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**Nurturing Corporate-Nonprofit Relationships:
A Strategy for Increased Corporate Giving**

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Abbreviations

BBB	Better Business Bureau
FGM	Female Genital Mutilation
FIs	Funding Intermediaries
GDP	Gross Domestic Product
JHU	Johns Hopkins University
NPOs	Nonprofit Organizations
TBT	The Book Thing of Baltimore, Inc.
TLD	The Loading Dock, Inc.
URT	United Republic of Tanzania
UWCM	United Way of Central Maryland

Abstract

This report is the result of a study that explored how American Funding Intermediaries have been able to nurture relationships between corporations and nonprofits. The study was based on the hypothesis that effective corporate-nonprofit relationships will lead to increased corporate giving to nonprofit organizations. Through literature review and discussions, key and critical elements and activities required for establishing and maintaining these relationships were identified. Four funding intermediary organizations were studied to see to what extent these elements and activities were evident. An Input-Process-Output conceptual framework guided the study whereby the elements were the inputs, the activities were part of the process, and the relationships were outputs whose outcomes were expected to be increased corporate donations and gifts. Literature review and face-to-face discussions were the main methods for data collection.

Research results have shown that all four organizations have not only managed to sustain their relationships with their respective corporations but also have had corporate donations and gifts increased while they have been in operation. It is evident then that with well-thought and designed relationships based on mutual trust, an intermediary organization can be an efficient and effective link between corporations and nonprofits when it comes to resource mobilization initiatives for the third sector.

Corporate-nonprofit partnerships are new and more work is needed. Cost-benefits analysis is required for nonprofits to be able to make decisions that will not drift them away from their original their missions as charitable organizations. The sector needs to do its homework before embarking on such partnership ventures.

Finally, the research has come up with some recommendations targeting two audiences. The first audience is the nonprofit sector and especially funding intermediaries. It points out some general principles that need to be taken into account in nurturing corporate-nonprofit relationships. The second audience consists of nonprofit practitioners, scholars and researchers. The recommendation for this group calls for further and detailed research in this area. The need for such work is due to the fact that there is no literature on funding intermediaries as builders of corporate-nonprofit relationships. This study of four organizations is not sufficient to bring out conclusive results on this topic. This report, which is based on the findings from the four case studies, is only an eye opener for academics, researchers and nonprofit practitioners.

Section One

Background of the Research

1.1 Nonprofit Organizations in Development

Nonprofit organizations (NPOs) are increasingly being recognized worldwide as important actors in the development process in our society. They play supplementary roles by addressing needs unmet by both the government and the business sector, which some scholars call “government failure” and “market failure”, respectively (**Hansmann 1980, Salamon 1995 and Young, 1999**). In partnership with both the government and business sector, NPOs play important roles in the provision of basic

services, mainly health, education and human services. Among their many worthwhile functions are contributions to pluralism, support for democratic institutions, gender equality, and social justice, economic prosperity in a market economy and employment.

In Tanzania, nonprofits organizations are considered valuable forces in promoting the qualitative and quantitative development of good governance and not least important, contributors to the Gross Domestic Product (GDP). A comparative study conducted by the Johns Hopkins University Center for Civil Society Studies, for example, revealed that the Tanzanian Nonprofit sector contributes 2.1% of the economically active population and 2.9% of the country's expenditure in relation to GDP (**Salamon, Sokolowski and Associates, 2004**). Considering the fact that 36% of the Tanzanian population (36 million) lives below the basic needs poverty line (**URT 2003**), and that unemployment is estimated at 26% (**Mutakyahwa 2004**) this contribution by the sector is remarkable. In her appreciation of the contribution of NPOs, Hon. Asha-Rose Migiro, Minister for Gender, Community Development and Children said "I don't think there is any government in the world that can achieve much without the support of CSOs¹ ... in fact, they are our necessary partners. We benefit a lot from your campaigns against female genital mutilation (FGM), on law reforms and governance in general. We can achieve much together" (Pact Tanzania, 2004).

Both the growth and the evolution of the sector in Tanzania have been not only in terms of numbers but also in terms of sector functions and areas of activities. In spite of the phenomenal growth of NPOs in the country², almost all operate under structural, material and organizational capacity constraints. All these emanate from inadequacy of resource, which hinder the effectiveness of this sector countrywide.

1.2 The Need for Corporate Giving

Like most organizations, nonprofits need resources to implement their programs and activities, and thus, to achieve their missions. The required resources are not readily available but have to be acquired from various sources including members, the business community, governments and individuals. Assistance may come from within the country and outside the country as well. Over dependency on foreign sources, as is the case in Tanzania (**Robinson and Mutakyahwa 2004**), is not healthy as it puts NPOs in a vulnerable situation as aid has been declining and sometimes ceasing. Most NPOs acknowledge that they cannot function effectively in the absence of resources and cannot continue to live with the uncertainty of reduced external funding in the face of increasing demands for NPO services. NPO leaders and managers have taken steps for alternative sources of funds including from the corporate sector, which contributes less than 1% of total funds available to NPOs (**Robinson and Mutakyahwa 2004**).

Specifically, the need for increased corporate giving in Tanzania has arisen because of the following factors:

- i. NPOs are facing resource constraints. While there has been an increased demand for their services, nonprofits receive about 65% of their financial requirements (**Mutakyahwa 2004**).
- ii. As part of their corporate responsibility, companies have obligations to support poor citizens in their war against abject poverty.

¹ *Civil Society Organisations, a term commonly used in Tanzania to include citizen-based organisations.*

² *Tanzania Assistance Strategy (2002) puts the figure at 8,000.*

- iii. Funds available from international donors and Northern NPOs are increasingly coming under pressure. Also, ways and methods of funding grassroots and voluntary organizations all over the world are changing.
- iv. Local resource mobilization is also intended to reduce heavy foreign dependency and thus strengthen 'local ownership' of projects.

The benefits from corporate giving are not limited to nonprofits. Obviously, there are benefits that accrue to corporations. Worldwide, corporation executives have increased their philanthropic activities after acknowledging that nonprofits are sources of markets, sources of employees and sources of community goodwill for companies. Philanthropy has helped them to win friends and to influence people leading to business promotion. If executed well, Levy argues, "the outcome of contributing to nonprofit organizations will strengthen the donor, as much, if not more, than the recipient and thus contribute meaningfully to business success" (Levy 1999). The Tanzanian corporate sector, therefore, has much to gain from philanthropic activities as it has been proved in other countries, including the United States of America.

1.3 The Problem: Low Corporate Giving

Several studies have indicated that the Tanzanian local corporate sector is not very supportive of the nonprofit sector. Low corporate participation, on one hand, is partly due to nonprofits' lack of knowledge on donors - who they are and their funding priorities. On the other hand, corporate organizations have not strongly supported nonprofits because they have not been aware of the positive role these organizations have been playing in development initiatives. The lack of this information is partly because nonprofits have not been extensively publicizing their achievements and impacts on communities they have been serving. There have been communication gaps between the two sectors. **Table 1** summarizes the current relations between the corporate and nonprofit sectors and clearly reveals the lack of a communication mechanism between the two, and hence, minimal opportunities for information sharing.

Table 1: Current Corporate-NPO Relationships in Tanzania

NPOs		Corporations
Resource constraints (WHO CAN BE OF HELP?)	 Information gap  Vacuum  No link	Resources available for community activities (WHO NEEDS WHAT?)
<ul style="list-style-type: none"> ▪ Lack of knowledge on donors, who they are, their funding priorities and procedures 		<ul style="list-style-type: none"> ▪ Not fully aware of community problems and needs
<ul style="list-style-type: none"> ▪ Inability to approach corporations 		<ul style="list-style-type: none"> ▪ Not conversant with NPO work
<ul style="list-style-type: none"> ▪ Not extensively publicizing their achievements to the corporate sector 	<ul style="list-style-type: none"> ▪ Lack of conviction about the positive role NPOs play in the development process. 	

In short, this information gap and the lack of information exchange mechanism has made it difficult to establish corporate-nonprofit relationships. In turn, lack of contact between the two sectors has led to the low level of corporate giving to NPOs. Nonprofits and corporations alike see the need to improve this situation. Some corporations and companies have taken steps towards increased

corporate participation in community programs. Companies like BP Tanzania, MIC (Tanzania) Limited, South African Business Community and Standard Chartered Bank have budgets for community support as part of their corporate social responsibility. Unfortunately, most of the organizations in need of assistance either are not aware of such schemes or do not know the procedures required to get such support. Tony Knerr, a US based fundraising consultant correctly puts it by saying; “There is an extraordinary amount of money available. The lack is of good ideas on how to get the basket under the apple tree” (**Economist, July 2004**).

1.4 The Research Study

1.4.1 The Need for the Study

As mentioned before, the lack of a well-established mechanism through which the Tanzanian sectors can share information is the main cause for low corporate support. There is need, therefore, to have in place a **strategy** that will bridge this information gap. We need a strategy to facilitate proper communication and understanding, and a strategy that will lead to increased corporate giving. We need a strategy that can enable communities to get access to financial surpluses and other resources accumulated by companies. This strategy is what we have called **Corporate-Nonprofit Relationship Building**. American organizations have managed to establish partnerships with corporations, and this study attempted to learn how they have done this.

1.4.2 Research Hypothesis and Research Question

This study was based on the hypothesis that **Effective Corporate-Nonprofit Relationships will lead to increased corporate support to nonprofit organizations**. The key research question that arose was ‘**Who** has to build and maintain these relationships and **How**’?

Three options regarding who is to build these relationships were considered:

- i. NPOs: A concerned nonprofit gets in touch directly with a potential supporter and begins the process of establishing relationships.
- ii. Corporations: A corporation looks for potential beneficiaries as per its priorities and conditions.
- iii. Funding Intermediaries (FIs)³: An intermediary organization or person plays a role of a ‘broker’ or acts as a ‘Clearinghouse’. The funding intermediary works as a link between the corporation and the organization and brings the two together.

1.4.3 Funding Intermediaries Option

Each option has its own advantages as well as disadvantages. Bearing in mind that corporations are occupied with their primary aims for which they have been established (i.e., business), they do not have enough time to look for beneficiaries of their donations and support. Though companies are beginning to acknowledge that they have a role to play in promoting community development, most of them have limited experience with community issues because, on the whole, corporate philanthropy is young compared to individual giving. For the case of Tanzania, the private sector in its real sense is a recent phenomenon. Big business operations in industry, commerce, mining and tourism started after the introduction of economic liberalization (late 1980s) that came with the privatization of public corporations and the emergence of foreign investors.

The NPO option has its own limitations. The Tanzanian nonprofit sector is in its infant stage and thus has little experience and very limited skills in local resource mobilization activities. Nonprofit

³ This term has been borrowed from Lester Salamon’s *America’s Nonprofit Sector: A Primer Second Edition, 1999*

leaders also lack knowledge on corporations with resources for community purposes. This needs donor research, an activity that requires skills and time. These lacking qualities and skills limit the ability of NPOs to establish effective relationships (on their own) with corporate donors. Nonprofits need assistance in these ventures to solicit resources effectively from business enterprises. Advocacy and lobbying skills are also necessary for convincing corporations to support nonprofit sector programs. These, too, are limited.

The option remaining is the use of funding intermediaries. A Funding Intermediary (FI) is then expected to:

- i. Act as a clearinghouse for both sides, that is, help mobilize resources, manage them, and make them available for use by other nonprofit organizations.
- ii. Play a “service function” to enable nonprofits get access to corporate resources by:
 - Encouraging the business sector to adopt business practices that have a positive impact on the economy and society;
 - Encouraging the business sector to increase the level and quality of time, expertise and other resources provided to socio-economic development initiatives;
 - Facilitating the enhancement of NPOs’ effectiveness and credibility as development agents (through training, technical/professional advice and research).
- iii. Exchange information between the two sectors and among the corporate donors.

After choosing the use of the funding intermediaries’ option, a research study was necessary to learn how American intermediary organisations have been able to overcome the problem of the lack of an information exchange mechanism through the use of intermediation strategies.

1.4.4 Purpose and Objectives of the Study

The research intended to explore ways of establishing, building, managing and maintaining relationships between NPOs and corporations through Funding Intermediaries. Due to time constraints, the study focused on the role of funding intermediaries in establishing and sustaining these relationships and did not look at the role of other players like corporations and the beneficiaries.

1.5 The Methodology

1.5.1 Research Design

As mentioned earlier, the research aimed at finding out the role funding intermediaries play in the establishment and sustenance of relationships with corporations. Two concerns guided this exercise:

- What qualities and skills does an intermediary organization require to attract corporations and establish relationships?
- What activities does the FI need to carry out for nurturing relationships the FIs and corporations?

1.5.2 Data Collection

Data collection utilized both primary and secondary sources of data and included the following:

i. Literature Review

Literature review was intended to provide the researcher with updates on findings and insights from scholars, nonprofit practitioners and researchers. Unfortunately, the researcher did not come across any literature that emphasizes the role of funding intermediaries in nurturing corporate-nonprofit relationships. Literally, there is no literature on funding intermediaries as builders of relationships.

The literature available on relationships between the two sectors is only from the perspective of corporations focusing on what corporations have to do in partnership ventures with nonprofits.

ii. Interviews and Discussions

Personal interviews and face-to-face discussions with chief executives and other representatives of four funding intermediary organizations were conducted. The four organizations are the United Way of Central Maryland (UWCM), the Maryland Food Bank (MFB), The Loading Dock, Inc. (TLD) and The Book Thing of Baltimore, Inc. (TBT). The selection of these organizations was done in consultation with the Center and the Research Supervisor taking into account the type of services carried out by these intermediaries. Interviews and discussions were based on structured questions that were sent to the organizations in advance. Unstructured questions, as a follow-up to the responses from structured questions, were also used.

iii. Consultations and Seminars

Consultations with philanthropy fellows, authorities and other people involved in the field of nonprofits, and participation in various seminars contributed to the information gathering activity. Other nonprofit organizations visited were the Voices of America's Children, Council on Foundation, Banyan Tree Foundation and the Center for Budget and Policy Priorities.

1.6 Conceptual Framework

1.6.1 Input-Process-Output Model

In carrying out this study, an **Input-Process-Output** model was conceived. The inputs being the elements or qualities the FI needs to establish and sustain relationships. The process includes activities necessary to develop and nurture effective relationships, that is, the expected output. The model assumes that for effective relationships the FI needs key elements accompanied by some basic activities.

1.6.2 Elements and Activities

Available literature and discussions revealed a number of key elements or qualities and activities a funding intermediary requires to be able to establish effective corporate-nonprofit relationships. **Table 2** shows only key elements regarded to be critical. In addition, minimum activities required to be carried out were identified and compiled in **Appendix 1**. The study examined to what extent FIs possess these qualities and engage in these activities. These elements and activities were the ones tested during the case studies. The discussion of this report focuses on these elements as activities demonstrate how these elements are achieved.

Table 2: Key Elements Required for Corporate-Nonprofit Relationships

No.	Elements/Qualities
1.	Clear and Sound Mission and Objectives
2.	Understanding of the Corporate Partner
3.	Personal Connections and Regular Contacts
4.	Recognition, Trust and Confidence
5.	Efficiency and Effectiveness
6.	Accountability and Proof of Results

Source: Levy R. (1999); Young (2005) and Austin (2000).

1.6.3 The Need for Elements and Activities

As mentioned earlier, economic and business conditions are making corporations seek innovative ways to thrive and survive, and making nonprofits look for ways to meet rising social needs. These conditions have led both for-profits and nonprofits to forge corporate-nonprofit relationships. Corporations as well as nonprofits regard these relationships to have good potentials to meet both business and mission objectives of both parties. It should be understood then that the main purpose of these relationships is to make business.

Corporations would, therefore, like to invest in an organization that shows potentials for return on investments. “In many cases, today, the business objective is the primary motivation and the philanthropy is secondary”, explained Howard Byck, Share Our Strength’s chief director of Creative Enterprise and Marketing (**Keith Epstein, 2005**). This means that many companies will not enter into partnerships without being convinced that their investments are worthwhile. The decision to enter into relationships with an intermediary organization will depend on existence of the elements mentioned earlier. A brief explanation on these elements is given.

i. Clear and Sound Mission and Objectives

A mission statement that spells out what the organization stands for and its objectives will indicate to the corporation the extent to which its social as well as business objectives will be met by entering into partnership with the concerned organization. The mission and objectives have to be communicated to the concerned corporation. In turn, the corporation will match the organization’s mission and objectives with its own, and this becomes the basis for deciding whether or not to enter into relationships. This is done because corporations are integrating philanthropy into their overall business strategies. When business and social objectives come into alignment, it is believed, both the community and the company benefit, and this makes the giving more sustainable. James Austin puts this situation well by saying “doing good is good business” (**Austin 2000**). It is important then for organizations to have clear and sound mission statements that corporations can use to decide whether or not to enter into partnership ventures.

ii. Understanding of the Corporate Donor

Corporations are becoming more aware that strategic philanthropy (i.e., good citizenship) can increase chances of attracting and retaining employees, customers and investors. Nonprofits in need of resources will have to be attentive to such philanthropic goals to be able to develop effective relationships with the corporate sector. Organizations must clearly understand and know their corporate donors before they go into complete relationships. Areas requiring their knowledge include mission and objectives, interests and priorities, business trends, conditions attached to philanthropic programs, and official and personal particulars of persons concerned with donations. Organizations also need to know and understand what is required of them for continued regular and reliable support. Activities like donor research, making regular contacts and interactions become very important in relationship building.

iii. Personal Connections and Regular Contacts

Relationship building implies penetrating inner circles of corporations. To achieve this, the FI needs persons with personal connections and contacts within the potential corporate partner. People tend to give to people they know. An organization will have to use people of influence, connections and people with negotiation skills in soliciting support from corporations.

iv. Recognition, Trust and Confidence

Positive reputation and positive recognition of NPO leaders are great assets in building and maintaining relationships. These factors contribute to building trust and confidence with the business community. It must be borne in mind that any investor would like to be associated with reputable and credible organizations. It is through NPOs executives of corporations interact with other personalities and eventually make business contacts.

v. Efficiency and Effectiveness

In an ever-changing environment with increased competition, funding shifts and heightened stakeholders' expectations being generated by political, economic and social forces, NPOs need to operate more efficiently than ever. Nonprofits have to transform their organizations by implementing the most successful managerial policies not much different from those adopted by businesses. The business community as well as the public expects the nonprofit sector to improve its performance. Entrepreneurs would also like to see small organizations come together, work together, minimize overhead costs, and operate in a businesslike manner. Efficient use of resources assumes a good return on investment. Efficiency and effectiveness of nonprofits are prerequisites of corporate giving.

vi. Accountability and Proof of Results

Corporations want their donations to benefit mainly their employees and customers. Definitely, corporations want to give to organizations that can deliver. Funding intermediaries need to show evidence that they can meet these expectations of corporations. Accountability of every dollar they receive or ensuring that donations and gifts reach intended beneficiaries are examples of accountability. An investor will want to verify accountability of funds by reviewing various financial as well as audit reports. Both narrative and financial reports will provide evidence of results and impacts. It is very important for organizations to have records that will show the results of their projects. Physical evidence through regular visits to organizations' projects and clients are other means that corporations use to check on performance. All these proofs will enhance reliability and credibility and contribute to decisions corporations make regarding corporate giving.

Section Two

Research Findings

2.1 Participating Organizations

Use of case studies was the main method of this research. As pointed out previously, four organizations participated in this study. A short description of the main function of each is given below. Further details are found in **Appendix 5**.

The Maryland Food Bank (MFB) solicits, collects and stores excess donated food and grocery products from farmers, the food industry and the public, and distributes these products to nonprofit community food providers that feed free food to the hungry.

United Way of Central Maryland (UWCM) mobilizes resources (money, time, talent and physical items) from companies, nonprofits, governments and individuals and makes these acquired

resources available to the most needy people through its agencies involved in the provision of health and human services. In addition to fundraising activities, the organization, together with its agencies and other key stakeholders, takes an active part in addressing the root causes of the problems that the community faces.

The Loading Dock, Inc. (TLD) collects landfill-bound, reusable and surplus housing materials and redirects them into productive use by distributing them through a membership network. In turn, this helps people improve living conditions for their families, neighbors, and communities, while positively impacting the environment by taking reusable waste out of the waste stream.

The Book Thing of Baltimore, Inc. (TBT) gets books from publishers, authors, libraries and individuals and passes them to schools, communities, individuals and all who need them.

2.2 Nurturing Relationships with Corporate Partners

2.2.1 Introduction

This section summarizes the findings on nurturing corporate-nonprofit relationships as observed in the four organizations. First, the section briefly examines the applicability of the identified elements. Second, the section looks at other elements the study revealed although not identified at the beginning of the research. Third, it looks at the results of these relationships. Fourth, it highlights the challenges organizations face while playing their intermediary roles and the lessons learned from this study.

2.2.2 Applicability of Elements

i. Clear and Sound Mission and Objectives: The Need for Existence

All the FIs covered by this research have developed clear mission statements. They are involved in the services that draw sympathy from the population. The need for their establishment was appreciated. TLD, for instance, attracts people interested in alleviating poor housing conditions and those concerned about the environment. The donors interested in supporting health-related and human services programs including substance abuse, unemployment and the like, go to the United Way and those willing to provide food products go to the Food Bank.

Existence of a mission statement alone does not necessarily mean continued support. An organization must justify its continued existence, that is, if the need still exists. The four studied organizations have, from time to time, shown the need for their services. They have been using data and statistics collected either by themselves or by other researchers to prove to their corporate donors and other sympathizers the need for continued support. Two examples are cited:

Two years after its establishment, The Loading Dock used the 1986 data from the Governor's Housing Initiatives that revealed the poor and substandard houses occupied by low-income families. The 2004 Report by the Maryland Budget and Tax Policy Institute revealing the level of poverty of Marylanders also became a tool to further their case. These statistics encouraged donors interested in helping the communities to improve their living conditions to continue their relationships with The Loading Dock.

The Food Bank has been conducting surveys on people it serves and found out that only 29% of households served were receiving food stamps that lasted not more than 3 weeks although intended for 4 weeks. In 2004, more than 75% of community food providers reported that elimination of the

Food Bank would have a significant or devastating impact on their operations. A study conducted in collaboration with America's Second Harvest (a food donor) also proved the need for MFB services since most community food providers such as the pantries, soup kitchens and shelters turned away their clients due to lack of food. These statistics clearly reveal the need for MFB services in Maryland State and hence more support in form of food, money and volunteers to the organization has been increasing. As long as hunger exists in Maryland, the Food Bank will continue providing food supplies to hungry people.

Each organization is always trying to get answers for a few questions: (a) Why are we in business? (b) Are we (still) relevant? (c) Where are we going? (d) How are we going to get there? Such self-examination exercises have made organizations like the United Way and The Food Bank adjust their missions and objectives to cope with changing demands and needs.

ii. Understanding the Corporate Partner

After identifying a potential donor, the concerned intermediary takes time to know and understand more about the identified corporation before going into full relationships. In short, the FIs conduct donor research through the following steps.

a) Information Collection

A person responsible for fundraising or donations usually carries out this activity. For the case of TDL, the Donations Director is responsible for this activity while the chief executive of MFB carries out this function. All the FIs, except TBT, go through this process. The Food Bank emphasized that before going into full relationships with new donors "we study the history of the prospective donor". The main purpose of this exercise is to ensure that organizations collaborate with corporations that are in line with their missions and values. It also makes them aware of the conditions attached to donations and gifts. The following are some key steps:

- Study key corporation aspects including mission, objectives, values, interests, priorities, main programs and business trends. Later on, they assess the chances of success in getting support.
- Look for information regarding the management and leadership including who is on the board of directors, and who makes decisions concerning partnerships and donations. They get their names, telephone numbers (both office and home), e-mail addresses and other means of communication. They do all this in order to know how to penetrate the inner circles of the concerned corporation.
- Get additional information on some members of the boards and company executives, their interests and information on birthdays and other important events.
- Learn policies concerning donations and gifts, requirements for their philanthropic programs, levels of support and amount of funds allocated, related procedures, timing and what is expected of them. They also get information about other resources within the corporation that they can get access like those dealing with promotion or advertising. This kind of information is available in company reports, pre-coded voice mail messages, websites, journals and periodicals on philanthropy and corporate giving.
- The management evaluates the findings and makes recommendations to the Board for decision.

b) Creation of a Database

Donor relationship building involves establishing a donor record system where to record all the information the intermediary needs to know about every single donor. This record may act as a

reminder of important events concerning donors that require appropriate actions such as birthdays, donor holidays and many others. Information recorded includes the following:

- Donor History – A complete record of each gift received from each donor including date, gift amount, gift motivation and action taken by the FI, say an act of appreciation.
- Contact Record – A record of each contact made with the donor, such as telephone contacts, notes or cards and visits, and their attendance at various events such as opening days and fundraising.
- General Notes - A space to record general information about each donor such as interests and hobbies, family details and health information.

c) Categorizing Donors

Organizations categorize their donors into levels, that is, ‘High’, ‘Medium’ or ‘Low’. This enables the development of a specific relationship program for each category, spending the most time and effort on those in the top levels of donors.

The collection of all this information is a continuous process, which becomes part of the organization’s everyday life. They start with most important and long-standing donors and obtain and place all their information on record. It is not possible to find all the information they need on each donor at once but as they work at this, the pieces fall into place.

d) Meeting Donor Expectations and Interests

Understanding partners makes the four intermediary organizations meet the expectations and interests of their donors leading to continued relationships. This was pointed out by Bill Ewing, the Executive Director of the Food Bank. He said, “We do what we say to do and do what they expect us to do”. He continued to say that corporate donors want to see the Food Bank implement “what it says it would do”. Prompt actions by the organization ensure that the unfortunate people get their meals. This enhances donors’ trust and confidence with MFB and in turn, the reputation of the companies donating food goes up. Through timely and appropriate actions, the FI is able to meet its partners’ expectations. “What we say we are doing is something what they want to see done”, Bill concluded the discussion on meeting donors’ expectations. Corporate confidence and reliability with the Food Bank is summed best by Andy Cohen (of Piper Rudnick LLP, a corporate partner) when he said “You may never meet the people you feed, but to know they’re not going to bed hungry makes it worthwhile”. Adhering to guidelines, keeping promises and meeting deadlines have really enhanced the reliability, dependability and credibility of these organizations, which are some of the attributes a potential partner may be looking for.

Organizations accommodate donor needs and business interests as another way to nurture relationships. At times, they make decisions that are in line with what the corporations want from relationships. MFB, for instance, supports food companies such as Giant Food in their business campaigns and other promotion strategies. These include displaying companies’ names on products, walls and other places. Promotion activities which give Giant Food a good name, as a good citizen by feeding hungry Marylanders, make people feel good about the company and may encourage them to buy its products. Such public image encourages Giant Food to strengthen its partnership with the Food Bank. The Food Bank understands well cause-related marketing issues and views them as a “Give and Take” type of relationship as both parties benefit from these marketing arrangements. Through this strategy, MFB provides food companies with access to customers and marketing opportunities in exchange for corporate support. During the discussions, Bill clearly

pointed out that they regard this strategy as a tool for “public relations that has boosted our relationships with our food donors”.

At times, corporations designate their donations and gifts. Both the UWCM and MFB accept these kinds of arrangements as they keep their donors comfortable and thus are able to continue getting their support. Both organizations understand that this is done in the business interests of the concerned corporations. Such arrangements are expected. Studying and understanding potential donors in the early stages of relationship building is important. It minimizes unnecessary misunderstandings and tensions.

Tackling local issues, a strategy used by the United Way, conforms with the interests of most corporate partners who want their contributions being spent in areas where their employees and customers live and work. For example, in 2004, Comcast gave \$2.3 million to the United Way of America to benefit 107 UW organizations in areas where Comcast employees live and work.

Learning and understanding business and philanthropy trends is essential for FIs to keep good relations with corporate donors. Intermediaries have understood that the interests of corporations need to be accommodated as ‘strategic philanthropy’ attempts to link corporate contributions with the company’s strategic business objectives (Logsdon, Reiner, and Burke 1990; Wood 1990 and Galaskiewicz 2005). In other words, contributions are targeted to meet societal needs that are most important to the achievement of strategic business plans.

iii. Personal Connections and Regular Contacts

After the decision is made to enter into partnerships, the process of building relationships begins. It is time for contacting the prospective donor and this is achieved through:

a) Connections and Influence

- The organization identifies a person or persons (depending on the category of the donor) who will make initial contacts and follow up activities. Contacts at the institutional level are usually done by the chief executive officers of MFB, UWCM and TBT while at TLD it is the Donations Director. Sometimes, the MFB Executive Director is accompanied by a member of the Board of Directors who has contacts and influence in the concerned corporation. Personal connections, contacts and negotiation skills really matter at this stage. This is why builders and contractors, who are members of the TLD board, take part in soliciting and solidifying Corporate-TLD relationships since they know their colleagues well. They can talk the same language and easily understand each other.
- They seek an audience with corporation’s executives to drive the point home as they are aware that there are many such applications and that personnel dealing with requests are pre-occupied with other pressing tasks. During the discussions, FIs demonstrate how they would deliver the goods that corporations expect. Corporations, for example, want to be known as caring citizens who help to resolve important social problems. Intermediary organizations have to show how they can help to realize this objective.
- Usually, a person responsible for donor coordination or public relations and logistics carries out follow up activities. He/she will document tentative agreements and recommendations to the management for further study, after which, the board makes its decision.
- The chief executives of both parties sign contracts or memoranda of understanding. This marks the beginning of formal relationships between the two parties. For the case of The Loading Dock, a ‘gentleman’s understanding’ principle applies.

- In this activity, intermediaries may make use of members of staff, volunteers and even people outside their own organizations such as customers or company clients who may easily approach the earmarked corporation. Use of influential people who can easily penetrate inner circles of companies is necessary at this stage.

b) Donors Serving on Organizations' Boards

Chief executives or Chairmen invite their donors to serve on their organizations' Boards of Directors/Trustees. This strategy solidifies the firm's loyalty. Members are selected in a manner that emphasizes strategic planning and technical expertise in key areas such as finance, law and business practices as some of them take part in negotiations and fundraising activities. For example, some board members of TLD with financial expertise took part in the acquisition process of the new warehouse. Andy Cohen (Piper Rudnick LLP) and Robert Locke (The Columbia Bank) played a big role in the development of the new distribution center for the Food Bank. Corporations represented on the United Way Board include Deloitte & Touché, Corvis Corporation, IBM Corporation and US Small Business Administration, just to mention a few.

Serving on these boards makes corporations get involved in decision-making processes of their respective organizations. They feel ownership and become part of these organizations and like to be associated with achievements made. The Columbia Bank's commitment to support the Food Bank was emphasized by its executive vice president when he said, "The Maryland Food Bank is a perfect example of the Columbia Bank's commitment to working with and supporting worthwhile, well-run nonprofit organizations in the greater Baltimore area."

Through board meetings, corporation executives cultivate relationships with influential people and network with colleagues from different walks of life, which in turn may earn them business interests such as market opportunities and sales. Through contacts, corporations may be able to influence government decisions that may be in their favor like tax benefits or business contracts.

c) Opportunities for Regular Interaction

The intermediaries are always in touch with their corporate donors to keep them posted on what is taking place in their respective organizations. They use these opportunities to explain to their donors how their donations and gifts have been used and the differences or impacts they have made to the intended communities. These interactions come about in the following ways:

- Depending on the donor category, the chief executive or the Chairman officially welcomes new donors and introduces them to staff and other board members.
- For every gift, a 'Thank you' letter is sent, and for the case of MFB, the Executive Director or his deputy sends personalized letters. This is a gesture of appreciation and recognition for gifts and donations received.
- Acknowledgements of assistance at events, in the media or through advertising and organization's newsletters are other ways of handling donors.
- Organizations arrange regular opportunities for interactions with the donors by inviting them to special gatherings including training programs, donor breakfasts and donor group meetings.
- On special occasions like birthdays, donor holidays and Christmas, they send cards, e-mails and letters.
- The Food Bank has created a habit of meeting a group of donors at least every fortnight while UWCM organizes donor functions every month and The Loading Dock visits them regularly.

- Regular reports as per organization’s policy and/or agreements are prepared and sent. At the time of this research, for instance, all the 2004 financial audited reports had been distributed to all stakeholders.
- Newsletters such as ‘The Bank Notes’, the Maryland Food Bank’s newsletter, and brochures that explain the achievements and challenges of these organizations are also other means used to keep corporations posted. These documents, too, advertise the work of the concerned corporations. These publications also show photographs when company executives officiate certain functions of their partners. This kind of recognition boosts the company’s public image of good citizenship.
- Advertising campaigns in the media and annual and several special gatherings also contribute to keeping regular contacts with corporations. Other donors are kept abreast by being members of Board of Directors and Trustees.

These contacts create opportunities for both parties to share ideas, learn from each other, understand each other and thus improve their relationships. The more intimate the relationships, the greater the likelihood of support. The Vice President of Giant Food, **Barry Scher**, once said, “We’re in food business and what better community partner could we possibly select to assist than food banks. It’s a partnership we’re proud of and we’ll certainly continue to support them”.

iv. Recognition, Trust and Confidence

Corporations would like to be associated with NPOs recognized countrywide and in international circles. One should not forget that through NPOs, executives of corporations interact with other personalities and eventually their respective institutions benefit. FIs get such recognition, trust and confidence by:

a) Gaining Professional Accreditation

The four intermediaries understand well that charitable giving depends on trust. As the level of trust declines, so does charitable giving. One way to increase trust and confidence has been accreditation and networks. Maryland nonprofits have found out that possessing such an accreditation is a signal of ethical standards and accountability and helps in fundraising initiatives.

The Loading Dock, the United Way and the Food Bank are members of the Maryland Association of Nonprofit Organizations. They have Standard of Excellence certificates, which make them more acceptable and respected as ‘good performing organizations’. This status makes them seen as committed to accountability and transparency, the qualities that corporations want. In turn, this has increased awareness and support on the part of stakeholders, supporters and other partners of these organizations. This view has been expressed by Robert Locke, Executive Vice President of The Columbia Bank (a donor) when commenting on the Maryland Food Bank. He said, “The fact they are the recipient of Standards of Excellence award is a real feather in their cap. They have been a pleasure to work with on a professional level, and of course the service they provide is vital to the community.”

b) Joining Networks

The Loading Dock is a member of nine professional bodies. It has established links with several networks including those in recycling, waste management, sustainable development and reuse development. The Book Thing has links with public and private libraries, literacy programs and other educational institutions like Anne Arundel County Public Library, National Center for Adult Literacy, Literacy Works and Baltimore Enoch Pratt Free Library.

Through networks, FIs have been able to extend their influences and secure opportunities to learn more about corporations, their priorities, policies and practices. Organizations are able to enhance their positions and to attract businesses to associate with them. Also, these contacts have made other organizations within and outside the country seek advice regarding the establishment of similar projects and hence the need for further assistance.

v. Efficiency and Effectiveness

Each organization strives to get the best from its investments to be able to motivate current corporate donors as well as attract new ones. Efficiency is manifested through planning, follow-up activities and minimizing overhead costs as well as monitoring system.

a) Systems in Place

Organizations covered by this study have put in place planning, collection, distribution, accounting and auditing systems. These systems help the organizations to check on the results and compare with what had been planned and take appropriate corrective measures. The United Way, for example, has a Strategic Guide that was designed in 2003, and in 2005, The Loading Dock established its 10 Year Work Plan.

b) Low Costs

Minimizing operating and other overhead costs has been one of the ways to maintain low costs. For the past 10 years, the United Way has had an average overhead rate of 17.4%. This rate has been below the rate suggested by the Better Business Bureau Wise Giving Alliance. Low costs are partly due to reliance on volunteers and the efficiency of workplace giving system. The Book Thing has only one paid employee and the rest of the work (sorting and shelving) is done by volunteers. The use of volunteers is also applicable to other intermediaries: the Maryland Food Bank and The Loading Dock. The researcher was able to hold discussions with a few volunteers at these two organizations on what motivates them to volunteer and the benefits they get from such volunteerism.

c) Acquisition of Own Working Premises

The Food Bank, The Book Thing and The Loading Dock have acquired their own working premises in order to improve their performance. Another effect of having one's working places has been reduction of rental expenses. Monthly mortgage payments made by The Book Thing for its warehouse are not only less than what they would have to pay in rent for a similar space but also less compared to a \$525 rent for the former premises.

Efficient use of resources by these organizations has also been evidenced by becoming members of the Maryland Association of Nonprofit Organizations, which certifies that these nonprofits abide by the principles and ethics of an 'excellent' nonprofit organization. All these efforts are signs of the efficient and effective use of funds. This is what donors and the public always want to see.

d) Monitoring, Evaluation and Corrective Action

Organizations have put in place monitoring and evaluation systems including developing formulae to measure success. During management meetings, work achievements and challenges are reviewed and appropriate action taken. Results of evaluations are reported to the members and agencies.

Funding intermediaries like the United Way and the Food Bank sign contracts with their respective agencies stipulating the responsibilities and obligations of each party. This enables them to assess the performance of their agencies. The Food Bank, for example, has an employee responsible for

follow up visits to check on the use of donations given to the community food providers and their adherence to contracts, and to assess new needs. Evaluations have resulted into new programs like the Kid's Café, Kids Helping Kids and the Success by 6.

vi.Accountability and Proof of Results

Accountability of donations and resources provided is one of the conditions of donors. Organizations receiving donations and gifts are required to show how they have used the support from donors. The four organizations studied are showing accountability through the following ways:

a) Transparent Transactions

These organizations operate in a manner that is clear and open to members, donors and other interested parties. TLD, for instance, puts price tags on the materials in the warehouse so that people know how much they have to pay for these items. The organization makes it known to everybody that it charges handling fees. These fees take care of labor costs that go into organizing, transporting, unloading, displaying and marketing incoming building materials. The Book Thing marks all the books with a "Not For Resale; THIS IS A FREE BOOK" stamp in order to ensure that the books are given free.

b) Narrative, Financial and Audit Reports

All four case studies show accountability also through the preparation and production of timely progress and financial reports. Through these reports, a corporate partner can assess whether or not the concerned organization is in line with what had been agreed earlier and at the same time evaluate its performance including the use and effects of donations. As mentioned earlier, these reports are distributed to key stakeholders and are accessible to the public through the media as well as through their respective websites. Organizations have established relationships with the media and invite them to learn what they are doing. They give them news and in turn, the media publicizes these organizations and their corporate partners. The United Way and the Food Bank are good at using the media to inform the public about their work and accomplishments.

c) Proof of Results and Impacts

Since the beginning of the 'New Economy Era' that came with increased government funds for health and human services, nonprofits have been under pressure to show, among other things, proof of results and impacts of their work. Competition for government finances from within the sector itself as well as from the for-profit sector made the government set criteria for getting government funds. It has become necessary for nonprofits to show why they should get funds. This requirement is also emphasized by the nonprofit sector itself. Robert Ottenhoff, the President of Guidestar.org while commenting on donations for Hurricane Katrina said, "The era of assumed virtue is over for nonprofits. It's not enough to say that you do good work; you have to prove it" (The Sun, **Sept. 10, 2005**). Corporations, too, want their partners to show the differences donations make to the intended beneficiaries, who are mainly employees and customers. Intermediaries have to work hard to meet these criteria; if not, they lose their partners let alone getting new ones. The researcher was able to see some records, reports and other physical evidence that suggest positive results of the four organizations studied. **Section 2.2.4** and **Appendix 4** show examples of such results.

In addition to reports, corporate partners verify positive impacts through regular visits to agencies that get services from the funding intermediaries. They also participate in events like the launching of new programs such as *Kids' Café* and *Kids Helping Kids* under the Food Bank and exhibitions

organized by these organizations. Corporations take an active role in organizing and implementing the 'United Way' fundraising and the MFB food drive campaigns each year.

2.2.3 Other Elements Applied

Funding intermediaries are putting into practice additional strategies although they were not known at the beginning of this research exercise and include the following:

i.Re-evaluation of Relationships Status

The research has revealed that relationship building programs are included in the organizations' work plans. UWCM, for instance, has spelled out clearly the need for relationship building and brand management involving "developing, building and maintaining relationships with organizations in order to attract and sustain essential assets" (**UWCM Report, 2003**). From time to time, FIs assess these relationships by examining different activities each organization has agreed to carry out. Elements evaluated include Donor Records, Thanking Program, Personal Visits, Birthday and Christmas Cards, Donor Functions, Special Invitations, Telephone Contact, Tours, Campaigns and Donor Recognition. They may even review and adjust donor categories: High, Medium and Low, and their respective type of relationships, if need be.

During donor group and board meetings or during any other interactive occasions, both parties discuss the status of their relationship by going through a list of what each was expected to do and then taking appropriate action to cement their relationship. Such reviews are of much importance for organizations like the Food Bank that rely on a network of corporate supporters, including grocery stores that donate food, transportation companies that contribute trucking services, and local businesses that give cash, organize food drives and loan employee expertise. Regular re-examination of these relationships becomes a rule rather than an exception.

ii.Membership and Composition of Boards

The Loading Dock has attracted some of its corporate partners to join its membership network. This strategy ensures continuous support from the donors who are at the same time members. By the end of September 2005, over 1,000 landlords, contractors, and architects specializing in low-income housing had become TLD members.

In addition to representatives of corporate partners, member organizations and agencies of FIs are represented in the boards of both UWCM and TLD. This creates confidence and trust among partners and enhances the transparency aspect that donors as well as agencies want.

iii.Building Capacities of Members and Partners

In addition to regular programs, MFB, TLD and UWCM have capacity-building programs that extend to members, the public as well as corporate partners.

Since May 1990, TLD has been conducting **Do It Yourself Workshops** for members, clients and donors. Trades covered are painting, roofing, landscaping, weatherization, pest control and lead paint abatement. The purpose of these workshops is to provide how-to information and promote self-sufficiency to members and to communities. Also available are how-to manuals, which include methods, practices and techniques established in managing a reuse program. The Food Bank offers nutrition and food safety workshops to the community food providers and provides them with a variety of tools and publications to enable agencies to strengthen their programs.

The acquired skills and knowledge are used to improve the performance of these organizations and their respective agencies and members. Food providers and the hungry people, for example, get improved services that take care of health, nutrition and hygiene factors. Improved performance contributes to the building of MFB trust, credibility and confidence, the elements whose importances in relationship building have already been pointed out.

iv. Convenient Method of Giving Donations

Contributors hate cumbersome ways of giving. The four case studies have shown how the FIs have taken steps to minimize unwanted inconveniences.

The Loading Dock arranges a pick-up or delivery depending on the size of the donation. Donors may bring materials to one of four TLD participating landfill locations where trailers are stationed at specific times. Donors are able to deliver items at any time.

UWCM has encouraged corporations to support their employees to make their contributions through a 'workplace solicitation' method. This is a direct appeal to workers in their workplace coupled with a system allowing employers to deduct the pledged contributions made by their employees directly from the employees' paychecks each payday. Both the workers and the organization itself regard this arrangement as the most efficient way of collecting money with minimal costs incurred by all parties. This arrangement has resulted in most employees contributing to the community, which in turn has boosted the reputation of concerned corporations, thus positively contributing to their business interests.

2.2.4 Results of Nurturing Relationships

Effective relationships are expected to lead to more gifts and donations that are regular and reliable. Corporations will be more willing to give and to recommend their organizations to their friends. When an organization mounts a Major Gifts Campaign, for instance, these donors will be the first people to respond with major gifts. The Capital Campaign the Food Bank mounted a few years back is a case in mind. This campaign, intended to raise funds for the new distribution center, took the organization about a year although originally, it was thought to take several years. This was mainly because regular donors like Allegis Group, Giant Food, Bunting Family Foundation, T. Rowe Price Associates Foundation, the Columbia Bank and many others participated effectively in this fundraising campaign.

The study has revealed indications suggesting that all four funding intermediaries have shown positive results and impacts. A few examples are cited to illustrate this assertion.

The Maryland Food Bank (Maryland Food Bank 2004 Annual Report)

During the 2003/04 fiscal year, the Food Bank was able to record the following results.

- Total support and revenue was over \$26.7 million compared to almost \$20 million received during the previous year.
- Distributed 11,862,157 pounds of food and grocery products, compared with 400,000 pounds when it started in 1979. **Appendix 3** shows the trend for the period MFB has been in operation.
- Produce distributions increased by 26% over year 2003.
- Food collected through statewide food drives doubled compared to 2003.
- The number of community food providers reached 1,000 from 38 in 1979 (**Appendix 2**).

- The Nutrition Educator reached more than 900 youth and 400 adults in the community with lessons on healthy cooking, food safety, budgeting food money, and basic cooking skills.
- Volunteers contributed 13,385 hours valued at \$230,000.

The United Way of Central Maryland (United Way 2003 and 2004 Reports)

The United Way does not directly implement projects but supports agencies that carry out projects. These are the results achieved by agencies which the United Way supports.

- The 2003 report reveals that over 74% of children attending after-school programs improved their grades and school attendance.
- Achievements during 2004 are as follows:
 - ✓ Over 6,930 adults learned to read compared to 1,400 the previous year.
 - ✓ The number of adults helped to get jobs reached 1,591.
 - ✓ A total of 2,121 homeless people moved to permanent housing.
 - ✓ 925 people remained substance-free for at least 6 months after treatment.
 - ✓ Over 1,330 women and children were sheltered because of violence and 586 children received treatment for sexual abuse.
- More results are indicated in **Appendix 4**.

The Loading Dock, Inc. (2004 Report and the Ten Year Plan)

- By June 2005, the organization had 5,000 members including corporate donors.
- Rehabilitates 10,000 homes and generates client saved revenue of \$1.5 million each year.
- Each year, the organization prevents approximately 24,000 gallons of paint and other toxic elements such as adhesives and sealers from reaching the landfills.
- TLD is able to operate and grow without relying on outside funding sources. To fund their operating costs, TLD relies heavily on revenues generated from handling charges.
- The organization's impacts have spread not only nationwide but also to other countries. It has inspired similar programs in other cities in the country and lent assistance to more than 300 cities, some as far as Tijuana, Mexico, St. Johns and Croix in the Caribbean. Five countries on the west coast of Africa, Hungary and Germany have sought assistance from The Loading Dock.
- Because of tangible results, the organization has won two national awards: *The Presidential Award for Sustainable Development* and *United Nations Habitat II "Building Communities of Opportunity" National Excellence Award*.

The Book Thing of Baltimore, Inc.

- Stocks about 750,000 books as compared to 250,000 three years ago.
- Gives out 30,000 books per week while only 10,000 were moving in 2002.
- It owns its working premises.

2.2.5 Challenges and Constraints

In their efforts to raise resources and retain their relationships with corporate partners, funding intermediaries face some challenges and limitations including the following:

i. Inadequacy of Resources and Facilities

- None of the FIs covered by this research is able to meet all the needs of its clients due to inadequate working capital and facilities. The \$ 40 million raised annually by the United Way is not enough to meet even the promised needs of the people. "This is our main frustration", Larry Walton, the organization's chief lamented. Many agencies come up with good proposals but the

organization cannot assist everyone. This is a hard decision the board, which consists of volunteers from implementing agencies, makes as it turns down requests from their own agencies.

- Available records at the Food Bank show that community food providers such as the pantries, soup kitchens and shelters turn away clients due to insufficient food to meet the demand. In his address to mark the organization's 25th anniversary, the Executive Director added that "... on my frustration that the need for food assistance for Maryland's hungry is greater than ever" (**Bank Notes, Spring 2005**).

ii.Changing and Increasing Demand

All four organizations have been working under changing needs and demands. They had to adapt to prevailing circumstances accordingly. Operations and working styles had to change to cope with technological changes and accommodate business requirements. MFB, for example, has introduced new programs and dietary food provisions to meet nutrition and dietary requirements. Corporate partners as well as the public now expect nonprofits to work like any business company and are expected to be efficient and effective as **Levy (1999)** puts it "Careful attention to the efficiency and effectiveness of nonprofits are characteristics of corporate giving". Competition from the business sector that has also joined the business of human services provision means intermediary organizations and other nonprofits have to work professionally. Creativity and entrepreneurships cannot be avoided. Professionalism and competence in the delivery of services have been challenging these nonprofits. These changes imply training and re-training of employees.

iii.Designated Gifts and Donations

As mentioned before, some donors designate their donations by indicating the beneficiaries. Such designations have had the following effects:

- Organizations are forced to serve non-members. The United Way, for example, focuses on health and human services and hence would like such designations to target agencies involved in these fields. Unfortunately, some donors have the option to exclude any agency from donor designations given to the United Way while others include non-member organizations. This affects the organization's plans and targets. Private schools are outside the targeted fields but at times, they have to be assisted due to conditions set by donors. In 2002, for instance, 24% (\$7,440,193) of the private sector campaign was designated, 13% to non-members and 11% to members. This meant UWCM was serving non-members.
- Designations reduce unrestricted funds available for distribution and hence affect the desired outcomes. For example, designations accounted for 39% and 36% of total pledges and contributions to the United Way for 2003 and 2004, respectively (**UW Annual Report, 2004**).
- Accountability becomes a problem as the receiving agencies think they are not accountable to United Way for such donations while the corporations think the opposite.
- Because of such conditions that come with government funds, both MFB and TBT have been trying to avoid financial assistance from the government. "A government check is expensive", Bill of The Food Bank lamented.

It is important to note that designated gifts and donations are not unique to these four organizations. Such conditions are applicable to many nonprofits for various purposes. The Chronicle of Philanthropy (**September 2005**) reported that 10 days after Hurricane Katrina had struck, 87% of the US \$503 million received by the Red Cross was restricted to Katrina-related efforts.

iv.Limited Corporate Relationships with Agencies

Corporate-Nonprofit relationships are limited between corporations and funding intermediaries. There are very rare direct relationships between corporations and benefiting NPOs or agencies. Direct relationships do exist in the case of designated gifts whereby the receiving agency will send to the donor a note of appreciation. This kind of situation brings some tensions as the agencies think intermediaries are blocking them and thus denying them direct assistance from the donors. Some agencies have gone to the extent of demanding a fixed amount of money from the United Way regardless of the amount raised and the needs of other agencies.

v.Difficulties in Deciding on Relationship Ventures

Making decisions whether or not to enter into relationships needs careful considerations and sometimes might be not as easy as one might think. The process involves comparing the organization's mission, objectives and values with those of the potential donor and identifying any mismatch. Decision-making becomes more difficult when either of the two situations arises. One is when the venture looks profitable but conflicts with the mission. Two is when it is a loss-making venture and at the same time, it enhances the organization's mission. Nonprofits leaders have to decide whether it is sensible to pursue the venture as suggested or whether adjustments in the mission or venture's design parameters can make it more desirable. Nonprofits need careful weighing of costs, benefits and risks. Corporate dealings require vigilance and hard bargaining as well. Nonprofits are expected to advance their interests and protect those they serve from harm and harassment.

2.2.6 Lessons Learned from the Research

i.Applicability of the Elements

There are some elements and activities that apply throughout the relationship period while there are others that apply only to build or to maintain relationships. Accountability, trust, efficiency and results are some of the elements that apply during the whole period of relationships.

ii.Age and Development Stage of the Funding Intermediaries

The need for elements and activities will vary depending on prevailing working circumstances including age and the development stage of the concerned organization. The research has clearly revealed the following:

- Compared with new organizations, older ones have experience and established contacts, track record, trust and confidence. It is easier for them to establish new relationships compared to young organizations that have to struggle to penetrate the inner circles of corporations and build confidence among the corporations.
- The more complex operations the more elements are required. The United Way, for example, deals with complicated human issues including child abuse, domestic and sexual violence, and people in crisis due to the inadequacy of basic needs like food and shelter. It handles cases from people of different age groups (youth, children and elderly) and interacts with both government and business sectors. The Book Thing handles only books and deals with people of more or less the same needs or interests (i.e. books). Unlike The Book Thing, the United Way applies more elements in carrying out its tasks. The fact that the clients of The Book Thing collect the books themselves simplifies the work of this FI and hence less activities and elements are applied.

iii. The Changing Face of Philanthropy

Designated donations and cause-marketing strategies clearly indicate that corporate giving is becoming more of strategic marketing, employee morale building and good relations in communities than corporate social responsibility. Opportunity-led motivations such as business interests take priority when compared with obligatory-based motives like 'giving back to the community'.

iv. Human Aspects and the Need for Connections

Corporations are like individuals. They have to be recognized, appreciated and respected. They have 'ego' motives. Personal contacts and human relations do matter in nurturing corporate-nonprofit relationships. 'An office without your acquaintance is almost closed' so goes the Haya proverb. The 'People give to people principle' holds water as corporations do not simply give to needy organizations. This trend makes the use of influential people in soliciting corporate giving necessary. Human aspects, therefore, cannot be avoided when dealing with corporations.

v. History Matters

Most corporations tend to continue supporting a nonprofit because it was instrumental during its establishment. The United Way and Corporate America, for instance, have been together since the establishment of UWCM, formerly known as a Community Chest.

vi. Flexibility is Critical

All four FIs are becoming flexible in their operations and organizational structures to cope with changing needs and demand, business environment and technological requirements. The United Way is not only a fundraising agency but also concerned with impact. Fundraising is now seen as the means to the end and not the sole measure of success.

vii. Collaboration with the Government not Uniform

There are differences concerning collaboration with the government. While the UWCM and TLD have close relationships with the government at the state and local levels, both MFB and TBT are avoiding such relationships due to conditions attached to government funding. William Ewing of MFB had this to say, "A government check is expensive. We are non-partisan and we do not take sides". On the whole, government support to MFB for 2003/2004 accounted for only 0.3% of all support to MFB. Because of unreliability of government funds, Russell Watternberg of The Book Thing asked, "What will happen when state support ends?" "I want to make The Book Thing self-reliant", he concluded

viii. Lack of Literature on Funding Intermediaries

The use of funding intermediaries as builders of corporate-nonprofit relationships has not drawn attention from both nonprofit practitioners and researchers. This has been evidenced by the lack of literature on this aspect. Researchers have concentrated on what corporations do when addressing the issue of corporate-nonprofit partnerships. There are no studies that have been conducted regarding the role of FIs and other nonprofits in relationship building.

Section Three

Conclusions and Recommendations

3.1 Conclusions

The results of the four case studies have supported the research hypothesis that effective corporate-nonprofit relationships can increase corporate giving. Furthermore, it has been shown that funding intermediaries can build relationships between corporations and nonprofits leading to increased corporate giving. The increased support from corporations that the four organizations have received is an indication of a positive role intermediaries can play as builders of relationships. Positive results and impacts achieved by all the four organizations (**Section 2.2.4**) indicate the effectiveness relationships can bring about. This development is good news for nonprofits in search of resources.

The use of funding intermediaries in nurturing corporate-nonprofit relationships needs careful attention from nonprofit practitioners. While such relationships may enhance the mission of the nonprofit sector and make nonprofits more visible to potential donors and supporters, at the same time, there are risks that can affect the image, credibility and trust of the nonprofit sector among its donors and members. Understanding well the risks and the benefits, managers and leaders of nonprofits will be able to assess and balance the risks and the benefits, although this is not any easy task. The study has confirmed the necessity of certain elements and activities or ‘principles’ for a funding intermediary in building and sustaining effective relationships with its donors. Some of these principles are highlighted in the next section.

The research has also pointed out that motivations and patterns of corporate giving are changing and that corporate philanthropy is becoming strategic, guided by principles that meet a firm’s mission and objectives. Also, corporate-nonprofit relationships are increasing in popularity as corporations have discovered that supporting charitable giving is not just the right thing to do, but it is the smart thing to do, meaning, ‘doing good is good business’. This philanthropic strategy has not come about overnight but the corporate sector has taken time to think about it and through various forums it has more or less reached a common position – linking philanthropy to business objectives. Nonprofits need an appropriate approach to cope with this corporate giving trend. Like their for-profit counterparts, nonprofits need to come together if they have to benefit from relationships with corporations. They need to re-examine the current situation of operating alone when it comes to resource mobilization. Cost savings, economies of scale and scope and other cost benefits that result from collaboration are some of the aspects nonprofits need to consider. The use of intermediaries may be one of the options. The competitive environment for resources and political, economic as well as social forces, discussed earlier, encourages partnership between the two sectors. With the right strategy nonprofits can benefit from such arrangements.

3.2 Recommendations

From this research emerge recommendations of two types. The first type targets the funding intermediaries and includes “principles” for nurturing corporate-nonprofit relationships. The second category aims at scholars, researchers and nonprofit practitioners.

3.2.1 Principles for Nurturing Relationships

Below is a list of some key points a Funding Intermediary must take into account to build and maintain effective corporate-nonprofit relationships. **Appendix 6** gives the details.

- i. Knowing your donor (including objectives and interests)
- ii. Setting clear and realistic needs and what you can deliver
- iii. Acknowledging of support received
- iv. Making regular contacts with corporate donors
- v. Conducting regular evaluation your relationships nurturing program.

3.2.2 Further Research Work

It has been pointed out that literally, there is no literature on funding intermediaries as builders of corporate-nonprofit relationships. This study involving four case studies may be the first attempt in this area and had its own limitations. Because of these and many other reasons, it is recommended that further research work in this area be conducted. This report is only an eye opener to nonprofit practitioners, scholars and researchers as well. The existence of very little documentation on the role of nonprofits in nurturing corporate-nonprofit relationships also calls for an in-depth study in this matter. One would be interested to know, say, socio-economic effects of corporate-nonprofit relationships. The extent that financial and economic motives affect nonprofits' decisions regarding partnership ventures could be another area of interest.

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