

Giving in Numbers

2008 Edition

Exclusive: Corporate Philanthropy and the Economy

Corporate Giving Standard

An analysis of 2007 corporate philanthropy data from 155 leading companies



About CECP

The Committee Encouraging Corporate Philanthropy is the only international forum of CEOs and chairpersons pursuing a mission exclusively focused on corporate philanthropy. The Committee's membership consists of more than 175 executives leading the business community in raising the level and quality of corporate giving. A current CECP membership list is available at www.CorporatePhilanthropy.org.

CECP hosts CEO conferences, publishes best practice articles, conducts extensive research with corporate giving data, and offers support programs for giving professionals to assist companies in developing and expanding their strategic giving programs.

Corporate Giving Standard

The data featured in [Giving in Numbers](#) is derived from the Corporate Giving Standard (CGS) benchmarking tool. By completing the Committee's annual philanthropy survey, participating giving officers gain access to a customizable online benchmarking database containing \$50 billion in comparative data since 2001. If you are interested in accessing better metrics to serve your company's corporate giving, contact CECP to find out how you can join in this initiative and benefit from accurate peer-to-peer reporting.

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Preface

Concerns about the weakening global economy have brought heightened visibility to the fragile state of funding at many nonprofit organizations, as well as to the vital role that corporate philanthropy plays in helping communities thrive. Resources are always precious, but now companies and recipient organizations must use them especially judiciously. To support the continuous improvement of philanthropic initiatives, CECP believes that transparent reporting and measurement of corporate giving programs are particularly critical during this uncertain time.

In this report, CECP presents findings from its Corporate Giving Standard (CGS) philanthropy measurement initiative for the benefit of corporations and their grantees alike. Through the CGS, giving professionals come together annually to report on their corporate giving, thereby building an unparalleled repository of data aligned on a set of common definitions. With this information, practitioners gauge the status of their company's philanthropy programs in relation to those of relevant peer companies—a good starting point for developing and maintaining a giving strategy.

This measurement work has helped philanthropic strategy become a business priority as CEOs increasingly recognize the potential value that giving has on corporate reputation, employee recruitment, customer loyalty, and long-term business and societal health. In turn, this heightened executive attention expands the possibilities for innovation and sustained corporate-nonprofit partnerships.

For this report, CECP surveyed 155 companies on the full breadth and depth of their 2007 corporate giving initiatives, including cash and non-cash total giving amounts, beneficiary categories, corporate contributions staffing, grant approval policies, and volunteer hours. Among the surveyed group alone, the sum of 2007 giving exceeded \$11.6 billion. Clearly corporations are stepping forward in a highly committed way to the delivery of services, solutions, and hope.

CECP is dedicated to playing a leadership role in the ongoing development and expansion of metrics that serve the corporate philanthropy community. We invite interested companies to take part by sharing data, strategies, feedback, and stories with us.

In a spirit of continual, collective advancement, the esteemed companies involved in the Corporate Giving Standard initiative share data and analysis in this edition of Giving in Numbers. We hope that those with an interest in corporate philanthropy will find this report valuable to their good works—now more than ever.



Margaret Coady
Report Author and Director
Committee Encouraging Corporate Philanthropy

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Executive Summary

2007 Data Snapshot

One hundred and fifty-five companies participated in the 2007 CGS survey, including 69 of *Fortune* Magazine's 100 largest American public companies. Contributions totaled over \$11.6 billion in cash and product giving.

	All Companies N=155	Fortune 100 Companies N=69
Median Total Giving	\$23.53 million	\$46.31 million
Median Total Giving as a % of Revenue	0.13%	0.10%
Median Total Giving as a % of Pre-Tax Profit	0.92%	0.83%
Median Total Giving per Employee	\$650	\$559

The Economy

Changes in Pre-Tax Profit. News stories forecasting an economic downturn appeared with increasing frequency beginning in August 2007. However, survey data showed that: 63% of companies saw pre-tax profit increases, 30% saw profit fall, and 7% of companies experienced outright losses. *See page 7.*

Increase in Total Giving. Despite the mixed economic climate, corporate giving was decidedly higher in 2007 than in 2006: median total giving climbed from \$24.67 to \$26.05 million; giving as a percentage of pre-tax profit increased from 0.93 to 0.96%; and 66% of companies gave more in 2007 than in 2006. *See page 8.*

Explaining the Changes.

Frequently-cited reasons for increased giving were: continued strong profit, greater emphasis on philanthropy by senior management, and improved contributions tracking. Companies that decreased giving cited: the softening economy, corporate spin-offs, the conclusion of multi-year grant programs, and a drop in disaster-relief funding. *See page 9.*

The Role of the Economy. Not all companies with increased profit gave more, while the majority of companies with decreased profit increased their corporate contributions. This suggests that although a company's financial performance plays a role in corporate giving, it is just one of many factors. *See page 10.*

Looking Ahead. CECP has collected specific recommendations for how CEOs and giving officers can support their nonprofit partners, plan for the future, and demonstrate leadership in the months ahead. *See page 12.*

The Fortune 100

Split in Pre-Tax Profit. Among the matched set of 56 Fortune 100 companies participating in the 2006 and 2007 surveys, profit increases were of less magnitude than in the overall CECP sample, with just 57% of companies showing an increase. *See page 14.*

Surge in Total Giving. Despite this, total giving among the Fortune 100 was stronger in 2007: median total giving grew from \$45.7 to \$49.6 million, and 71% of Fortune 100 companies gave more in 2007 than in 2006—with 39% increasing giving by 10% or more. *See page 15.*

Structural Differences.

Compared with companies of smaller revenue sizes, Fortune 100 companies are more likely to have a corporate foundation, they dedicate a greater percentage of total giving to support matching-gift programs, and they channel a greater percentage of their grants toward international end-recipients. *See pages 18 and 19.*

2007 Findings

Corporate Foundations.

Consistent with prior years, 88% of companies have a corporate foundation. According to the preliminary data, pass-through foundation structures appear to be the most common. *See page 27.*

Matching Gifts. Eighty-eight percent of respondents reported an employee matching-gift program. The median corporate match was \$2.03 million and matching as a percentage of total giving was 9%. *See page 28.*

Program Areas. For the first time, the average percentage of total giving allocated to Health & Social Services programs was equaled by that of giving to Education (which includes K-12 and Higher Education); these giving categories each garnered 28% of the typical company's total giving budget. *See page 32.*

International Giving. As a percentage of total giving, grants serving international recipients increased from 10% in 2005 to 12% in 2007. Manufacturing companies

in 2007 dedicated an average of 20.6% of total giving internationally compared to 4.6% on average by Service companies. *See page 34.*

Management Costs and Staffing.

The typical cost of administering a giving program is equivalent to 6.1% of total giving. However, this figure likely under-represents actual expenses. The data also show that philanthropy staffing levels do not increase proportionally as giving budgets expand. *See pages 38 and 40.*

The Economy

2007 Contributions in Context

Like all stakeholders in the philanthropy community, CECP is eager to understand the long-term effects a slowing economy will have on how companies support their communities. The full story must begin with an in-depth analysis of the most recently completed calendar year of corporate philanthropy: 2007.

This section focuses on a matched set of companies providing data to the survey for both 2006 and 2007. As companies provide data to the

upcoming 2008 and 2009 surveys, CECP will update and continue to share the trajectory of emerging trends.

CECP's online corporate philanthropy database, the Corporate Giving Standard, contains \$50 billion in detailed contributions metrics. It enables CECP and its community of measurement-focused giving professionals to share and analyze detailed information crucial to the evaluation of philanthropic strategy.

In addition to quantitative findings, participating companies shared reasons for increasing or decreasing their corporate contributions. The most frequently cited responses, which include references to the mixed nature of the economy in 2007, are presented in this section in conjunction with an in-depth look at quantitative trends.

Changes in Pre-Tax Profit

Early Signs of Economic Uncertainty

While the global economy did not experience widespread distress until the fourth quarter of 2008, leading indicators of a downturn surfaced in early August 2007. Falling home prices, retail sales, and the diminishing value of the U.S. dollar became common headlines.

While some economists predicted a recession, others were optimistic that substantial asset write-downs by major Wall Street institutions would sufficiently contain the damage. It has since become clear that the underlying issues were more systemically entrenched than initially thought.

Changes in Pre-Tax Profit

Figure 1 provides an overview of how pre-tax profit changed from 2006 to 2007 for a matched set of surveyed companies. In this figure, each company's year-over-year percentage change in pre-tax profit is calculated and then sorted into one of seven categories based on whether profit increased or decreased and by what percentage.

Overall, more companies saw a pre-tax profit increase, with 40% of companies experiencing gains of 10% or more. However, economic distress begins to be reflected in Figure 1, with 7% of companies suffering outright losses (not just declines) in pre-tax profit.

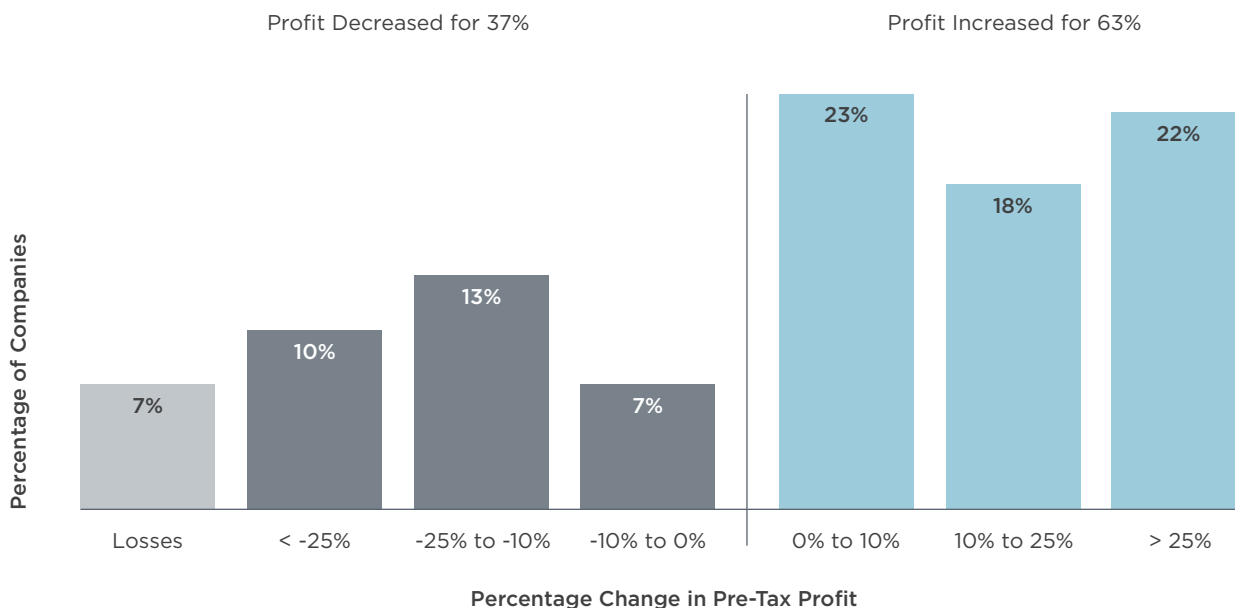
Timing of Budget Setting

It is a commonly held assumption that there is a one-year lag before a company's financial performance is reflected in its community giving. But CECP's data suggest that the relationship between financial performance and philanthropy budgets varies across companies.

At some companies, it is the forecast for the *upcoming* year's profit that drives budgeting. Others adjust giving throughout the year based on quarterly profit reports. Others base their community investment levels on precedents and community need, largely regardless of company performance.

However, the majority of companies take a multi-year rolling average of pre-tax profit to balance spikes and dips. A three-year rolling average is typical.

Figure 1 Distribution of Companies by Percentage Increase/Decrease in 2006 to 2007 Pre-Tax Profit N=120 MATCHED-SET DATA



Changes in Total Giving

Did Giving Increase or Decrease?

In the CGS Survey, total giving includes corporate grants, corporate foundation grants, and non-cash giving. It does not include the value of volunteer hours, administration costs, or contributions from employees, vendors, or customers.

Each approach used to determine whether giving rose from 2006 to 2007 led to the same finding: total giving increased. Given the data in Figure 1, which shows that most companies finished 2007 financially ahead, this is unsurprising.

Median Total Giving

Calculating median total giving indicates what level of giving is typical each year. A higher median value in 2007 represents a total giving increase (N=127).

- \$26.05 million = 2007 median total giving.
- \$24.67 million = 2006 median total giving.

The change in this data exceeds the year-over-year inflation rate of 2.8%.

Total Giving Relative to Financial Performance

Assessing giving in proportion to revenue and profit is a useful way to condense the overall commitment to giving across a large set of companies. In the CECF sample:

- Giving as a percentage of revenue from 2006 to 2007 remained the same: 0.13% (N=122).
- Giving as a percentage of pre-tax profit rose from 0.93% in 2006 to 0.96% in 2007 (N=111).

However, these statistics obscure the pattern across individual companies with respect to how contributions change.

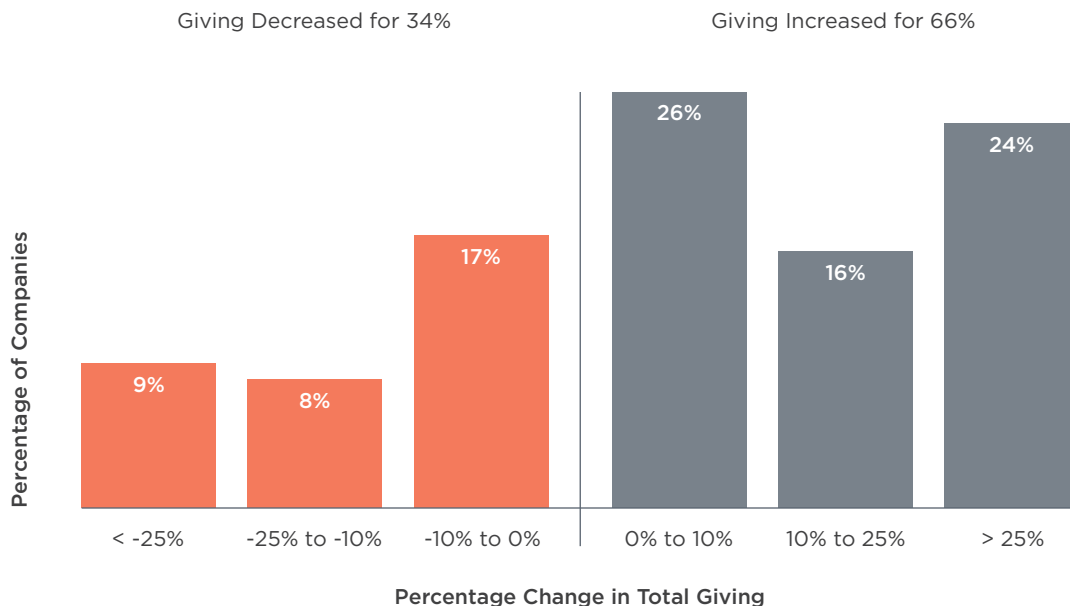
Total Giving Across Companies

While data cited previously show that total giving increased from 2006 to 2007, Figure 2 shows that companies were not unified in this upward trend.

As presented here, the data provides a fuller expression of the pattern year over year. This method is CECF's preferred choice for understanding giving changes.

While a considerable majority of companies increased their philanthropic investment, 34% decreased it. Many companies increased their corporate contributions by 25% or more, whereas, at the other end of the spectrum, 9% decreased contributions by 25% or more.

Figure 2 Distribution of Companies by Percentage Increase/Decrease in 2006 to 2007 Total Giving N=127 MATCHED-SET DATA



Reasons for Increased Giving

- **Strong profit.** Until 2007's fourth quarter, many companies enjoyed a year of positive financial performance. This strength translated directly into increased corporate giving.
- **Greater internal emphasis.** Mounting support from senior management led to an increase in related budgets and staffing. This resulted from proactive efforts by giving professionals as well as CEO reprioritizing.
- **Contributions tracking.** Greater accuracy in the measurement of contributions indicated a rise. In some cases, this was because there was improved communication with subsidiaries or other departments. In others, the rise reflected additional investments in grant-tracking software.
- **Mergers and acquisitions.** Several companies underwent mergers and acquisitions in 2007, leading to combined giving programs. The resulting multiplication of employees can trigger a company's spike in matching-gift spending.
- **New programs and special grants.** Many CECF-affiliated companies have recently reviewed their philanthropic ambitions. For some, this introspection is now bearing fruit in the form of new signature initiatives. Others made one-time gifts, such as a special land or equipment donation.
- **Increased customer or client requests.** Some companies responded to a greater number of charitable requests from clients. Others saw more customers take part in retail gift-matching promotions.
- **International giving.** Many companies with an international presence focused increasingly on giving to those international communities. Rather than trim domestic giving budgets to fund new international initiatives, companies often allocate new funds for grant-making programs abroad.
- **Excess inventory.** Occasionally, production runs exceed the market demand for goods, causing a surplus of manufactured products. Companies donate these goods either to their nonprofit partners or through a third-party distributor.
- **Increased employee involvement.** Due either to a growing workforce or expanded awareness, some companies saw giving rise as larger numbers of employees took advantage of matching-gift programs. (Only the corporate side of the match is counted in the CGS survey.)

Reasons for Decreased Giving

- **Weakening economy.** As companies began to forecast weakened performance, many quickly cut back spending firm-wide, including corporate philanthropy budgets.
- **Corporate spin-offs and department closures.** Just as mergers and acquisitions can cause a company's contributions to surge, total giving can decline when a business spins off or terminates part of its operations.
- **Completion of multi-year grants.** At the conclusion of multi-year grant commitments, a company can experience a period of decreased giving as new programs or re-commitments to previous programs are evaluated.
- **More focused giving strategy.** In recent years many companies have reported progress on their goal to become more targeted with their philanthropic contributions. Instituting a new strategic focus can lead to the gradual curtailment of unfocused giving.
- **Tighter inventory controls.** New inventory policies implemented at several companies led to less donatable product.
- **Transition to tracking software.** Companies implementing new grants-management software sometimes under-report giving during the transition, as staff are brought aboard and trained.
- **Drop in disaster-relief funding.** While there were not many large-scale disasters in 2006, some companies nonetheless continued to make grants to previously affected areas like New Orleans. For many companies, this funding ended in 2006, and 2007 giving receded to pre-disaster levels.
- **Company-specific factors.** Some companies reduced budgets to account for leadership changes, legal concerns, plant closures, or regulatory issues affecting profit.

The Role of Giving Types

Effects of Pre-Tax Profit on Giving

Merging 2006-2007 changes in pre-tax profit (Figure 1) with changes in total giving (Figure 2) shows:

Among companies with increased pre-tax profit (N=76):

- 70% increased total giving.
- 30% decreased total giving.

Among companies with decreased pre-tax profit (N=44):

- 57% increased total giving.
- 43% decreased total giving.

The two biggest surprises are that 1) not all companies with increased profit gave more, and 2) giving rose at the majority of companies with decreased giving budgets. These findings imply that a company's financial performance plays a role in corporate

giving, but is just one of many factors—a finding corroborated by the diverse reasons cited by survey respondents for fluctuations in year-over-year giving.

Changes in Giving Types

Many of the reasons cited on page 9 for why giving changed are further evident in the data when total giving is separated into its three categories: direct cash, foundation cash, and non-cash.

- Companies with increased giving more frequently cited higher *cash* budgets for community investment (e.g., greater funding for matching-gift programs).
- Companies whose total giving declined generally cited lower *non-cash* giving, for reasons such as tighter inventory controls.

Figure 3 summarizes the changes in giving types among “increasers” (companies that gave more in 2007) and “decreasers” (companies that gave less in 2007).

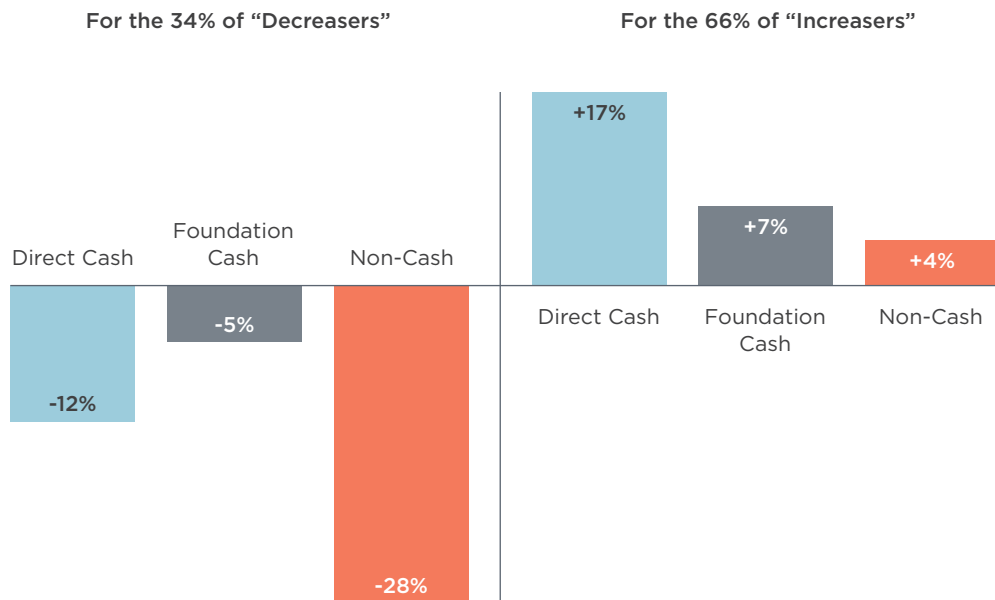
Increases Versus Decreases

Companies that decreased their year-over-year giving did not necessarily contribute less than companies that increased giving. In the matched-set data from 2005 to 2006, median total giving among companies that decreased giving was actually higher than the median among companies that increased giving.

However, in the 2006-2007 data a more intuitive finding prevails:

- Median total giving in 2007 among decreasees was \$20.62 million (N=43), as compared to \$31.96 million among increasees (N=84).
- Median total giving in 2007 as a percentage of pre-tax profit among decreasees was 0.79% (N=41), as compared to 0.98% among increasees (N=70).

Figure 3 Median Percentage Change in Giving by Type from 2006 to 2007 N=127 MATCHED-SET DATA



Industry Differences

Changes in Total Giving by Industry

Figure 4 shows the median dollar value of contributions across the matched set in each industry. (Industries with fewer than five survey respondents are not included.) A listing of the companies in each industry appears on pages 42 and 43.

Figure 4 is useful in two ways. First, it provides a snapshot of the median dollar value of total giving in each industry. Second, it shows how median total giving changed from 2006 to 2007.

While most sectors remained strong, giving among Health Care and Utilities companies decreased.

Manufacturing and Service Companies

Of the Manufacturing companies in the 2006-2007 matched set, 72% increased total giving while 28% decreased it (N=53). This is in contrast to the 62% of matched-set Service companies that increased giving and 38% that decreased it (N=74).

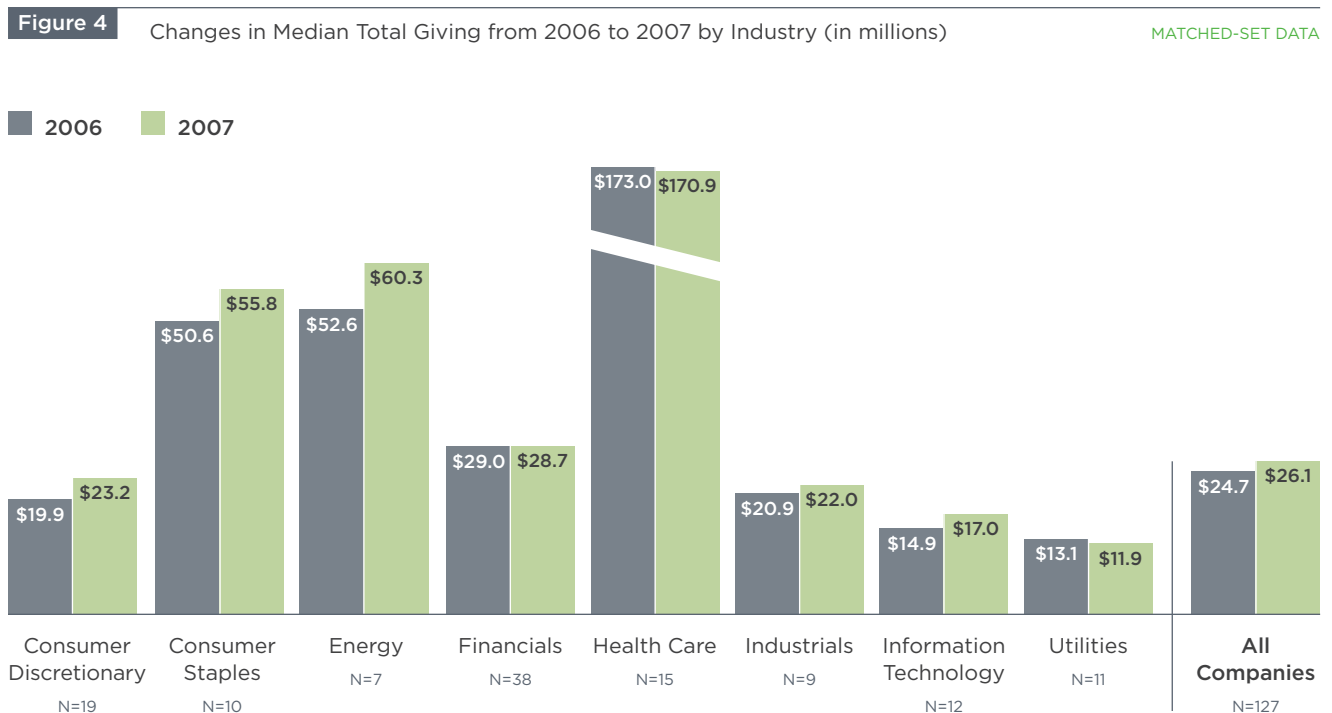
Across the entire matched set of Manufacturing companies, the median percentage change in total giving was +9.3% (N=53). Of the Service companies in the 2006-2007 matched set, the median percentage change in total giving was +5.5% (N=74).

These data illustrate that Manufacturing companies were more likely to increase giving from 2006 to 2007 and that they increased giving by a larger amount.

Conclusion

While several methods of analysis confirmed an increase in total giving from 2006 to 2007, it is important to look beyond the aggregate numbers to understand the narrative behind *why* and *how* corporate giving changed.

Overall, the majority of companies enjoyed higher profit and contributed more to their communities (in many cases, *much* more) in 2007 than in 2006. While some giving officers reported that the economy was beginning to have an adverse effect by the final quarter of 2007, more business-as-usual reasons were predominant in explaining company-by-company shifts in giving.



Beyond the Numbers

How to Support Communities In Times of Economic Distress



Recommendations for CEOs

An economic downturn provides an opportune moment for corporate leaders to demonstrate their conviction that corporate philanthropic initiatives support the long-run vitality of both business and society.

CECP encourages giving officers to partner with CEOs to craft a community investment leadership strategy. CECP suggests that CEOs take the following steps:

- Write an op-ed piece for a national, local, or industry publication sharing your views on the vital importance of sustaining corporate community investment despite economic uncertainty.
- Write a letter to employees proactively addressing concerns regarding your philanthropy program. Ideally, these communications will state that your community commitment will not suffer—or, better yet, that it will be augmented.
- Reach out to corporate peers to rally funds for community partners facing distress.
- Review important philanthropic goals and commitments with your company's philanthropic and foundation leaders to identify ways to bolster programs until the economy improves.

These steps can send a powerful signal to employees with respect to their company's values. They may also inspire employees to reflect upon how they can help their communities individually, too. Remember: stakeholders pay close attention to how a company responds to trying times.

Recommendations for Giving Officers

Some giving professionals fear that stepping forward to defend community giving budgets might make those budgets more vulnerable. But leading CEOs and seasoned giving officers advise that proactive communication is best. In a recent Webinar poll conducted by CECP and the Council on Foundations, 83% of giving officers believe their CEOs acknowledge the risks of backing out of community commitments (N=65).

Accordingly, giving officers should initiate budget conversations with senior leadership. Otherwise they risk missing crucial opportunities to present the case for sustained or increased giving. It is easier to influence decision-making before it happens. With a strong budget in place, CECP recommends that giving professionals:

- Communicate with nonprofit partner organizations to advise them of any changes in the support your company can provide in the coming months.
- Make operational grants.
- Provide additional funds to organizations in acute hardship.

Companies can also leverage non-cash resources more creatively:

- Donate products or pro bono services.
- Contribute office space, meeting room facilities, printing services, etc.
- Renegotiate more favorable leases and vendor contracts, such as with telecom and shipping services on nonprofits' behalf.
- Offer sabbatical programs to share employees temporarily with nonprofit partners.

Planning for the Future

Now is the time to lay or reinforce the groundwork for structural changes that will enable your company to support its communities in future hardship. For example:

- Establish an endowed corporate foundation that can be funded periodically and whose assets can grow tax-free, allowing for consistent giving over time.
- Set aside a “rainy day” fund to fill gaps when budgets are limited.

There are pros and cons to both of these ideas, so companies should consider carefully how these suggestions will affect their current programs—bearing in mind the larger goal: to enable your company to honor its philanthropic values despite countervailing macro- and microeconomic pressures.

CECP is available to connect member companies with resources to aid in implementing these recommendations.

“Now more than ever, it is critical for corporate leaders to step up and invest in the health and well-being of the institutions that keep our communities strong.”

Harold McGraw III
The McGraw-Hill Companies
CECP Chairman

The Fortune 100

The 69 Fortune 100 Companies That Completed The 2007 CGS Survey

3M
 Abbott Laboratories
 Aetna Inc.
 Alcoa Inc.
 The Allstate Corporation
 Altria Group, Inc.
 American Express Company
 American International Group, Inc.
 Bank of America Corporation
 Best Buy Co., Inc.
 The Boeing Company
 Cardinal Health, Inc.
 Caterpillar Inc.
 Chevron Corporation
 Cisco
 Citigroup Inc.
 The Coca-Cola Company
 ConocoPhillips
 CVS Caremark Corporation
 Dell Inc.
 The Dow Chemical Company
 DuPont
 Exxon Mobil Corporation
 Fannie Mae

General Electric Company
 The Goldman Sachs Group, Inc.
 The Hartford Financial Services Group, Inc.
 HCA Inc.
 Hess Corporation
 Hewlett-Packard Company
 The Home Depot, Inc.
 IBM Corporation
 Intel Corporation
 Johnson & Johnson
 Johnson Controls, Inc.
 JPMorgan Chase & Co.
 Kraft Foods Inc.
 The Kroger Co.
 Lehman Brothers
 Lockheed Martin Corporation
 Macy's, Inc.
 Massachusetts Mutual Life Insurance Company
 McKesson Corporation
 Merrill Lynch & Co., Inc.
 MetLife, Inc.
 Microsoft Corporation

Morgan Stanley
 Motorola, Inc.
 Northrop Grumman Corporation
 PepsiCo
 Pfizer Inc.
 Prudential Financial, Inc.
 Sprint Nextel Corporation
 State Farm Mutual Automobile Insurance Company
 Sunoco, Inc.
 Target Corporation
 Time Warner Inc.
 The Travelers Companies, Inc.
 United Parcel Service, Inc.
 United Technologies Corporation
 UnitedHealth Group
 Valero Energy Corporation
 Verizon Communications Inc.
 Wachovia Corporation
 Wal-Mart Stores, Inc.
 The Walt Disney Company
 Washington Mutual, Inc.
 WellPoint, Inc.
 Wells Fargo & Company

Fortune 100 Profile

Why Look at the Fortune 100?

Compiled and published annually by *Fortune* Magazine, the Fortune 100 is a ranking of the top 100 American public corporations, measured by gross revenue. The cut-off for the 2008 list was \$24.5 billion in 2007 revenue. While the list excludes privately held companies, it is still accepted colloquially as a list of the country's largest businesses.

These elite companies are continually in the spotlight; their stakeholders' expectations are in a league of their own. While a few might not be household names because they primarily serve other businesses, each has a profound ability to mobilize philanthropic resources in the U.S. and abroad.

Fortune 100 Survey Respondents

The following high-level statistics on Fortune 100 (F100) survey respondents provide context to the findings in the subsequent pages of this section:

CLASSIFICATION:

- 39 Service companies.
- 30 Manufacturing companies.

FINANCIALS:

- \$44.45 billion = median 2007 revenue.
- \$5.57 billion = median 2007 pre-tax profit.

EMPLOYEES:

- 86,200 = median number of employees.
- 30 of the 69 respondents have more than 100,000 employees.

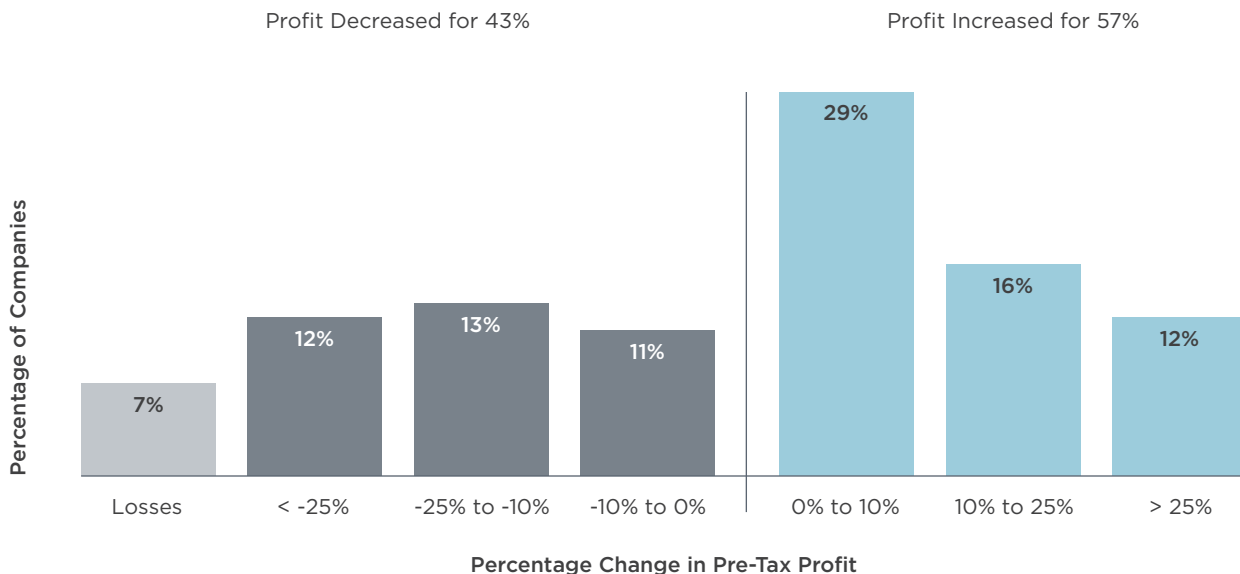
Changes in Pre-Tax Profit

It is useful to understand whether pre-tax profit rose or fell among the F100 from 2006 to 2007 before looking at whether total giving for this group increased or decreased in the same period. There were no companies whose change in pre-tax profit was 0%; all companies fell clearly into either the increased or decreased segment.

Figure 5 shows that 57% of companies in the F100 matched set saw profit climb. More than a quarter of all F100 companies enjoyed pre-tax profit increases of 10% or more.

On the other side, 43% of companies saw profit fall from 2006 to 2007. In fact, 7% of companies experienced a net loss (not just a year-over-year profit decline).

Figure 5 Distribution of Fortune 100 Companies by Percentage Increase/Decrease in 2006 to 2007 Pre-Tax Profit N=56 MATCHED-SET DATA



Fortune 100 Total Giving

Trends in Total Giving

Similar to Figure 5, which grouped companies by the year-over-year percentage changes in pre-tax profit, Figure 6 sorts F100 companies based on the percentage change in total giving from 2006 to 2007. There were no companies whose change was 0%; all companies were either clearly in the increased or decreased segment.

The data in Figure 6 show that a strong majority of F100 companies increased giving. Among the decreasees, only a small percentage decreased giving substantially from the prior year.

This finding is further validated by increased median total giving among the matched set of F100 companies (N=56):

- \$49.6 million = 2007 median total giving.
- \$45.7 million = 2006 median total giving.

Profit and Total Giving

Merging the year-over-year pre-tax profit information from Figure 5 with the total-giving data from Figure 6 provides the following findings:

Among F100 companies with increased pre-tax profit (N=24):

- 84% increased total giving.
- 16% decreased total giving.

Among F100 companies with decreased pre-tax profit (N=32):

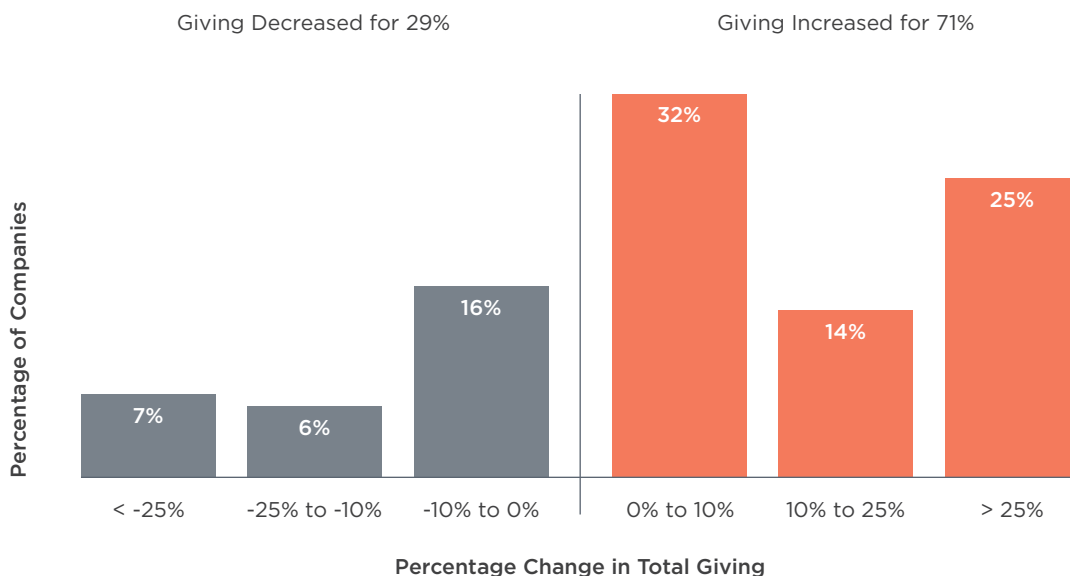
- 54% increased total giving.
- 46% decreased total giving.

What Does it Mean?

One striking conclusion in comparing changes in pre-tax profit and total giving among the F100 is that more than half of the companies with falling profits still increased their giving budgets.

In addition to the reasons provided on page 9, another explanation for this finding might be that many companies have incorporated mechanisms such as endowed foundations and “rainy day” funds to ensure their giving programs can weather periods of economic hardship. (As noted on page 18, F100 companies are more likely to have a corporate foundation than other companies.)

Figure 6 Distribution of Fortune 100 Companies by Percentage Increase/Decrease in 2006 to 2007 Total Giving N=56 MATCHED-SET DATA



Fortune 100 Total Giving CONTINUED

Comparing Total Giving Statistics

Figure 7 compares total giving data from F100 companies against that of all other participating companies. While the sample sizes become small in a matched set from 2005 to 2007, the data show that both Fortune 100 and other companies have increased giving over time. The figure also distinguishes the higher median dollar value of F100 giving.

When 2007 total giving is viewed as a percentage of pre-tax profit, F100 companies appear to be less generous than the typical non-F100 company:

- 0.83% = 2007 median total giving as a percentage of pre-tax profit among F100 companies (N=69).
- 1.05% = 2007 median total giving as a percentage of pre-tax profit among non-F100 companies (N=73).

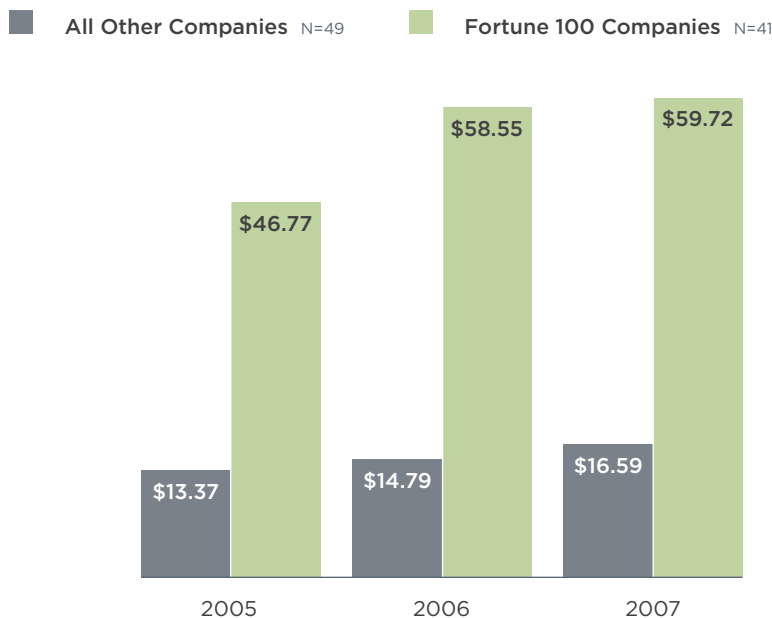
What Does it Mean?

Fortune 100 company profits are typically so large that it takes significantly more money to increase giving as a percentage of pre-tax profit by 0.1% than it would for the typical non-F100 company. Increasing total giving by 0.1% of pre-tax profit for the typical F100 would require an additional \$6.0 million in contributions—compared to \$1.4 million for all other companies.

This effect becomes increasingly pronounced the closer a company is to the top of the F100 ranking. For example, if the company in our survey with the highest pre-tax profit were to give away 1% of its 2007 profit, this would translate into \$704 million in total giving.

Still, CECP encourages even the largest companies to maintain a robust commitment of resources to their communities. For a recent example, see the “Beyond the Numbers” Dell Inc. case study on page 17. (Dell Inc. ranks #34 on the 2008 F100 list.)

Figure 7 Median Total Giving from 2005 to 2007 (in millions) MATCHED-SET DATA



Beyond the Numbers

Aspirations of Becoming a One-Percent Company



DELL INC.

Innovation and Rapid Growth

In only fifteen years, Dell Inc. skyrocketed from being a modest startup in 1984 to earning a coveted spot on the Fortune 100 list in 1999. Today, Dell has more than \$61 billion in revenue and is on the cusp of becoming a Global 100 company. Technical innovation and listening to its customers are the cornerstones of Dell's sprint to success.

An Opportunity for Philanthropy

As the company has rapidly evolved, so has its philanthropy program. While always active in its domestic communities, the Dell Giving team seized an opportunity in 2006 to present a global approach to the company's community giving efforts.

Dell's executive leadership team was in the midst of restructuring the company's overall business model. Using CECF's Corporate Giving Standard benchmarking tool, the Giving team made the case for a simultaneous rethinking of the company's total giving and employee community involvement efforts. Their quantitative approach was crafted to mirror the manner in which other business units propose budget requests.

Benchmarking Makes the Case

The Giving team focused their CECF benchmarking on peers in the high-tech industry, as well as on companies with comparable workforces, revenue, and pre-tax profit. Equipped with results from employee surveys, in-depth stakeholder interviews, and benchmarking statistics, the team

showed the pros and cons of several different cutting-edge models for giving. The presentation was structured to highlight philanthropy's alignment with the company's planned long-range international expansion.

The One-Percent Commitment

The Leadership Team responded enthusiastically to the new proposal. Dell set an aspirational goal to designate 1% of its annual pre-tax profit toward philanthropy by 2010. Since approving the strategy, the company has created a global giving council with executives from China, India, the United Arab Emirates, Brazil, and the United States. This new multilateral approach replaces the centralized, top-down process in effect before the strategy change.

Growing to Scale

To prepare for its new global giving scope, Dell:

- Invested in an online grants-management software solution.
- Hired an additional staff member to assist with governance, legal compliance, and the global rollout.
- Instituted best-practice meetings with the finance team.
- Created a legal sub-committee to provide guidance on vetting international partners.
- Developed a communications strategy to promote the new programs internally and externally.

Signature Programs Launch

The hard work of the Giving staff culminated in 2008 with the formation of two signature programs, Dell GreenConnect and Dell

YouthConnect, which target environmental causes and digital inclusion for youth. The international rollout of these programs began in India. Lessons learned from that region are now being applied to similar initiatives taking shape in China.

The Employee Reaction

Employees in the targeted regions are proud of the steps Dell has taken. On Dell's regional employee blogs, posts related to philanthropy receive the most comment and activity. Senior management is pleased to see the new dialogue that's been opened and the heightened level of employee engagement.

Looking Ahead

Dell's newly invigorated giving program carries with it an ongoing assurance from senior leadership to continue supporting communities philanthropically, even in times of financial uncertainty. The business case for corporate giving has been internalized across the company and Dell has seen the important role of giving to its staff, its customers, and the communities where the company conducts its business around the globe.

"The increased focus, scope, and depth of Dell's charitable commitment enhance our efforts to make a meaningful difference for our neighbors in Dell communities around the world."

Lisa Huddleson

Senior Giving Manager, Dell Inc.
Executive Director, Dell Foundation

Fortune 100 Corporate Foundations

Corporate Foundations

Fortune 100 companies are more likely to have corporate foundations than non-F100 companies:

- 92% of F100 companies have a foundation (N=61).
- 85% of non-F100 companies have a foundation (N=80).

In 2007, F100 companies transferred a median of \$15.0 million from their companies to their foundations (N=33). Companies outside the F100 transferred a median of \$5.2 million from their companies to their foundations (N=35).

F100 companies were more likely to transfer funds to their foundations in 2007:

- 63% of F100 companies transferred funds to their foundations (N=56).
- 59% of non-F100 companies transferred funds to their foundations (N=68).

Giving from the Foundation Budget

Given the greater likelihood of F100 companies to have corporate foundations, it is unsurprising to see that F100 companies give a higher percentage of total giving through such foundations; see Figure 8.

The allocation across giving types becomes clearer when F100 Manufacturing and Service companies are viewed separately, as in Figure 9. This finding holds true when the entire sample of survey respondents is analyzed. For a discussion of causes underlying this trend, see page 25 in the “2007 Findings” section.

Matching Gifts and Foundations

Taken as a percentage of total giving, the median corporate side of matching gifts among F100 companies is 9.6% (N=60), which is notably higher than the 6.1% across non-F100 companies in 2007 (N=76).

The median dollar value of matching gifts is also higher among F100 companies:

- \$4.39 million = median dollar value of annual matching at F100 companies in 2007 (N=60).
- \$1.20 million = median dollar value of annual matching at non-F100 companies in 2007 (N=76).

Fortune 100 companies are also more likely than other companies to conduct their matching-gift programs exclusively through their foundations:

- 58% of F100 companies run their matching-gift programs through their foundations (N=60).
- 39% of non-F100 companies run their matching-gift programs through their foundations (N=76).

Figure 8 2007 Average Percentage Breakdown of Total Giving by Giving Type

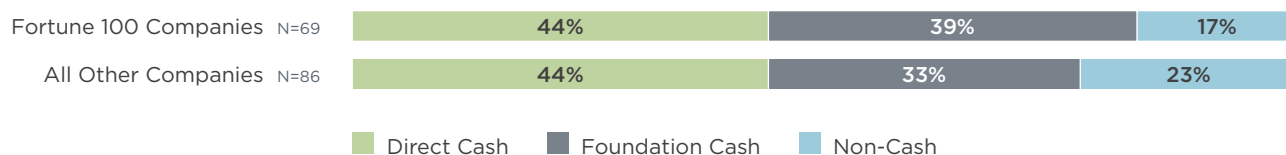
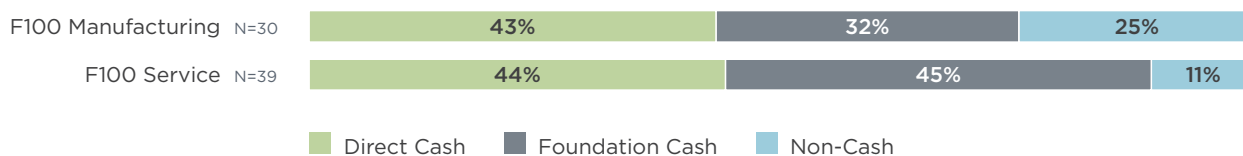


Figure 9 2007 Average Percentage Breakdown of Total Giving by Giving Type between Fortune 100 Manufacturing and Service Companies



Fortune 100 Trends

International Giving

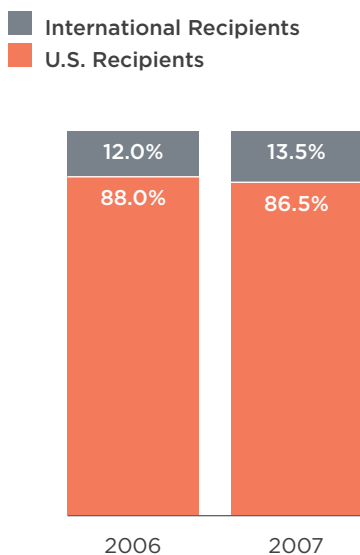
In the CGS Survey, geographic breakdowns are based on the location of grant end-recipients. Thus, giving to a U.S.-based nonprofit whose mission is to serve a population abroad is considered international giving.

Fortune 100 companies contribute a higher percentage of total giving to international recipients than other companies do:

- 15% = average percentage of total giving to international end-recipients by F100 companies (N=55).
- 9% = average percentage of total giving to international end-recipients by all other companies (N=64).

Figure 10 shows that among a matched set of F100 companies, giving to international end-recipients edged up slightly from 2006 to 2007. This differs slightly from the numbers listed above due to the smaller sample size of a multi-year matched set.

Figure 10 2007 Fortune 100 Average Percentage Breakdown of Total Giving by Geography N=42 MATCHED-SET DATA



Connecting International Giving with International Operations

Only a fraction of survey participants provided a breakdown of their domestic and international revenue and employee base. Still, it is interesting to see in Figure 11 that F100 and non-F100 companies have nearly identical splits.

When the analysis is limited to companies providing the international data in Figure 11, the difference between international giving by F100 and non-F100 companies converges slightly:

- 14% = average percentage of total giving to international end-recipients by F100 companies providing international operations figures (N=29).
- 10% = average percentage of total giving to international end-recipients by all other companies providing international operations figures (N=39).

Giving by Program Area

Virtually unchanged from 2006, F100 companies allocate giving across the nine program areas defined in the CGS Survey as follows (N=51):

- 29% = Health & Social Services
- 15% = Education: K-12
- 14% = Community & Economic Development
- 12% = Education: Higher
- 10% = Other
- 9% = Culture & Arts
- 7% = Civic & Public Affairs
- 3% = Environment
- 1% = Disaster Relief

This breakdown is nearly identical to that of the non-F100 set in 2007 (N=60). The most notable difference is that F100 companies are able to categorize 7% more of total giving (rather than simply including it in the “Other” category). This difference translates into a modestly higher percentage of total giving spread among the remaining categories.

Figure 11 2007 Average Percentage Breakdown of Domestic/International Revenue and Employees

	Fortune 100 Companies N=38	All Other Companies N=46
% Domestic Revenue	63%	63%
% International Revenue	37%	37%
% Domestic Employees	67%	65%
% International Employees	33%	35%

Fortune 100 Trends CONTINUED

Giving by Motivation

The CGS Survey asks companies to categorize their giving into one of three designations: Charitable, Community Investment, and Commercial. Definitions for these terms, which seek to clarify the intent motivating each grant, are provided on pages 45 and 46.

Figure 12 shows that F100 companies label a higher percentage of total giving as Community Investment than non-F100 companies do. While this was also evident in the 2006 data, the difference is more pronounced in the 2007 sample.

Staffing Overview

Given the larger giving budgets of F100 companies, it follows that the F100 have more philanthropy staff, as shown in Figure 13. While F100 companies have more contributions

staff, individual staff members are responsible for nearly double the dollar value of grants annually.

CECP suspects that calculations for annual median dollar disbursements per contributions FTE are slightly overstated by all companies because it can be difficult to obtain accurate staff counts outside headquarters.

Fortune 100 companies were also more likely to report having international contributions FTEs than non-F100 companies:

- 29% of F100 companies reported at least one contributions staff member abroad (N=58).
- 17% of all other companies reported at least one contributions staff member abroad (N=75).

Management and Program Costs

Examples of management and program costs include salaries and benefits for relevant staff, travel, conference fees, outsourced consultants, and day-to-day expenses such as phone and printing charges. Many companies have difficulty tracking these expenses, which are not included in total giving; thus, sample sizes for these calculations are low.

Among F100 companies, median management and program costs are \$3.65 million and 3.8% of total giving (N=23). For companies outside of the F100, the medians are \$943,000 and 7.5% of total giving (N=33).

These figures correspond with the data discussed on page 40. Companies with lower total giving budgets have higher management and program costs as a percentage of total giving.

Figure 12 2007 Average Percentage Breakdown of Total Giving by Motivation

	Fortune 100 Companies N=52	All Other Companies N=65
Charitable	44%	53%
Community Investment	48%	40%
Commercial	8%	7%

Figure 13 2007 Median Philanthropy Staffing Statistics

	Fortune 100 Companies N=58	All Other Companies N=75
Median Philanthropy FTEs	16	5
Median \$ Disbursed Annually per Philanthropy FTE	\$3.88 million	\$2.01 million

2007 Benchmarking Tables

Median Findings by Industry, Revenue, Pre-Tax Profit, and Number of Employees

Using the Benchmarking Tables

The benchmarking tables on the following pages show median findings on key data points from the 2007 survey. To use the tables, first determine your company's:

- Revenue
- Pre-Tax Profit
- Number of Employees
- Industry

Next, select a benchmarking table and identify the row that best describes your company. Look across that row for a snapshot of how similar companies behaved philanthropically in 2007.

Once you have identified peer companies, examine the rows above and below for a sense of the similarities and differences among companies of different benchmarking segmentations.

As you move from one table to the next, you'll generate multiple values for each of the following median calculations:

- Total Giving
- Total Giving as a % of Revenue
- Total Giving as a % of Pre-Tax Profit
- Total Giving per Employee
- Grant Dollars Disbursed per Contributions FTE

Multiple values for these data points should not be seen as contradictory; rather, multiple values are useful in determining an applicable *range* of data. Ultimately, using a data range is a more practical approach to setting a multi-year corporate contributions strategy than linking total giving to one definitive benchmark.

Industry

Companies in the same industry often share philanthropic goals and focus areas, have overlapping stakeholders, and face similar business challenges (e.g., a climate of mergers).

Moreover, certain industries have historically high profit margins while others expect a more modest annual return.

(To preserve confidentiality due to a small sample size, data for the Telecommunication Services industry are not shown.)

		Median Total Giving	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Giving per Employee	Median \$ Disbursed per Philanthropy FTE
All Companies	N=155	\$23.53 million	0.13%	0.92%	\$650	\$2.52 million
Fortune 100 Companies	N=69	\$46.31 million	0.10%	0.83%	\$559	\$3.88 million
Consumer Discretionary	N=22	\$15.34 million	0.16%	2.37%	\$438	\$2.38 million
Consumer Staples	N=14	\$55.80 million	0.18%	1.71%	\$680	\$5.20 million
Energy	N=8	\$38.52 million	0.04%	0.42%	\$1,607	\$4.84 million
Financials	N=46	\$25.20 million	0.16%	0.79%	\$792	\$1.89 million
Health Care	N=17	\$163.70 million	0.73%	2.09%	\$3,107	\$21.25 million
Industrials	N=13	\$24.00 million	0.08%	0.70%	\$372	\$6.69 million
Information Technology	N=15	\$17.81 million	0.13%	0.98%	\$462	\$2.91 million
Materials	N=6	\$20.34 million	0.10%	0.96%	\$365	\$2.43 million
Utilities	N=12	\$11.46 million	0.12%	0.87%	\$931	\$1.34 million

Revenue

While it is tempting to assume that companies with familiar logos are revenue giants, this is not always the case. Many well-known companies, particularly those with global brands, may generate less revenue than business-to-business companies that do not invest in building awareness among consumers.

Therefore, actual revenues are a stronger benchmark than reputation. Even companies within the same industry and with similar brand recognition may have very different revenue levels.

Companies that did not supply revenue data are included in overall aggregates but excluded from the revenue band analysis.

		Median Total Giving	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Giving per Employee	Median \$ Disbursed per Philanthropy FTE
All Companies	N=155	\$23.53 million	0.13%	0.92%	\$650	\$2.52 million
Fortune 100 Companies	N=69	\$46.31 million	0.10%	0.83%	\$559	\$3.88 million
Revenue > \$100 billion	N=8	\$91.62 million	0.05%	0.34%	\$367	\$2.62 million
\$50 billion < Revenue < \$100 billion	N=23	\$55.37 million	0.07%	0.86%	\$508	\$3.92 million
\$25 billion < Revenue < \$50 billion	N=39	\$35.72 million	0.11%	0.89%	\$516	\$3.45 million
\$10 billion < Revenue < \$25 billion	N=41	\$20.62 million	0.13%	0.86%	\$736	\$2.83 million
\$5 billion < Revenue < \$10 billion	N=16	\$11.24 million	0.13%	1.09%	\$576	\$2.15 million
Revenue < \$5 billion	N=23	\$3.97 million	0.24%	2.37%	\$1,161	\$1.31 million

Pre-Tax Profit

While revenue provides a clear expression of a company’s financial size, pre-tax profit indicates a company’s discretionary funds for reinvestment into the business. Corporate philanthropy, as one way of investing in a company’s long-term health, competes with other departments for profit dollars.

Many circumstances affect the expenses that reduce profit. Consequently, an individual company’s profit can vacillate substantially from one year to the next. While expenses like the rising price of oil may affect all peer companies, other factors may affect just one company, such as the closure of an overseas office or the renegotiation of a vendor

contract. Given such idiosyncrasies, benchmarking by pre-tax profit helps companies to compare themselves more precisely in terms of available dollars.

Companies that did not report pre-tax profit data are included in overall aggregates but excluded from the rows of pre-tax profit analysis.

		Median Total Giving	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Giving per Employee	Median \$ Disbursed per Philanthropy FTE
All Companies	N=155	\$23.53 million	0.13%	0.92%	\$650	\$2.52 million
Fortune 100 Companies	N=69	\$46.31 million	0.10%	0.83%	\$559	\$3.88 million
Pre-Tax Profit > \$10 billion	N=17	\$124.01 million	0.17%	0.79%	\$1,339	\$3.76 million
\$5 billion < Pre-Tax Profit < \$10 billion	N=25	\$42.59 million	0.11%	0.65%	\$564	\$2.83 million
\$3 billion < Pre-Tax Profit < \$5 billion	N=23	\$37.70 million	0.13%	0.86%	\$858	\$6.73 million
\$2 billion < Pre-Tax Profit < \$3 billion	N=11	\$24.00 million	0.09%	0.88%	\$589	\$3.09 million
\$1 billion < Pre-Tax Profit < \$2 billion	N=34	\$11.62 million	0.11%	0.87%	\$522	\$2.32 million
Pre-Tax Profit < \$1 billion	N=38	\$8.06 million	0.16%	2.43%	\$709	\$1.56 million

Employees

Many philanthropic strategies are designed to mesh with corporate culture and provide opportunities for employees to become involved. However, successfully putting theory into practice depends largely on the number of employees at a company,

the skill mix among the employee base, and the workforce’s geographical distribution. Although each of these factors is relevant, benchmarking by number of employees especially helps to define the relevant peer landscape.

As all companies provided data on the size of their workforce, none were excluded from this table.

		Median Total Giving	Median Total Giving as a % of Revenue	Median Total Giving as a % of Pre-Tax Profit	Median Total Giving per Employee	Median \$ Disbursed per Philanthropy FTE
All Companies	N=155	\$23.53 million	0.13%	0.92%	\$650	\$2.52 million
Fortune 100 Companies	N=69	\$46.31 million	0.10%	0.83%	\$559	\$3.88 million
Employees > 100,000	N=39	\$49.82 million	0.10%	0.96%	\$264	\$3.33 million
50,001 ≤ Employees ≤ 100,000	N=33	\$55.04 million	0.17%	0.92%	\$680	\$4.17 million
30,001 ≤ Employees ≤ 50,000	N=24	\$24.59 million	0.10%	0.75%	\$633	\$2.28 million
20,001 ≤ Employees ≤ 30,000	N=14	\$20.80 million	0.21%	1.15%	\$862	\$3.99 million
10,000 ≤ Employees ≤ 20,000	N=22	\$10.62 million	0.11%	0.85%	\$783	\$1.83 million
Employees < 10,000	N=23	\$3.94 million	0.17%	1.09%	\$1,270	\$1.31 million

2007 Findings

Over \$11.6 Billion in 2007 Data

Begun in 2002, the Corporate Giving Standard philanthropy measurement initiative maintains that you cannot know whether you are moving forward if you have no means of knowing where you stand. Understanding the impact of the significant flow of resources from the private sector to areas of social need requires an assessment of what *precisely* companies have contributed.

While the benchmarking tables presented in the previous section provide a clear snapshot of the industry's most popular metrics, this section analyzes the components of 2007 giving more closely.

Each company brings a distinct mix of resources and challenges to the development of a customized corporate giving plan. Striving to match peers on one data point or another would be to shortcut the introspective process a company must undergo in determining the giving approach that will prove most meaningful to its mission and the communities it serves.

Still, benchmarking is a valuable mechanism for staying in touch with an industry's current ideas and best practices. Even exemplary programs require thoughtful revision to stay apace with stakeholder interests and emerging opportunities.

Corporate philanthropy programs have become increasingly sophisticated over the past decade. CECF hopes the analysis here will support future progress by providing corporate philanthropy's proponents with actionable data.

Cash and Non-Cash Giving

Separating Cash from Non-Cash

CECP defines total giving as the sum of three types of grants:

- **Direct Cash:** Corporate giving from headquarters and regional offices.
- **Foundation Cash:** Corporate foundation giving, which often includes the corporate side of employee matching gifts.
- **Non-Cash:** Product, pro bono services, and other non-cash donations recorded at Fair Market Value.

The top bar in Figure 14 presents the typical total giving breakdown in 2007. These percentages fluctuate minimally from year to year.

Industry Differences

Figure 14 also shows the data by industry. Financial and Utility companies are Service companies, and so are less likely to make non-cash contributions because they do not produce tangible products. Non-cash contributions from Service

companies are typically one-time donations of land, intellectual property, office equipment, and/or facility space.

By contrast, the heavy representation of pharmaceutical companies in the Health Care industry accounts for the high percentage of non-cash contributions for this group, as pharmaceutical companies typically make sizable donations of the medicines they produce. To put these percentages in context, turn to the industry benchmarking table on page 22 to see the median dollar value of total giving in each industry.

What Does it Mean?

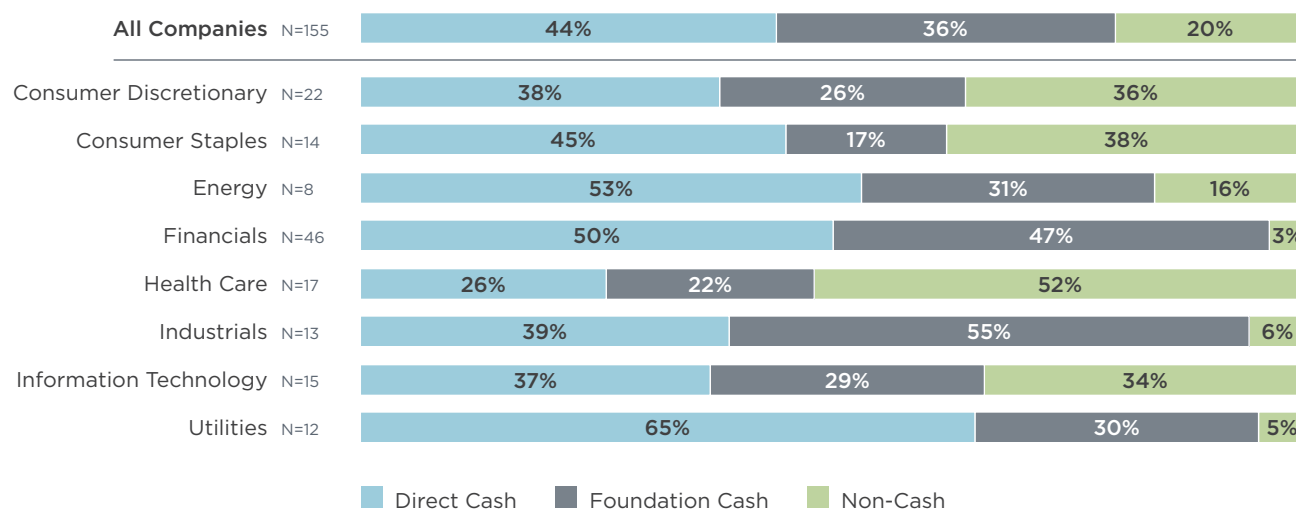
Non-cash contributions are one of the salient ways in which corporate philanthropy is distinct from individual giving and government aid. While cash grants are more versatile, non-cash donations can foster innovative partnerships that leverage resources highly valued by grantees.

Companies are encouraged to use Figure 14 to determine whether there might be an opportunity to increase non-cash contributions, especially in a declining economy. However, companies must ensure that nonprofit partners have the capacity to accept and use such donations productively, and that the donated products meet quality standards.

Pro Bono Service

Recognized as non-cash giving, pro bono service provides another avenue for companies to support nonprofits in a mutually rewarding way. In recognition of the fast-growing commitment to pro bono work among both professional and non-professional Service firms, CECP collaborated with organizations and stakeholders to expand and clarify the definition of pro bono in the 2007 Survey Guide. CECP advises companies to learn more about the business case for pro bono and is taking steps to provide pro bono benchmarking data in future editions of this report.

Figure 14 2007 Average Percentage Industry Breakdown of Total Giving by Type



Giving by Budget Source

Overview of Budget Sources

The CGS Survey asks companies to break their giving down into three budget-source categories:

- **Corporate Community Affairs:** This category is for giving from one centralized philanthropy budget. Some companies use alternative terms to describe this category, such as Community Relations or Corporate Contributions.
- **Corporate Foundation:** Giving made through a company’s foundation. Funding for the foundation must originate from the company and not from private individuals, suppliers, or vendors.
- **All Other Groups:** Giving through budgets including regional offices, manufacturing plants, marketing departments, research and development units, human resources, etc.

This analysis examines the budget from which each donation is drawn. For example, giving from the Corporate Community Affairs budget

disbursed by All Other Groups is nonetheless considered to be from Corporate Community Affairs.

What Does it Mean?

Budget-source allocations provide an indicator of how much oversight headquarters has over a company’s overall philanthropy strategy. The first data bar in Figure 15 shows that the typical company relies on staff outside its foundation and headquarters for roughly one-quarter of its grant-making. This indicates that the typical company takes a centralized approach to grant-making.

Industry Differences

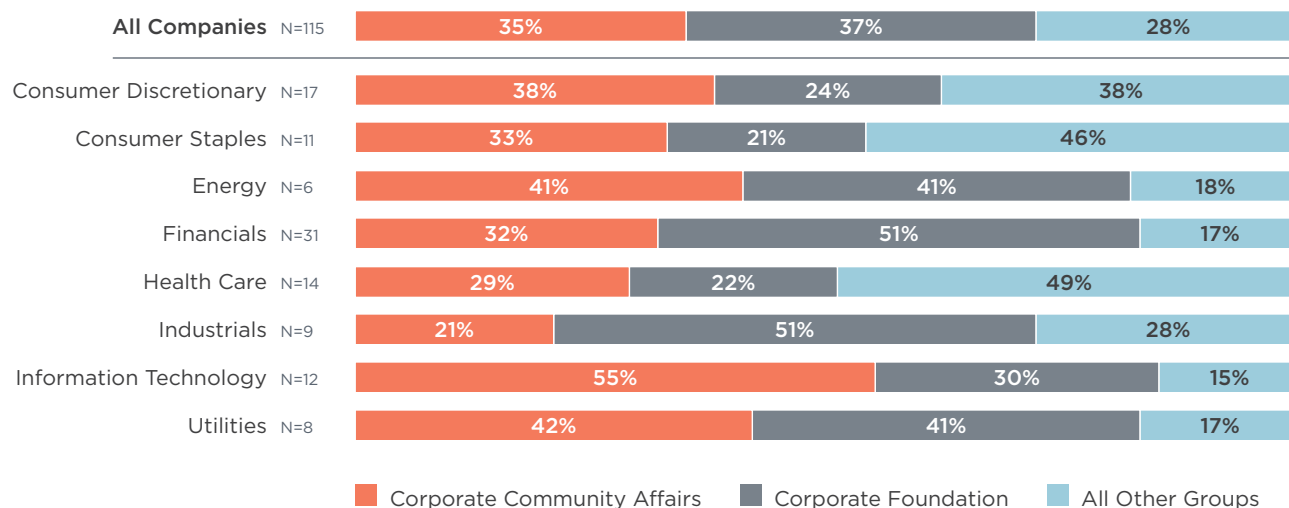
Figure 15 shows how spending from the three distinct budget sources varies when broken down by industry. As has been consistently true in recent years, Information Technology, Utility, Energy, and Financial companies have the most centralized philanthropy programs, with less than 20% of total giving coming from the All Other Groups category.

Other industries use non-centralized budgets for a much larger percentage of their annual grant-making. As was true in the 2006 data, the Consumer Staples and Health Care industries are the most decentralized, with 45% or more of their philanthropy budgets distributed from All Other Groups.

A Link to Non-Cash Giving

Budget-source differences by industry appear to correlate with the percentage of a company’s non-cash giving. Figure 14 shows that the Consumer Staples and Health Care industries have the highest proportion of non-cash giving; Figure 15 below shows that these industries also conduct the highest percentage of giving from All Other Groups. Frequent product donations from regional offices or warehouses at Manufacturing companies may be one explanation for this.

Figure 15 2007 Average Percentage Industry Breakdown of Total Giving by Budget Source



Corporate Foundations

Foundation Structures

In 2007, 88% of surveyed companies reported having a corporate foundation (N=141). CECP added a question in 2007 to determine the prevalence of the following foundation structures:

- **Endowed.** Endowed foundations have asset reserves (cash, stocks, bonds, real estate, etc.). Grant-making is funded from the returns on these asset investments, with legal minimums dictating the percentage disbursed annually.
- **Pass-Through.** Pass-through foundations receive funds from their companies and distribute 100% of those funds over the course of the year.
- **Operating.** Operating foundations function as nonprofit organizations themselves by using at least 85% of assets to provide direct charitable services or programs. (This corporate foundation structure is rare.)

What Does it Mean?

While the data are preliminary, Figure 16 indicates there is no predominant foundation structure.

Many industry members think of foundations as an “insurance policy” against years of lean or no profit. However, each foundation structure has its strengths and vulnerabilities. Pass-through foundations are dependent upon an annual company transfer of funds. Endowed foundations are susceptible to declining financial or real estate markets, which depress the value of invested assets.

The 28% of respondents in the “Hybrid/Other” category have a predominately pass-through structure, but build up reserve funds over time to “cushion” against fluctuations in corporate performance. Yet these cushions are often modest, meaning that a string of low-profit years or large unanticipated grants could quickly deplete their reserves.

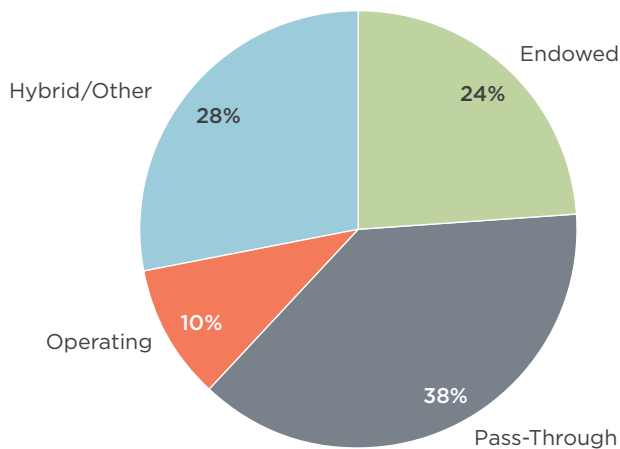
Corporate Foundation Funding

Year-over-year matched-set data for companies with a foundation show that 60% of them transferred funds to foundations in 2007, compared to 69% in 2006 (N=102). However, the median size of the dollar value transferred increased to \$10.2 million in 2007 from \$8.5 million in 2006.

Cutting the 2007 data by foundation type:

- **Endowed:** 15 of the 29 companies with an endowed foundation transferred funds.
- **Pass-Through:** 31 of the 45 companies with a pass-through foundation transferred funds.
- **Operating:** 6 of the 12 companies with operating foundations transferred funds.
- **Hybrid/Other:** 20 of the 34 companies with a hybrid/other foundation type transferred funds.

Figure 16 2007 Percentage of Corporate Foundations by Foundation Type N=120



Matching Gifts

Matching Gifts as a Percentage of Total Giving

In 2007, 88% of survey respondents had some form of employee matching-gift program (N=155). Among those with matching-gift programs, the median total match of employee contributions was \$2.03 million (N=136).

As shown in Figure 17, matching gifts comprised 9% of the typical company's total giving in 2007. However, industries vary greatly, because:

- Some industries, such as Health Care, have such large total philanthropy budgets that robust participation in matching programs seems small as a percentage of overall giving.
- Within each industry, companies vary substantially on this measure. For example, matching as a percentage of total giving in the Consumer Discretionary industry ranges from 1% to over 30% in the CECF sample.

What Does it Mean?

The data show that companies differ widely in matching budgets, implying there is no clear standard for how much a company should allocate for these programs. The issue engenders two schools of thought:

1. Some companies offer matching programs to enhance employee recruitment and retention. Their reasoning is that matching fosters goodwill and increases a participating employee's sense of engagement.
2. Other companies think matching programs are not strategic because there is limited company control over which grantees are funded and frequently employees give to elite universities rather than communities of acute need. Matching also offers limited opportunity for corporate recognition.

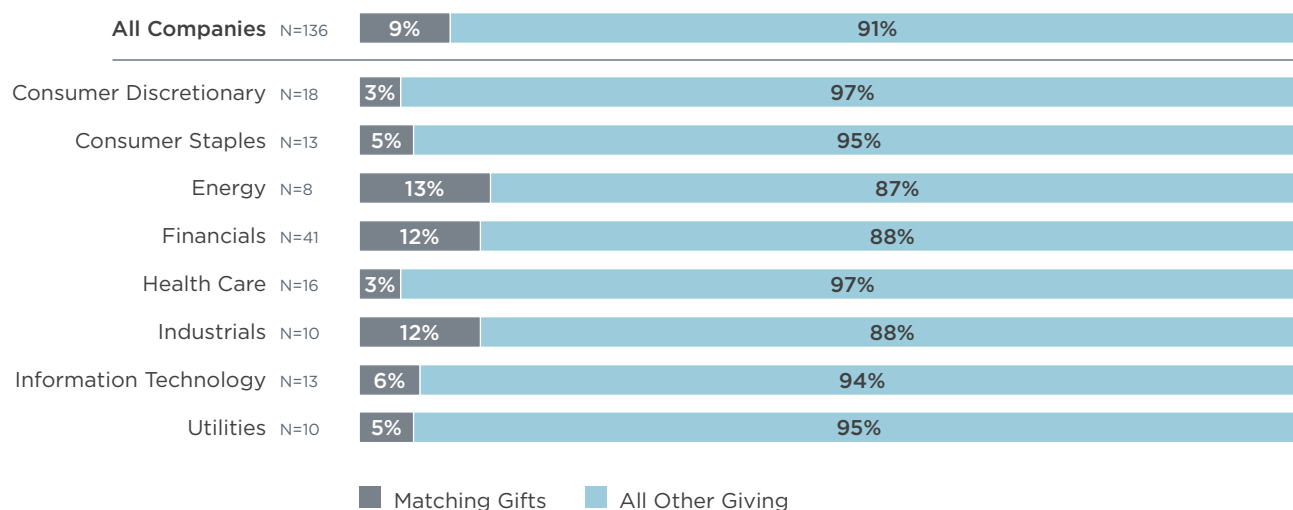
The most appropriate approach for each company depends on the nature of its workforce and philanthropic goals. Figure 17 provides a starting point for further analysis.

Corporate Foundations and Matching Gifts

Foundation cash is a greater source of matching funds than direct cash. Among companies that disburse matching funds through their corporate foundation, 67% used the foundation exclusively while 33% used a combination of foundation cash and direct cash (N=97).

One reason companies choose to use a foundation to support matching programs is that companies must have a receipt from the benefiting nonprofit for donations of \$250 or more. Because they do not file for tax deductions, corporate foundations do not require receipts. In this sense, running a matching-gift program through a foundation requires less paperwork.

Figure 17 2007 Median Matching Gifts as a Percentage of Total Giving by Industry



Matching Gifts CONTINUED

Different Types of Matching Programs

In the CGS Survey, matching-gift policies include corporate or foundation programs offered in the following areas:

- **Workplace Giving Campaigns:** Periodic, time-based charity drives such as United Way.
- **Year-Round Policy:** A company's year-round matching-gift policy.
- **Dollars for Doers:** Giving in recognition of employee volunteer hours.
- **Disaster Relief:** Programs that specifically support nonprofits assisting with crisis relief, recovery, rebuilding, and preparedness.
- **Other:** Any matching not included in the categories above, such as Board Service Grants.

CECP records only the corporate side of matching-gift programs in total giving; the employee side is not reported. Figure 18 is helpful in understanding the overall structure of a typical corporate matching program.

How Are Programs Implemented?

While not comprehensive, frequently-implemented policies for the three most common programs are summarized here:

WORKPLACE GIVING CAMPAIGNS:

- **Eligibility.** Companies typically limit nonprofit eligibility to 501(c)3 organizations. Religious institutions are generally excluded and participation limited to employees who work at least 30 hours per week.
- **Ratio.** While some companies have company-to-employee matching ratios as high as 3:1, most companies offer a 1:1 match. A few companies match a fractional amount such as 0.1:1 or 0.5:1.
- **Caps.** Several companies cited per-employee caps in the \$10,000-12,000 range, with only full-time employees being eligible. Other companies contribute amounts independent of the amount raised by employees.

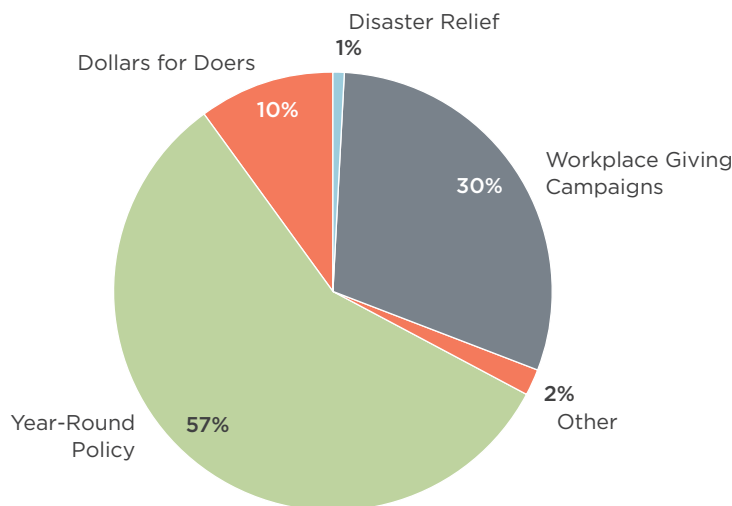
YEAR-ROUND POLICY:

- **Eligibility.** Commonly limited to employees who have worked at least 6-12 months. Most companies allow retiree participation. Some have separate programs for executives and directors.
- **Ratio and Caps.** Most programs begin with a \$25-50 minimum, have a 1:1 ratio, and have a per-employee maximum donation of under \$5,000.
- **Mission.** Many companies (but not a majority) restrict nonprofit eligibility to programmatic focus areas aligned with the company's philanthropic goals.

DOLLARS FOR DOERS:

- **Ratio.** Companies donate approximately \$100 for every ten hours of service, usually at a fixed amount (\$250 for 25 hours or \$500 for 50 hours) and not on a sliding scale.
- **Caps.** Most programs allow \$500 per employee. Some companies restrict eligibility to nonprofits in operation for at least two years.

Figure 18 2007 Average Percentage of a Typical Company's Matching Allocated by Program N=136



Beyond the Numbers

Re-Imagining a Matching-Gift Program

GE FOUNDATION



A Pioneering Idea

More than fifty years ago, GE launched the corporate community's first matching-gift program. The initial spark for the notion came when former Chairman Philip Reed saw an opportunity: the company could actively encourage employees to support their alma maters by providing a dollar-for-dollar match of their donations.

Since then, this simple employee-engagement breakthrough has caught hold at companies around the world. CECF survey respondents alone contributed \$615 million to support matching programs in 2007.

An Objective Assessment

Over time, the GE Foundation's matching-gift program grew beyond its initial focus on higher education to include donations to many 501(c)3 organizations. However, GE Foundation staff were concerned that participation was not broad-based.

In 2005, they hired a consultant to analyze the demographics underlying program participation. The research took place over several months and involved surveys, focus groups, and the collection and analysis of extensive benchmarking data.

The Results

GE Foundation staff had their instincts confirmed: the program mainly engaged senior officers and retirees making donations to higher education. While the matching-dollar limits compared favorably, restrictions discouraged uptake at other employee levels.

Predictions and Presentations

With over 300,000 employees, accurately forecasting the financial impact of program changes was crucial. Staff stress-tested various models to develop a plan that was in line with program goals and within a sustainable budget.

All of the research, benchmarking, and employee feedback came into play during the Board presentation. GE Foundation leaders made the case for the changes and walked the Board through the implications of several different options. The Directors agreed that the program needed a makeover and helped to select a course of action.

Communications Strategy and Employee Response

Once the new program was in place, the GE Foundation announced the changes on their website, via a toll-free call center, and publicized the program on the company's intranet. Given their dependence on business units within GE to reach employees directly, the GE Foundation staff created HTML emails and sought the assistance of community relations teams to help spread the word. GE Foundation staff also distributed brochures to nonprofit partners explaining the details of the new policy.

The employee response: over the next four years, the Company saw a 173% increase in participation across staff levels. As of 2007, the GE Foundation matches \$37.8 million in employee donations to their communities.

Expanding Internationally

The GE Foundation is now working to extend its matching-gift program to organizations outside the United States. The biggest challenge has been determining which foreign-based NGOs meet nonprofit equivalency standards. While still piloting this effort, GE is working with select organizations to allow international employees to make a donation to the local branch of the NGO; the GE Foundation then matches the gift to the NGO's corresponding U.S. branch.

Advice for Re-Imagining Your Program

- Begin by prioritizing stakeholder groups: employees, retirees, communities groups, etc. Don't start with budgets or program restrictions without first understanding your audience.
- Start with low matching limits and increase them gradually, if needed.
- Conduct pilot programs before rolling out the program across the company.
- Understand cultural differences before taking your program overseas. Enlist on-the-ground support and start slowly.

"An external, objective, quantitative review helped win our Board's approval and allowed us to grow the program in a way that made sense for everyone involved. This program continues to be a key part of the GE Foundation portfolio."

Bob Corcoran
President, GE Foundation

Motivations for Giving

Expectations for Grant-Making

The CGS Survey categorizes grants into one of three motivation types distinguishing among the benefits companies seek in making different contributions:

- **Charitable:** Reactive community giving for which little or no business benefit is expected. Examples include raffles, matching-gift programs, and undirected bulk gifts made to an in-kind distributor.
- **Community Investment:** Proactive gifts that serve a dual purpose of supporting the long-term strategic goals of the business and meeting a critical community need. There is close alignment between the company's competitive strengths and the focus area of the recipient organization.
- **Commercial:** Philanthropy in which benefit to the corporation is the primary motivation. Examples include giving to satisfy requests made by clients or customers and sponsorship of charity events.

Breakdown by Giving Type

Total giving is the sum of direct cash, foundation cash, and non-cash contributions. Figure 19 crosses these three types of giving with the three motivation categories to understand whether different giving types carry different expectations. In Figure 19, direct cash and foundation cash focus equally on Community Investment while non-cash giving is proportionally more reactive.

What Does it Mean?

Perhaps the most surprising aspect of Figure 19 is that the majority of foundation-cash giving falls into the Charitable category. A partial explanation is that, as cited earlier, many companies fund their matching-gift programs through their foundations and all matching-gift contributions are categorized as Charitable. Also, given self-dealing laws, foundations cannot pursue commercially motivated grant-making.

Figure 19 also indicates a potential opportunity in using non-cash giving more strategically. (And the data on page 33 show that nearly 25% of non-cash giving is not being fully tracked by recipient program area.)

Trends Over Time

From 2005 to 2007, companies have moved to allocate a greater percentage of giving toward Community Investment and away from the Charitable designation as follows (N=59):

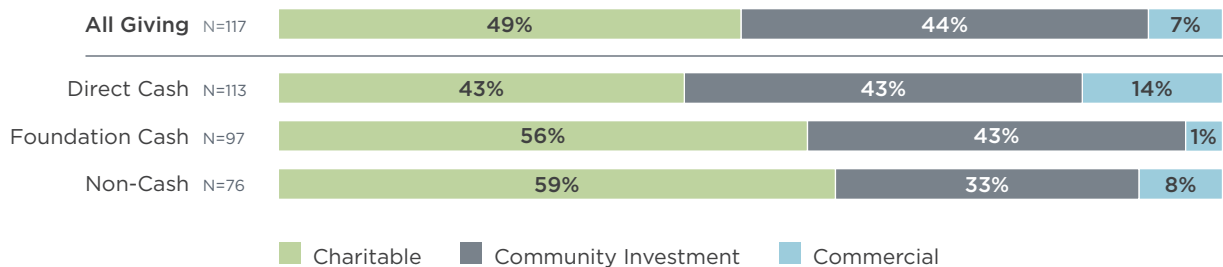
2005:

- 47% Charitable
- 42% Community Investment
- 11% Commercial

2007:

- 39% Charitable
- 52% Community Investment
- 9% Commercial

Figure 19 2007 Average Percentage Motivation Breakdown by Giving Type



Giving by Program Area

Total Giving by Program Area

The CGS Survey asks companies to categorize their giving into nine program areas defined in the “Calculations and Definitions” section on page 46. The data in Figure 20 show the breakdown of giving across these areas.

In 2007 the typical company allocated an equal percentage of its total philanthropic budget to Health & Social Services and Education (combining the Higher and K-12 Education categories).

Allocations across program areas have changed very little over time. However, CECF expects the Disaster Relief wedge (new to the survey in 2007) to fluctuate each year depending on world events. This will cause giving in other categories to shift accordingly.

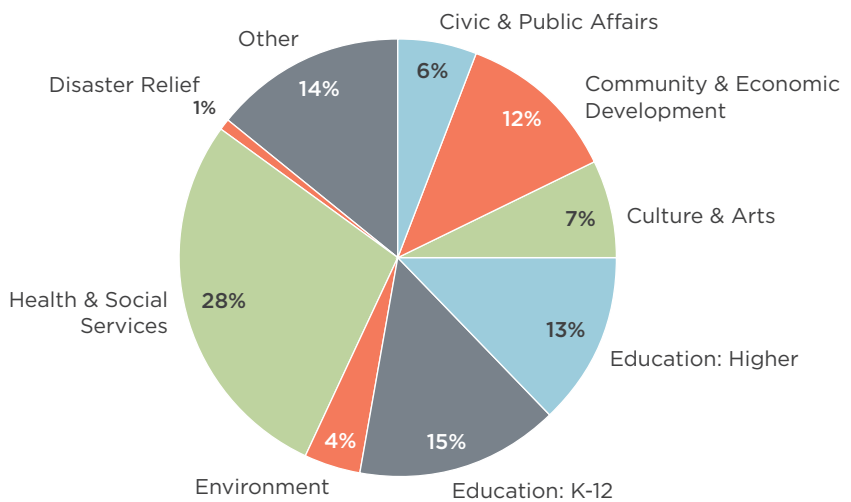
What Does it Mean?

Determining what to fund and at what level requires companies to think carefully about those issues that most closely align with available resources, corporate culture, and stakeholder expectations.

If a company funds too many disparate initiatives, the overall program may lack focus to rally employees, stakeholders, and corporate communication officers. On the other hand, companies that focus too narrowly may exclude issues that are important in other areas of corporate interest.

It can be difficult for giving professionals to remain wholly in control of programmatic giving decisions, owing to grandfathered commitments, event sponsorships, competing regional priorities, strong matching-gift campaigns, etc. Unless tailored to reinforce giving strategy, such factors can drain budgets for giving priorities. CECF recommends taking a wide view to assess the gap between stated objectives and actual spending and charting a course toward bringing strategy and reality closer over time.

Figure 20 2007 Average Percentage Breakdown of Total Giving by Program Area N=111



Giving by Program Area CONTINUED

Non-Cash Giving by Program Area

Figure 20 shows how total giving is allocated across program areas. However, a slightly different result emerges when non-cash giving is isolated from cash giving. Here are the allocations for purely non-cash donations in the CECP sample (N=75):

- 31% = Health & Social Services
- 24% = Other
- 11% = Community & Economic Development
- 9% = Education: Higher
- 9% = Education: K-12
- 5% = Disaster Relief
- 4% = Culture & Arts
- 4% = Environment
- 3% = Civic & Public Affairs

The biggest difference between these data and the data in Figure 20 is that a much greater percentage of non-cash giving is categorized as “Other.” This implies that companies have incomplete tracking of non-cash donations.

Disaster Relief and Health & Social Services receive more non-cash donations, a probable reflection of the product donations made by pharmaceutical companies.

Top Program Area Funders by Industry

Figure 21 shows which industry gave the greatest percentage of total giving to each program area as well as which industry gave the largest median dollar amount to that area. While not always the case, in 2007 the two columns point to the same industry for several of the program areas.

What Does it Mean?

Financial institutions typically have a strong local presence in the communities in which they do business; accordingly, they are the largest funders of entities (such as museums and neighborhood groups) that are highly visible to their customers and staff.

Materials firms such as mineral or paper companies have a natural business alignment with environmental initiatives. Similarly, Health Care companies, which include pharmaceutical manufacturers and health insurance providers, only nominally fund program areas outside of Health & Social Services.

Information Technology and Energy companies are the biggest funders of Higher Education, probably because of their dependence on a steady stream of engineers. They frequently support math and science programs as well as relevant research and development grants.

Figure 21 2007 Biggest Industry Funders of Each Program Area, by Percentage and Dollars

N=109

Program Area	Industry with the Highest % of Total Giving (Average Percentage)	Industry with the Highest Dollar Contribution (Median)
Civic & Public Affairs	Materials (20%)	Industrials (\$1.0 million)
Community & Economic Development	Financials (19%)	Financials (\$3.9 million)
Culture & Arts	Financials (12%)	Financials (\$2.3 million)
Education: Higher	Information Technology (32%)	Energy (\$9.1 million)
Education: K-12	Consumer Discretionary (22%)	Energy (\$5.6 million)
Environment	Materials (18%)	Materials (\$3.6 million)
Health & Social Services	Health Care (76%)	Health Care (\$164.3 million)

Giving by Geography

Giving at Home and Abroad

The CGS Survey asks companies headquartered in the U.S. to break down their giving into four categories that track the international movements of their grant-making. (Companies headquartered outside the U.S. are excluded from this analysis.)

- **U.S. to U.S.:** Giving that originates in the U.S. and goes to organizations that serve domestic end-recipients.
- **U.S. to International:** Domestic funds distributed to organizations that serve international end-recipients.
- **International to U.S.:** Contributions that originate outside the U.S. but benefit U.S. end-recipients.
- **International to International:** Contributions that originate abroad and benefit end-recipients abroad.

The matched-set data in Figure 22 show a trend from 2005 to 2007 toward increased international giving.

What Does it Mean?

Looking at Figure 22, it is important to remember that in 2005 many companies gave beyond their budgets in order to participate in relief efforts for international disasters including the Asian tsunami (which elicited the bulk of corporate philanthropic response in 2005), the Pakistan/Indian earthquake, and the mudslides in Central America following Hurricane Stan.

One might have expected international giving to hold steady or even subside in subsequent years. But data on the following pages suggest that several factors are driving a gradual uptake in international giving.

Manufacturing and Service Companies

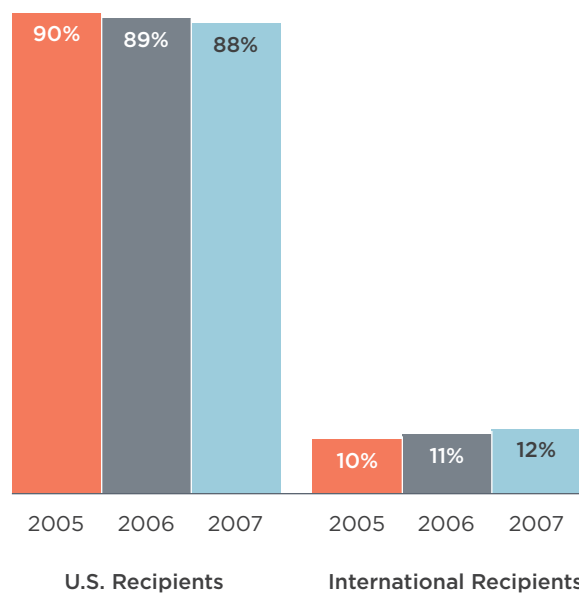
Manufacturing companies are leading the way in international giving, dedicating a significantly higher

percentage of their 2007 total giving budgets internationally than their Service counterparts:

- 20.6% = average percentage of total giving abroad by Manufacturing companies (n=53).
- 4.6% = average percentage of total giving abroad by Service companies (n=66).

One reason for this finding may be that Manufacturing companies often have a bigger community footprint than their Service counterparts. Many Manufacturing companies are large consumers of local raw materials or occupy significant real estate for the production and transport of goods. To support community relations efforts, Manufacturing companies are stepping up to implement philanthropic programs in international locations.

Figure 22 Change in Average Percentage of Total Giving by Geography from 2005 to 2007 N=62 MATCHED-SET DATA



Giving by Geography CONTINUED

Industry Differences

As shown on page 34, Manufacturing companies dedicate a larger percentage of grant-making to international recipients than their Service counterparts do. Industry data in Figure 23 also support this finding. For example: Energy and Health Care companies are predominately Manufacturing companies and are also the largest international givers. Utilities and Financials companies are Service providers and their percentage of international giving is lowest.

What Does it Mean?

Companies that extract local natural resources in communities around the globe are expected to support a give-and-take relationship long-embraced by Energy and Materials companies. Utility companies typically operate regionally within the U.S.; thus, it is appropriate that they give more to domestic communities. Figure 23 upholds the conclusion that industries are well-attuned to industry stakeholder expectations.

The Effect of International Revenue

Of the 68 companies that provided a domestic-international revenue split:

- 18% = average percentage of total giving to international end-recipients by companies that generated 30% or more of 2007 revenue abroad.
- 5% = average percentage of total giving to international end-recipients by companies that generated less than 30% of 2007 revenue abroad.

This correlation suggests that companies with an on-the-ground presence abroad are finding ways to support the communities where they do business.

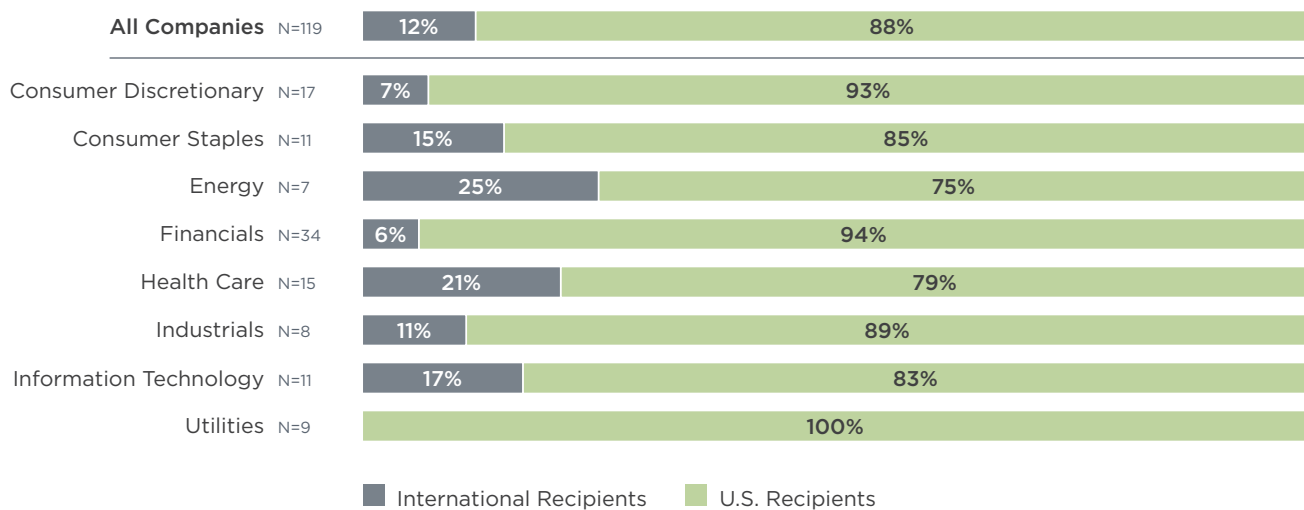
However, the data also show that the proportion of international philanthropic giving lags behind the proportion of revenue earned internationally.

Challenges in International Giving

Frequently cited challenges in expanding global giving include: developing local issue expertise, vetting NGOs, and building local community partnerships. The actual and perceived complexity of receiving tax deductions for international donations can be an additional deterrent. And cultural differences among employee attitudes toward volunteerism and charitable giving can also hinder the establishment of global initiatives.

Companies also face hurdles in accurately measuring giving abroad. Pockets of international giving may be unrecognized because the tools and communication channels needed to establish an accurate record have not yet matured. Still, international giving is a growing priority as business globalizes. Accordingly, CECF advises companies to create pilot programs, leverage regional employee expertise, and connect with local NGOs and government officials to maximize understanding of international needs and opportunities.

Figure 23 2007 Average Percentage of Total Giving by Geography, by Industry



Giving by Ethnicity and Gender

Recipient Ethnicity

The CGS Survey asks respondents to break down their total annual giving across four broad ethnic categories: African American, Hispanic, Native American, and Asian (including Asian Indian and Middle Eastern). Grants and contributions that do not have an ethnic focus are labeled No Ethnic Focus.

Of the 155 surveyed companies, only 27 provided breakdowns of their total annual contributions by the ethnicity of the primary beneficiary.

As for the companies that did track their grants by ethnicity: Figure 24 shows the average percentage of giving specifically targeted at each ethnic group.

Recipient Gender

Similarly, only 17 companies (11% of all companies who completed the 2007 survey) reported a breakdown of giving by gender of the primary beneficiary. Figure 25 shows the average percentage breakdown by recipient gender for this subset of companies.

What Does it Mean?

CECP has observed that over time companies have become noticeably better equipped to answer detailed questions about their giving. However, information regarding grants with an ethnic or gender focus remains scant.

Giving officers from companies in California have shared their expectation that greater transparency regarding the ethnic and gender focus of grants will be required of companies in the near future.

This prediction is largely the result of Assembly Bill 624, passed by the California Legislature in early 2008. Bill 624 requires private (including corporate) foundations in California with assets of more than \$250 million to publish information about the gender and racial composition of their staff and directorial boards, as well as the number and percentage of grant dollars awarded to organizations serving racial, gender-specific, and low-income communities.

CECP advises that companies take a proactive approach to measurement and transparency. While it requires additional effort and cost, doing so enables better program management, communication, sharing of best practice, and connection to communities.

Figure 24 2007 Average Percentage of Total Giving by Recipient Ethnicity N=27

	Average % of Total Giving
No Ethnic Focus	78.3%
African American	5.6%
Hispanic	3.7%
Minorities in General	11.0%
Native American	0.3%
Asian	1.1%

Figure 25 2007 Average Percentage of Total Giving by Recipient Gender N=17

	Average % of Total Giving
No Gender Focus	93.9%
Female End-Recipients	5.0%
Male End-Recipients	1.1%

Volunteerism

Types of Volunteer Programs

Eighty-eight percent of survey respondents have at least one formal domestic volunteerism program and 42% of respondents have at least one formal international volunteer program (N=138).

The CGS Survey asks companies with volunteer programs to indicate which types of programs they have in place. Figure 26 shows how many companies offer each program domestically and internationally. Note that the data in the figure are not percentages, but rather the number of companies with each type of program.

Although fewer companies offer international volunteer opportunities, Figure 26 shows there is a loose correspondence between the programs implemented most frequently at home and abroad. This implies that companies seek to standardize volunteer offerings in domestic and global markets.

Program Policies and Tracking

CECP defines a formal employee volunteer program as a planned, managed effort that seeks to motivate and enable employees to volunteer under their employer’s sponsorship and leadership. CECP distinguishes between two types of offerings:

Paid-Release Time: Employee volunteer hours during the workday for which an employee is being paid (N=104):

- 48% of companies have a policy or program.
- 38% of companies have a formal system in place to track these hours.

Off-Company Time: Organized volunteer programs during an employee’s personal time for which there is no hourly cost incurred by the company (N=104):

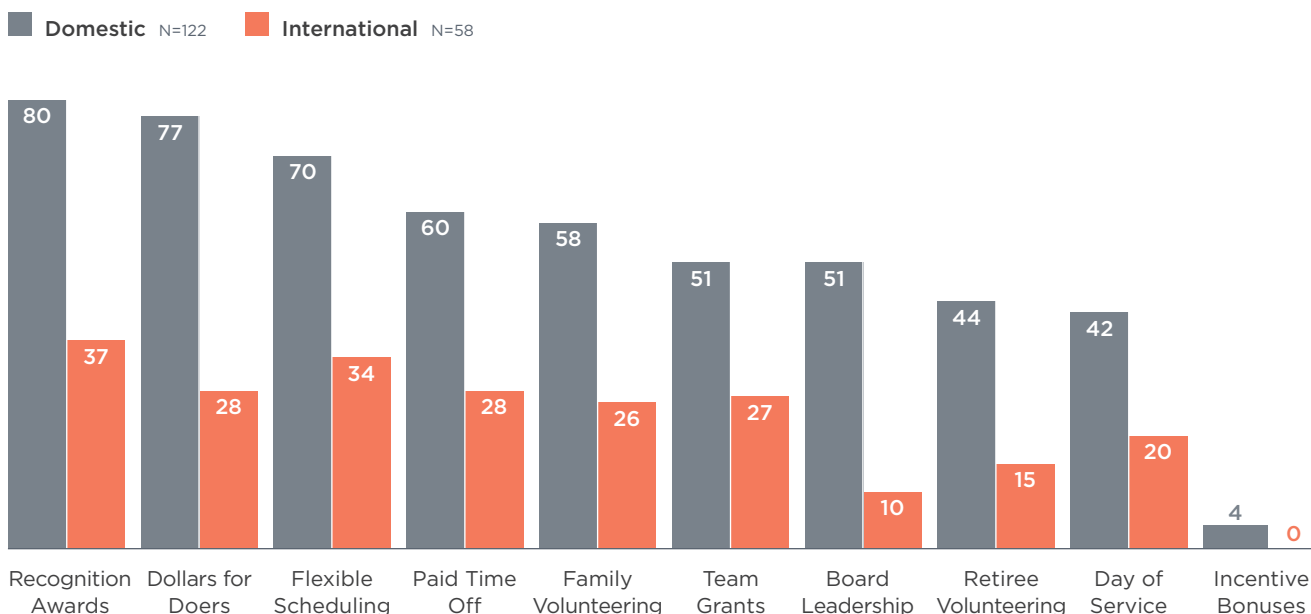
- 45% of companies offer a formal program.
- 45% of companies have a formal system in place to track these hours.

What Does it Mean?

More companies offer formal volunteer programs than have a system in place to track hours, strongly suggesting that volunteer hours are under-reported. The challenge of drawing a clean distinction between paid-release-time versus off-company-time volunteerism, compounded by issues of employee confidentiality, makes tracking difficult.

CECP observes increasing interest and appreciation among CEOs and senior executives with respect to employee volunteerism. When CECP conducted an anonymous poll of 34 CEO attendees at its annual conference in February 2008, 53% said employee volunteerism is the corporate resource that has the greatest potential to help address social issues. More accurate and complete tracking of volunteer hours would be a positive step toward fully leveraging this valuable resource.

Figure 26 2007 Number of Companies Offering Each Type of Volunteerism Opportunity



Staffing Trends

Staffing and Total Giving Budgets

To determine the personnel resources dedicated to managing corporate philanthropy programs, CECF asked companies to report the number of FTEs (Full Time Equivalent staff) dedicated to corporate contributions and volunteerism initiatives. (FTE contributions staff include only those who spend 20% or more of their time on such activities. Employees who spend a fraction of their time managing giving initiatives are counted as a fractional value.)

The “Median FTEs” column in Figure 27 shows a positive relationship between the size of a company’s total giving budget and the number of contributions staff: as budgets increase, staffing also tends to increase.

Across all companies, the median dollar value of giving per contributions FTE in 2007 was \$2.52 million (N=133). This is similar to the 2006 data.

What Does it Mean?

Although companies with larger budgets also have more contributions staff, the data illustrate that having additional staff does not necessarily reduce the magnitude of financial responsibility entrusted to each grant-maker.

At companies with total contributions budgets of over \$100 million, each giving practitioner is responsible for more than 4.5 times the grant-making funds as staff at companies with total annual giving budgets of \$5 million or less.

One explanation for this is that companies with larger giving budgets tend to give grants with higher dollar values, making it more likely that an individual staff member is responsible for a larger sum per year than an FTE at a company whose average grant size is much smaller.

Industry Differences

The following 2007 data show median contributions FTEs broken down by industry group:

- 11 FTEs = Financials (N=39)
- 9 FTEs = Information Technology (N=13)
- 8 FTEs = Consumer Staples (N=14)
- 8 FTEs = Utilities (N=10)
- 7 FTEs = Health Care (N=15)
- 7 FTEs = Industrials (N=9)
- 6 FTEs = Consumer Discretionary (N=18)
- 5 FTEs = Energy (N=8)

Figure 27 2007 Median FTE Contributions Personnel Statistics by Size of Giving Budget

2007 Total Giving	Median FTEs	Median \$ per FTE
Under \$5 million N=18	2	\$1.56 million
\$5 to \$10 million N=15	5	\$1.64 million
\$10+ to \$15 million N=16	5	\$2.19 million
\$15+ to \$25 million N=17	8	\$2.07 million
\$25+ to \$40 million N=19	8	\$3.63 million
\$40+ to \$100 million N=22	15	\$4.35 million
Over \$100 million N=26	24	\$7.27 million

Staffing Trends CONTINUED

Grants per Contributions FTE

CECP asks companies to report the number of grants made annually, including non-cash donations and foundation grants. Checks issued as part of the employee matching-gift program are excluded.

Figure 28 displays the median number of grants per FTE as well as median grant size sorted by the size of a company's total giving budget. In 2007, each contributions FTE made a median of 121 grants (N=97). To break this down:

- 41% = percentage of companies at which each philanthropy FTE makes 100 or fewer grants annually.
- 31% = percentage of companies at which each philanthropy FTE makes 101-250 grants annually.
- 28% = percentage of companies at which each philanthropy FTE makes more than 250 grants annually.

What Does it Mean?

A company's level of involvement with its grantees colors the interpretation of the numbers in Figures 27 and 28. Before using these data for benchmarking, giving professionals should first seek to understand whether they are running high-touch or low-touch programs. The answer will greatly influence their assessment of appropriate personnel levels.

For example, low-touch companies ask the nonprofit to oversee entirely the expenditure of a grant. The company may require the nonprofit to report formally how funds were used, but there is minimal corporate involvement during the life of the grant. By contrast, high-touch companies are very involved in the work of their grantees. The company may place staff on the nonprofit's board of directors, send employee volunteers to assist with the project, or conduct regular check-in meetings.

In practice, many companies choose to combine these methods. Some take the high-touch approach when making an inaugural grant to a nonprofit. Other companies reserve the higher-touch approach for grants with a dollar value in excess of a certain threshold.

Regardless of the approach, it is difficult to imagine that an individual giving professional who manages 150 grants or more annually will have much time leftover for follow-up and analysis. While not all grants require significant involvement on the part of the grant-making company (e.g., small scholarships or dinner-funding), other types of giving, particularly multi-year grants, do benefit from a more high-touch relationship.

Figure 28 2007 Median Grant Statistics by Size of Giving Budget

2007 Total Giving	Median Grants per FTE	Median Grant Size
Under \$5 million N=12	73	\$23,200
\$5 to \$10 million N=11	153	\$9,500
\$10+ to \$15 million N=13	91	\$17,500
\$15+ to \$25 million N=13	175	\$11,900
\$25+ to \$40 million N=15	176	\$16,600
\$40+ to \$100 million N=15	119	\$22,300
Over \$100 million N=18	121	\$61,900

Management and Program Costs

The Costs of Grant-Making

To understand the spending required to maintain a corporate giving program, the CGS Survey records the management and program costs associated with giving in three categories:

- **Compensation:** The salaries and benefits of all contributions FTEs.
- **Programmatic Expenses:** Additional funds to support the successful execution of a specific grant (in addition to the grant contribution itself). Examples include banners, printing, and catering.
- **Operating/Overhead Expenses:** The cost of day-to-day operations for the company or foundation not tied to individual grants. Such costs include software fees and travel to industry conferences.

Management and program costs are notoriously difficult to capture. In 2007, only 36% of companies reported these expenses.

Costs as a Percentage of Total Giving

CECP calculates management and program costs as a percentage of total giving in order to standardize amounts across companies with giving budgets of varying sizes.

In 2007, median management and program costs were equivalent to 6.1% of total giving, which is consistent with data from prior years (N=56).

However, CECP believes the true costs of administering a program are higher than 6.1% because:

- Access to confidential compensation data is often restricted to human resource professionals.
- Overhead expenses are challenging to record, particularly when multiple offices in different locations are involved.

What Does it Mean?

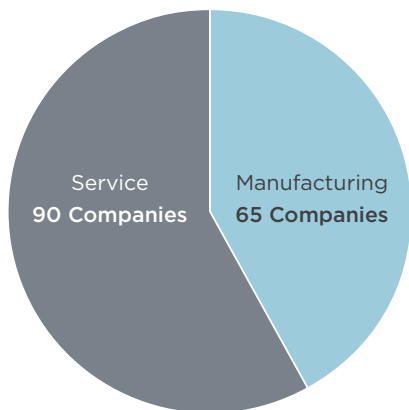
Figure 29 groups companies by total giving and shows that companies with smaller giving budgets have a higher percentage of administrative costs than companies with larger budgets do. This trend is likely attributable to the following:

- Larger companies sometimes have trouble capturing their full management costs because their giving programs are more complex and geographically dispersed. This is an especially significant factor when estimating compensation and overhead charges.
- Companies with the largest giving budgets are apt to make larger, multi-year funding commitments. One large grant often costs less to administer than many smaller grants with the same cumulative dollar value.
- Companies with high annual giving budgets may be in a better position to invest in technologies such as online grant applications and grant-management software that improve efficiency.

Figure 29 2007 Median Management and Program Costs as a Percentage of Total Giving by Size of Giving Budget

2007 Total Giving		Median Management Costs as a % of Total Giving
Under \$10 million	N=14	8.8%
\$10 to \$25 million	N=15	9.1%
\$25+ to \$100 million	N=15	3.1%
Over \$100 million	N=12	4.3%

Survey Respondent Profile



Industry	Number of Companies
Consumer Discretionary	22
Consumer Staples	14
Energy	8
Financials	46
Health Care	17
Industrials	13
Information Technology	15
Materials	6
Telecommunication Services	2
Utilities	12

Number of Employees	Number of Companies
Under 10,000	23
10,000 to 20,000	22
20,001 to 30,000	14
30,001 to 50,000	24
50,001 to 100,000	33
Over 100,000	39

Classification Of the 155 companies responding to the 2007 survey, there are more Service companies than Manufacturing companies, due in part to the large number of Financials companies participating in the survey.

Industry CECF uses the Global Industry Classification Standard (GICS) developed by Morgan Stanley Capital International and Standard & Poor's to classify companies in distinct industry groups. The GICS recognizes ten sectors and all ten are represented in the annual CGS Survey. Too few companies from the Telecommunication Services and Materials industries participated in the 2007 survey for those industries to be included in industry-based analyses.

Employees Total number of employees at participating companies ranged from under 500 to 2.06 million. The median number of employees in the 2007 CGS sample is 46,500.

Total Giving	Number of Companies
Under \$5 million	21
\$5 to \$10 million	18
\$10+ to \$15 million	21
\$15+ to \$25 million	21
\$25+ to \$50 million	31
\$50+ to \$100 million	16
Over \$100 million	27

Giving Total giving by a company ranged from \$550,000 to over \$1.7 billion. Median total giving in the 2007 CGS sample was \$23.53 million.

Revenue	Number of Companies
Under \$5 billion	23
\$5 to \$10 billion	16
\$10+ to \$25 billion	41
\$25+ to \$50 billion	39
\$50+ to \$100 billion	23
Over \$100 billion	8
Not Reported	5

Revenue Among participants, 2007 revenue ranged from negative to over \$400 billion. Privately held companies were not required to submit revenue data. The median revenue among participants was \$22.1 billion, which is only slightly under the Fortune 100 revenue threshold.

Pre-Tax Profit	Number of Companies
Under \$1 billion	38
\$1 to \$2 billion	34
\$2+ to \$3 billion	11
\$3+ to \$5 billion	23
\$5+ to \$10 billion	25
Over \$10 billion	17
Not Reported	7

Pre-Tax Profit 2007 pre-tax profit ranged from losses to profit of more than \$70 billion. Privately held companies were not required to submit pre-tax profit data. The median pre-tax profit among participants (including those reporting a loss) was \$2.2 billion.

Respondent Listing by Industry

2006 to 2007 Matched-Set Companies are in **Boldface**.

Consumer Discretionary N=22	Consumer Staples N=14	Financials N=46
ArvinMeritor, Inc. Best Buy Co., Inc. Carlson DIRECTV, Inc. Dollar General Corporation Gap Inc. Hasbro, Inc. The Home Depot, Inc. J.C. Penney Company Inc. Johnson Controls, Inc. Levi Strauss & Co. Macy's, Inc. Mattel, Inc. The McGraw-Hill Companies Office Depot, Inc. Ogilvy & Mather Worldwide Pearson plc Target Corporation Time Warner Inc. Toyota Motor North America, Inc. Toys"R"Us, Inc. The Walt Disney Company	Alberto Culver Company Altria Group, Inc. Campbell Soup Company Cargill, Incorporated The Coca-Cola Company ConAgra Foods, Inc. CVS Caremark Corporation General Mills, Inc. The Hershey Company Kimberly-Clark Corporation Kraft Foods Inc. The Kroger Co. PepsiCo Wal-Mart Stores, Inc.	The Allstate Corporation American Express Company American International Group, Inc. Aon Corporation Arthur J. Gallagher & Co. Bank of America Corporation The Bank of New York Mellon Corporation Citigroup Inc. Citizens Financial Group, Inc. Credit Suisse Deloitte Deutsche Bank Fannie Mae FBR Capital Markets Genworth Financial Inc. The Goldman Sachs Group, Inc. The Hartford Financial Services Group, Inc. HSBC Bank USA, N.A. ING Americas JPMorgan Chase & Co. KPMG LLP LandAmerica Financial Group, Inc. Lehman Brothers Massachusetts Mutual Life Insurance Company MasterCard Worldwide MBIA Inc. Merrill Lynch & Co., Inc. MetLife, Inc. Moody's Corporation Morgan Stanley Nationwide Insurance NYSE Euronext The Phoenix Companies, Inc. The PNC Financial Services Group, Inc. Principal Financial Group, Inc. Prudential Financial, Inc. Safeco Corporation Shinsei Bank, Limited State Farm Mutual Automobile Insurance Company State Street Corporation The Travelers Companies, Inc. UBS Wachovia Corporation Washington Mutual, Inc. Wells Fargo & Company The Western Union Company
	<hr/> Energy N=8 <hr/> Chevron Corporation ConocoPhillips Constellation Energy Group, Inc. Exxon Mobil Corporation Halliburton Hess Corporation Sunoco, Inc. Valero Energy Corporation	

Respondent Listing by Industry CONTINUED

2006 to 2007 Matched-Set Companies are in **Boldface**.

Health Care	N=17	Information Technology	N=15	Telecommunication Services	N=2
Abbott Laboratories Aetna Inc. Becton, Dickinson and Company Bristol-Myers Squibb Company Cardinal Health, Inc. Eli Lilly and Company GlaxoSmithKline plc HCA Inc. Johnson & Johnson McKesson Corporation Merck & Co., Inc. Novartis AG Pfizer Inc Schering-Plough Corporation UnitedHealth Group WellPoint, Inc. Wyeth		Accenture Ltd. Adobe Systems Incorporated Agilent Technologies, Inc. Cisco Dell Inc. Hewlett-Packard Company IBM Corporation Intel Corporation Microsoft Corporation Motorola, Inc. NetApp Pitney Bowes Inc. QUALCOMM Incorporated salesforce.com, inc. Xerox Corporation		Sprint Nextel Corporation Verizon Communications Inc.	
				Utilities	N=12
				Consolidated Edison, Inc. Duke Energy Corporation Entergy Corporation Exelon Corporation FirstEnergy Corp. OGE Energy Corp. PG&E Corporation PNM Resources, Inc. Progress Energy, Inc. Sempra Energy Southern California Edison Xcel Energy Inc.	
		Materials	N=6		
		Alcoa Inc. Arch Chemicals, Inc. The Dow Chemical Company DuPont Ecolab Inc. International Paper Foundation			
Industrials	N=13				
3M The Boeing Company Caterpillar Inc. Crane Co. Emerson Electric Co. General Electric Company Lockheed Martin Corporation Mitsubishi International Corporation Northrop Grumman Corporation PACCAR Inc Raytheon Company United Parcel Service, Inc. United Technologies Corporation					

Calculations and Definitions

The Biggest Numbers: 2007 Giving

One hundred and fifty-five companies participated in the 2007 CGS Survey of corporate philanthropy, including 69 of the Fortune 100. This dataset provides a vivid snapshot of giving in the most recently completed year of community investment.

Year-Over-Year Trends

Only by limiting an analysis to the set of companies that completed the CGS Survey from one year to the next can trends be pinpointed. To investigate how giving has changed, CECF relies on matched-set data, which is the data from companies that participate in CGS Surveys over multiple consecutive years. In this report, there are two types of matched sets:

1. The companies that provided survey data for 2006 and 2007, the two most recent years of data in the CGS system.
2. The companies that provided data for the last three consecutive years: 2005, 2006, and 2007.

The sample sizes for figures based on matched sets are always lower than the total number of companies responding in 2007 because companies completing the survey for the first time in 2007 cannot be used to identify year-over-year trends.

Sample Size Matters

Identifying specific trends requires the exclusion of certain data, resulting in different outcomes for the same data point. For example, median total giving across all companies in 2007 was \$23.53 million (based on 155 surveys), while the same data point across the 2006 to 2007 matched set was \$26.05 million (based on 127 surveys). For this reason, it is helpful to note which years (and how many surveys) are included in the computations behind each figure. Look for “N=” throughout the report to identify sample size.

2007 Benchmarking Tables

There are four benchmarking tables in this report based on groupings by industry, revenue, pre-tax profit, and number of employees. Each is based exclusively on 2007 data.

To use these tables, identify the horizontal row that reflects the range relevant to your company. The data in that row show the median value for key findings. Look across the columns to see how companies vary by size and type.

Referencing each table will help piece together a philanthropic landscape across a set of comparable peer companies.

Note that medians are taken on a column-by-column basis for each row; therefore, the data in each row are not necessarily from the same company.

What’s In, What’s Out?

Only giving to 501(c)(3) organizations or the international equivalent is recorded in the CGS Survey. The company or corporate foundation can have no expectation of repayment. Contributions to public schools are included. Giving to Patient Assistance Programs (PAPs) by pharmaceutical companies and Public Service Announcements by media companies are included. Giving to political action committees, individuals, or any other non-501(c)(3) organization is not recorded.

In the CGS Survey, corporate giving does not include contributions from employees, vendors, or customers. While many companies solicit funds from customers or employees, the survey only includes giving tied directly to a company’s financial assets. For multi-year grants, only the portion of the grant actually paid in the fiscal year being examined in the survey is included, not its total multi-year value.

Aggregate Values

An aggregate value is the straight sum of all of the values in a calculation. For example, aggregate total giving is the sum of the total giving of all companies participating in the survey. In the 2007 CGS Survey, this amounted to over \$11.6 billion.

Average Percentage

An average percentage is used in place of an aggregate percentage to preserve the relative proportions of giving for each company. To calculate average percentage, first each individual company’s giving is translated into percentages. Then, percentages across all companies are averaged.

Download a free CGS Survey Guide at: CorporatePhilanthropy.org

Calculations and Definitions CONTINUED

Fair Market Value (FMV)

The CGS Survey values non-cash gifts, also known as in-kind or product donations, at Fair Market Value. IRS publication 561 defines Fair Market Value as “the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.” If the direct customer for the product is a wholesaler, FMV is the price at which the item sold to the wholesaler (as FMV is based upon the next point of sale). Reference the CGS Survey Guide for further detail on special circumstances affecting FMV valuations.

Fortune 100 (F100)

Compiled and published by *Fortune Magazine*, the Fortune 100 (F100) is an annual ranking of the top 100 American public corporations as measured by gross revenue.

Full-Time Equivalent (FTE) Staff

CECP defines contributions FTE staff as those who contribute, through oversight or direct involvement, to at least one of the following initiatives or programs:

- Corporate or foundation giving (including workplace giving campaigns, matching, and in-kind giving).
- Employee volunteering.
- Community or nonprofit relationships.
- Community and economic development.

- Communications, media relations, sponsorships, administration, or public relations focused on community affairs, contributions, or volunteering.
- Sponsorships related to corporate giving.
- Administration related to community affairs, contributions, and volunteering.

To be counted, a contributions FTE must spend at least 20% of his or her time working directly in Corporate Community Affairs or a similarly named department; working for the Corporate Foundation(s); or working in a branch office, retail store, local or regional business unit, or other non-headquarter/non-foundation location but having corporate giving or volunteer coordination included in his or her job definition.

A staff member spending a fraction of his or her time in such a capacity is recorded as the decimal equivalent of that fraction. For example, someone who spends 50% of his or her working time on corporate giving is 0.5 of a contributions FTE.

Matched-Set Data

To investigate year-over-year trends in corporate giving, CECP relies upon matched-set data—the reported figures from companies that participated in CGS Surveys across multiple years—to identify which data points are on the rise and which are on the decline.

Median

When a group of numbers is sorted from the highest number to the lowest number, the median value is the number in the middle of the list. If the list has an even number of entries, the median is the average of the middle two figures. Medians are

used in CGS calculations because they are less sensitive to extreme values than averages, which can be skewed.

Motivations

To determine which motivation label suits a grant, ask: “What was the primary anticipated outcome?” Each category is simply a way of categorizing grant-making intent so that a company may determine whether its giving goals are being met.

Charitable: Reactive or input-driven giving. A company expects little or no business benefit in return for its giving, except perhaps in acknowledgement that the business is responsive and cares about its community. The money is not aligned with a particular giving objective, the results of the giving are rarely tracked, and frequently this giving is distributed to a local group. In Charitable giving, the company is not seeking to play any kind of advisory or management role; once the gift is delivered, the transaction is over. Short-term, one-off grants typically fall into this category.

Community Investment: Proactive and primarily output-driven giving in which a corporation makes gifts that are simultaneously important to the long-term success of the business and serve a critical community need. Establishing a meaningful, long-term relationship with nonprofit partners that have mission statements in line with a company’s philanthropic priority areas distinguishes Community Investment from Charitable giving. Often the company seeks to measure the outcome or positive result achieved and also likes to participate in the design and execution of the initiative or program. Multi-year grants typically have a Community Investment motivation.

Calculations and Definitions CONTINUED

Commercial: Philanthropy in which benefit to the corporation is the primary reason for giving; the good it does the cause or community is secondary. The goal may be to entertain a client or donate to a cause that is important to a key vendor or customer. Unless initiated by a client, typically this giving is proactive on the company's part and justified by a clear tie to business success. Cause marketing falls into this category.

N=155

This notation refers to the number of responses upon which each figure throughout the report is based. The number will vary from one figure or data point to the next because respondents do not necessarily answer every question in the survey. This happens when a company either does not participate in the type of philanthropy in question (for example, if a company does not have an employee volunteer program) or the company does not have the data needed to respond.

Program Areas

As some gifts might touch upon multiple categories, CECP counsels respondents to determine into which category the ultimate end-recipient of the contribution primarily fits.

Civic & Public Affairs: Includes contributions to justice and law, state or local government agencies, regional clubs and fraternal orders, and grants to public policy research organizations (such as American Enterprise Institute and The Brookings Institution).

Community & Economic Development: Includes contributions to community development (aid to minority businesses and economic development councils), housing and urban renewal, and grants to neighborhood or community-based groups.

Culture & Arts: Includes contributions to museums, arts funds or councils, theaters, halls of fame, cultural centers, dance groups, music groups, heritage foundations, zoos, aquariums, and non-academic libraries.

Education, Higher: Includes contributions to higher educational institutions (including departmental, special project, and research grants); education-related organizations (e.g., associations for professors and administrators, literacy organizations, and economic education organizations); and scholarship and fellowship funds for higher education students through intermediary organizations and other education centers, foundations, organizations, and partnerships.

Education, K-12: Includes contributions to K-12 institutions (including departmental, special projects, and research grants); education-related organizations (e.g., associations for teachers and administrators, literacy organizations, and economic education organizations); and scholarship and fellowship funds for K-12 students through intermediary organizations and other education centers, foundations, organizations, and partnerships.

Environment: Includes contributions to environmental and ecological groups or causes including parks and conservancies.

Health & Social Services: Includes contributions to United Way and other workplace giving campaigns and grants to local and national health and human services agencies (e.g., Red Cross, American Cancer Society); hospitals; agencies for youth (excluding K-12); senior citizens; and any other health and human services agencies, including those concerned with safety, family planning, and drug abuse.

Disaster Relief: Contributions that support preparedness or relief, recovery, and/or rebuilding efforts in the wake of a natural or civil disaster or other emergency hardship situation.

Other: Contributions that do not fall into any of the main beneficiary categories or for which the recipient is unknown.

Total Giving

CECP defines total giving as the sum of three types of giving:

- **Direct Cash:** Corporate giving from either headquarters or regional offices.
- **Foundation Cash:** Corporate foundation giving, which often includes the corporate side of employee matching gifts.
- **Non-Cash:** Product or pro bono services assessed at Fair Market Value.

Total giving does not include management and program costs or the value of volunteer hours.

About the Corporate Giving Standard

What Makes the CGS Unique?

The Corporate Giving Standard is a unique peer benchmarking tool for corporate giving professionals. Through its annual survey, CECP collects and reports data on numerous aspects of corporate giving programs internationally. Launched in 2001, the CGS now accounts for approximately \$50 billion in corporate giving data.

The CGS allows peer-to-peer company comparisons, aggregated industry benchmarks, and internal year-over-year spending analyses. Giving professionals define their own peer groups to create online customized reports, particularly valuable in planning giving strategy and presenting to senior management. No other tool in the industry offers immediate, on-demand reporting and benchmarking while preserving the anonymity of each company's giving data.

Reliable Data

CECP takes great care to ensure that survey questions and results are interpreted consistently across companies. In addition to training sessions, documentation, and one-on-one support, CECP reviews each survey to ensure accurate reporting. The result is a reliable data repository that serves as a solid foundation for strategy development and program evaluation.

Depth of Research

The CGS is unrivaled in its granularity and targeted participation. CECP's rigorous corporate data survey embraces the full scope and scale of companies' community involvement. In addition, the CGS reporting website allows for the data to be calculated in myriad ways, producing more than 40 reporting options with the click of a button. This resource is unsurpassed as the corporate philanthropy industry's most comprehensive measurement initiative.

Join Us!

Interested companies are invited to join this groundbreaking campaign. To schedule an online demonstration, contact:

Committee Encouraging Corporate Philanthropy

(212) 825-1000

Info@CorporatePhilanthropy.org

CorporatePhilanthropy.org

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110 Wall Street, Suite 2-1
 New York, NY 10005
 P: 212.825.1000
 F: 212.825.1251

CorporatePhilanthropy.org

