

*In December 2012, Founder Theresa Todman arranged a “Keep Our Kids Warm - Coat Drive for Kids” through her company B&M Financial Management Services with the support of Westchester Networking for Professionals and local YMCA organizations to collect coats for the kids and teen of Westchester County, NY. The coats and other donations were distributed to the Westchester Coalition for Hungry and Homeless. **READ FEATURED PARAGRAPH BELOW.***

Westchester Corporations' Charitable Involvement

Corporate philanthropy in Westchester—who gives and what they get in return

By Dave Donelson

Illustrations by Chris van Es



Marianne needed a job—bad. When the 48-year-old administrative assistant was laid off during a corporate merger, she found herself with plenty of job skills but absolutely no job hunting skills. After floundering in the shallow job market for several months (which is why she asked that her full name not be used), she finally found help preparing a resumé, advice on searching for a position, and coaching for interviews (and eventually a job) at one of the workforce development programs offered at her local library by the Westchester Library System, which is supported in part by grants from Entergy, operator of the Indian Point nuclear power plant. There’s no direct business reason for Entergy to help Marianne find a job, but her story demonstrates how corporate philanthropy works.

Entergy donates more than \$1 million annually to nonprofits in the metro New York market—most of it in Westchester. The company is one

effort to support worthy causes in the county. Marianne benefited directly, but what do the companies—and their stockholders—get out of the deal? Is there a return on investment when companies give money away?

It's not an idle question. Corporate philanthropy is big business here and it's growing more important as nonprofit providers of essential social services face budget cuts from state, county, and municipal governments and declines in giving by private individuals. How big? According to Anna-Kay Sinclair of the Wilson Center for Social Entrepreneurship at Pace University, there were 971 registered private foundations with assets of over \$2.8 billion in the county in 2010. That year, six Westchester-based corporate foundations made up 20 percent of total private foundation revenue—more than \$78 million of the \$391 million total for the county. The major half-dozen were foundations funded by PepsiCo, Pepsi Bottling Group, IBM, Dannon, Heineken, and MBIA based in Armonk.

Of course, large multinationals may be headquartered in Westchester or have major interests here, but they also have wide-flung manufacturing, sales, and service operations around the globe that also have a call on corporate philanthropic resources. Still, companies big (and small) spread much of their largesse in their own backyards. In addition to the major givers mentioned above, JPMorgan Chase, Pernod Ricard, NY Life Insurance, Wells Fargo, Eileen Fisher, Hitachi, ConEd, and many more are major contributors to social services and the quality of life in Westchester County.

But they don't do it because it's nice, or fun, or because their mothers said they have to. Corporate giving is a bottom-line affair.

According to Westchester Library System Development Director Pat Braja, the companies benefit both directly and indirectly when they invest in the community. "It may be hard to quantify, but there's definitely a return on investment when they consider the very positive impact of giving on employee morale, customer loyalty, and company reputation." Many CEOs agree, with 86 percent of those surveyed by McKinsey in 2008 saying they consider both business and social concerns when funding corporate philanthropic programs—and 55 percent believe business concerns should be given equal or greater weight.

Researchers at New York University and the University of Texas found in 2009 that charitable contributions increased revenue growth for donors—but only in consumer-oriented companies. Their calculations suggest that giving \$500,000 caused net profits to rise by almost \$800,000. They could not, however, detect a relationship between charitable giving and sales growth in non-consumer industrial companies, such as Kawasaki Rail Car, Inc., in Yonkers or Xylem (formerly ITT Water Systems) in White Plains.

Potential sales growth helps explain what The Wilson Center's executive director, Rebecca Tekula, PhD, observes: "What I see is less idiosyncratic donations based on the personal interests of the corporate leaders and more social responsibility related to the core business." In other

words, donations are made not because the CEO likes the opera, but because companies believe it helps build the bottom line.

The 2004 Cone Corporate Citizenship Study reported that eight in ten Americans agree that corporate support of a cause wins their trust. Moreover, 86 percent said that if the quality and price of a product are equal, they would be likely switch brands in order to help support a cause. Think of all those pink ribbon logos on packages pledging to support the fight against breast cancer.

Most companies downplay that aspect of their giving, though, and not because they're trying to put one over on us. Pernod Ricard Senior VP Tom Lalla says, "If our purpose was to market our brands, it would be very transparent to the employees and the consumers as simply more marketing." It would also be much more cost efficient to simply buy advertising than to fly the company banner at a charity ball.

The 20 major corporate givers interviewed for this article said that the single greatest benefit to the company is its effect on the employees—which also translates to the bottom line. "It really helps employee morale," Tom Lalla says. "People feel more engaged in the workplace." A large number of the company's 270 Westchester employees pack food at the Westchester Food Bank several times a year and help clean up Rockefeller State Park Preserve each fall. "Tearing vines off trees with someone is a great way to build team spirit, too," Lalla adds.

University of Vermont researchers report that employees involved in philanthropic initiatives showed significant improvement in employee attitudes that correlated to higher job performance, reduced absenteeism, lower employee turnover, and greater efficiency. "A company is nothing more than the people who work there," Dannon spokesperson Michael Neuwirth says. "If you feel good about where you work, that rewards the company." Heineken USA spokesperson Tara Carraro adds, "From a recruitment perspective, philanthropy is a meaningful selling point." A survey by Deloitte LLP found that 72 percent of employed Americans trying to decide between two jobs offering the same location, job description, pay, and benefits would choose to work for the company that also supports charitable causes.

A frequent way to build on employee volunteerism is to support it with company grants. The PepsiCo Foundation, which gave over \$800,000 to Westchester nonprofits in 2010, matches employees' personal contributions and provides a double match where associates are personally involved as volunteers.

Employee volunteerism may sound like the cheap way out, but consider that a medium-sized company with a \$20 million annual payroll that sends its workforce to do volunteer work for just one day is donating services that cost it more than \$75,000. The non-profits make out well, too. Heineken USA estimates its Days of Giving program last year saved the NYS Veterans' Home in Montrose around \$20,000 and Muscoot Farms in Somers approximately \$40,000 in 2010. In Westchester County, more than 3,500 IBM employees collectively pledged 41,438 hours of service in 2011, the equivalent of 5,179 eight-hour workdays or more than 14 years of service.

Employee morale is only one benefit of corporate giving. For most companies, anything they do to improve the economic climate in the county—be it educating the workforce, rebuilding blighted neighborhoods, or enhancing the quality of life so more potential customers are attracted to Westchester—has both direct and indirect impacts on the bottom line.

“If businesses are attracted here, they’re going to use our product,” says ConEd spokesperson Sandra Miller. In 2010, ConEd, which serves about 350,000 electricity customers in Westchester and has 1,400 employees here, supported about 1,200 nonprofits with \$8 million in funding throughout its service territory of New York City and Westchester, making it one of the biggest contributors in the region.

IBM puts much of its philanthropic muscle (\$800,000 in 2010 for Westchester alone) behind inspiring future scientists, engineers, and technicians, as well as educating support personnel and other important members of the local workforce. Some of IBM’s motivation is altruistic, says Community Citizenship Manager Mary Murray, “but there are also some selfish reasons, especially in our outreaches in education. We’re helping prepare students for the future, for jobs that may be at IBM or at other companies, so we have a strong push to encourage careers in science, technology, engineering, and math.”

One of the company’s highest-impact efforts is the IBM KidSmart Early Learning Program, which provides Young Explorers, computers housed in brightly colored, kid-friendly furniture and equipped with educational software. The units are currently in use in Yonkers and New Rochelle schools, the Ossining Children’s Center, Putnam and Westchester ARCs, the Boys and Girls Club of Mt. Kisco, and YMCA White Plains. The Child Care Council of Westchester provides professional development for teachers through the program. In 2011, IBMers volunteered at Westchester libraries to present workshops on basic computer skills for seniors.

Perhaps more important for some companies is the effect their philanthropic actions have on their reputation, especially if they are heavily regulated. Heineken, for example, has funded the Safe Ride Program in White Plains for New Year’s Eve for the past eight years, providing as many as 2,000 possibly over-served consumers free taxi service. The company is also a founding member of the Health Alliance on Alcohol, a partnership with White Plains and New York Presbyterian Hospitals that helps parents have conversations with their children about responsible behavior. Does that boost sales? No, but it doesn’t hurt the company’s reputation with local officials who license the establishments that serve their products.

Speaking of regulators, it’s easy to draw the conclusion that Entergy does these things to help offset headlines connected to Indian Point, but company spokesman Jerry Nappi says, “Even at the plants the company owns that aren’t controversial in other markets, there are significant corporate contribution programs. It’s really part of the corporate philosophy to be part of the community.” For three of the last four years, Entergy has been named one of the “100 Best

Corporate Citizens” by Corporate Responsibility Magazine. ConEd, IBM, PepsiCo, JPMorgan Chase, and Verizon are also on that list for 2011.

“We don’t object to having somebody say something nice about us. It’s not often people say nice things about banks these days,” says Dennis McDermott of JPMorgan Chase, “but that’s not why we do it.”

Eileen Fisher spokesperson Reisa Brafman says of their giving, “It was never intended that these things would bring in business. Eileen Fisher feels that business has the power to create change.” Some of the biggest recipients of the company’s \$400,000 in annual grants prove that point. Two programs at Bedford Hills Correctional Facility for Women, Rehabilitation Through the Arts and Puppies Behind Bars received \$85,000 in 2010. As Brafman points out, “It’s not popular to support women in prison.”

Regardless of their motivation, one of the biggest problems corporate givers face is how to choose recipients. “We can’t help everybody,” says Paraco Gas VP Mike Gioffre. The company supports nearly 100 organizations from little league teams and local libraries to the Maria Fareri Children’s Hospital, for whom the firm sponsored a wine-tasting event that raised over \$250,000. “Many of the initiatives are started by our employees,” Gioffre says. “A driver or service technician may come into the office and say, ‘I’m part of this. Will the company support it?’”

Some companies choose the organizations, events, and programs that receive company support. Hitachi America, Ltd., and Hitachi Metals America, Ltd., for example, heavily involve employees in the process through Community Action Committees that meet monthly to evaluate the hundreds of requests for support the company receives. The Hitachi Foundation often matches the grants made by the CAC, and employees are encouraged to volunteer to support the same causes.

Wells Fargo, which has 33 branches in the county, received 60 requests from local organizations in 2011 and approved 48 of them for grants totaling \$365,000, according to Community Affairs Manager Deborah Smith. The company chooses recipients based on how well they deliver community development, education, arts and culture, health and human services, and civic engagement. It doesn’t quantify its return on its philanthropic investment, but she says, “We measure how well the non-profits have used their resources for their communities.”

Other companies apply national guidelines to local requests. The New York Life Foundation, for example, follows a “Nurturing the Children” content focus both nationwide and in Westchester. The foundation has donated over \$2 million to youth-related causes in the county since it opened its 1,000-employee campus in Sleepy Hollow in 2004. Like most major corporate givers, it encourages organizations to use its online guidelines and application process.

Corporate behemoths aren't the only ones who recognize the value of supporting Westchester non-profits—thousands of small businesses chip in as well. Like Theresa Todman, owner of B&M Financial Management Services in White Plains. The accountant is a sole practitioner who makes it a point to contribute something to the community. For several years, she collected toys to help the Greyston Foundation. Last year, she set up collection points for winter coats at YMCA's throughout the county on behalf of the Westchester Coalition for Hungry and Homeless and other organizations. Her company logo didn't appear anywhere on the collection boxes and her own time was her basic cost, but she believes giving is good for her business as well as her community. As she says, "You have to give to receive."

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