition for volunteer service.<sup>16</sup> This is not, however, as straight forward as recognizing outstanding job performance, because of the special nature of community service. There is a delicate divide between company life and personal life. Some individuals prefer to keep these quite separate, while others like them to be more integrated. Some consider community activities as part of their constellation of personal activities and would not savor recognition. Those who do actively promote and participate in company sponsored or facilitated community service, however, generally enjoy seeing pictures on the walls of them and colleagues engaged in service activities. Being mentioned in the employee newsletter or in announcements by top management can bring psychic income to participants and motivate further service by them and others. With satisfaction, one manager commented, "The CEO has verbally recognized the work that I was doing on behalf of a non-profit in front of other people at a meeting. That says that they value this involvement." Still, others operate under the ethic that service is its own reward and would feel uncomfortable being praised for it.

IBM does not document employees' community service activities at lower levels because "we never wanted people to think we were tracking them or taking credit for their corporate citizenship." However, IBM does track it at the executive level in the senior manager location reports as evidence of the area head's commitment to that community. Recognition can be a powerful tool for reinforcing a service culture, but it must be handled carefully to be respectful of those preferring invisibility. Consulting individuals prior to recognition as to their preferences is a desirable approach. Being

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<sup>16</sup> The Conference Board survey reported 91% of the surveyed companies provide recognition through articles, awards, commendations, etc.

supportive of their and others' volunteer activities through flex-time may be sufficient recognition for some. PPG Industries, like some other companies, launched a program to motivate and recognize volunteerism by its employees by giving a grant to the organizations to whom the employees volunteer their time. This is in addition to a matching grants program. They saw this as a new way to acknowledge "the involvement of our employees in a manner that includes everyone while respecting the diversity of interests and the variety of activities in which they choose to be involved."

This also raises the issue of how, if at all, community or board service should enter into the employee evaluation process. This is another delicate divide: facilitating versus forcing service. If service is a formal and explicit part of performance evaluation, employees will have a strong incentive to become involved and may even feel "forced." In some companies, the expectation that executives will be actively involved is clearly signaled by their superiors even though it is not explicitly set forth in performance standards. For example, this McDonald & Company manager indicated, "When I moved to the position I'm in now, they wanted me to start filtering out in the community." The uneasiness around having a service requirement stems from the presumed "voluntary" nature of service and raises the question, "Do motives matter?" Some would assert that one should engage in service because you "want to," not because you "have to." They would argue that required service produces perfunctory performance, whereas voluntary service elicits a deeper commitment to the cause and higher effort and staying power. William Madar, CEO of Nordson, explained their approach, "We don't require it because if it doesn't come from the genuine motivation, it isn't going to be effective. It really has to be something that you want to do. However, when we look at our senior most executives, we really consider the attributes that would make that person effective in community leadership because we feel that is a responsibility. And obviously it's hard to demonstrate those attributes unless one has participated and built them."

This "required vs. voluntary" choice may, however, be a false dilemma. First, even volunteer service is undertaken for multiple motives, most of which are related to benefits accruing to the volunteer, be they psychic income, professional development, or networking. The added benefit of positive employer evaluation would not be fundamentally different. Second, service can be expected, but the form can be left entirely up to the employee so as to find a match with an undertaking that they feel committed to. Even if community service is not required or a part of the formal evaluation system, it is clear that it enters into the performance assessment as a plus, although its absence would not necessarily be a negative. Nor does service substitute for job competency; it is additive.

### ***Partner with nonprofits.***

Increased impact can be captured by a company's developing an on-going relationship with a set of nonprofit organizations. That relationship would permit a greater mutual understanding of objectives, needs, and capabilities, thereby permitting a better fit and a deeper shared commitment to the social mission. Most cause-related

marketing undertakings are strategic alliances<sup>17</sup>, but partnering can be viewed more broadly. The company's various inputs--donations, board membership, technical assistance, volunteer work--could be channeled in a synergistic fashion to best capture the mutual benefits for the community, the nonprofit, the company, and the employee. An on-going relationship enables the parties to create efficient administrative systems for implementing the collaboration. Additionally, it permits a longer-run view of undertakings and greater accountability. Timberland's involvement with City Year is illustrative of such a strategic alliance.

In approaching partnering several strategic questions need to be addressed: When to partner? (Occasionally on an ad hoc basis or as a more permanent engagement?) How many partnerships? (What is the absorptive capacity of the company and the complexity of the relationships?) What scope of collaboration? (Funds? People? Facilities? Services? Marketing? Board? Two-way flows?) To carry out the partnership effectively one should consider the "Seven Cs of Constructive Collaboration:"<sup>18</sup> *Clarity* - ensure that the collaborating parties are clear about the purpose of the alliance; *Complementarity* - the respective resources and capabilities should be complementary such that their combination will produce significant synergies; *Compatibility* - the organizations must share common goals and values; *Creativity* - be entrepreneurial in managing the relationship because previous organizational rules and procedures won't neatly apply to the alliance dynamics; *Communication* - clear and frequent communication builds understanding and trust; *Commitment* - cross-sectoral alliances can be trying so patience and perseverance are needed to make it work; and *Courage* - collaboration involves risk and requires a bit of bravery to venture forth into less familiar territory, but the rewards compensate the risk.

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The individual, the corporation, and the nonprofit all benefit from their collaboration. But for these potential collaboration gains to be fully realized, corporations need to view community service as a process of Strategic Engagement that integrates such involvement into the company's strategy, culture, and operating procedures. The leaders must set examples through their own service activities and empower the employees to initiate and operate involvement programs. They can leverage their employees' impact by procedures and support that encourage and facilitate volunteerism and prepare them to carry out more effectively these social sector duties. As we move into the next century businesses and business leaders will increasingly play this dual role of creators of wealth and generators of social capital.

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<sup>17</sup> Alan R. Andreasen, "Profits for Nonprofits: find a Corporate Partner," Harvard Business Review, November-December 1996, pp.46-59.

<sup>18</sup> James E. Austin and Catherine A. Overholt, "Partnering For Progress," Harvard Business School Working Paper, Social Enterprise Series, 1997; see also, Rosabeth Moss Kanter, World Class, Op. Cit., Part Five: "Becoming World Class: How to Create Collaborative Advantage."