

Chapter 12:

COMMUNITY RELATIONS

and

SOCIAL RESPONSIBILITY

An organization must “do well to do good,” and “do good to do well,” Pat counseled and often wrote. Doing “good” is a critical element of building positive public relationships – in local as well as global communities. Strategic guidance is needed in these two areas:

1. Community relations programs that are planned, organized and systematized.
2. Philanthropy programs that are tailored to the core business of the organization.

In both areas, senior management must buy into the concept and strategy so programming remains consistent over time.

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STRATEGIC GIVING: SHARP FOCUS LETS CORPORATIONS LINK PHILANTHROPY TO THE BOTTOM LINE, INSTEAD OF JUST "GIVING MONEY AWAY"

As business feels the competitive pinch, corporate charitable giving is forced to tighten up like everything else. Tho some sharply reduce funds, others create programs of strategic giving -- with an ultimate payback. Arco Foundation's contributions strategy is seen as an investment in the future of the company, Gene Wilson, pres, told pr. Procter & Gamble, Dayton Hudson are others with same view.

1. Giving must relate to long-term corporate interests. Quality of future employees & of life in communities where employees & operations are concentrated are key issues for Arco. As major taxpayer, so is growing dependency on public systems. Hence, philanthropic focus is on urban public education, particularly for low-income & minority students. "Root-cause" strategy attempts to address economic disparity where it begins, give high-risk students a better chance in life.

2. Proactive issues analysis structures giving. Thus, in addition to schools, Arco's other priorities include: a) revitalization of decaying neighborhoods, b) youth leadership, c) access to facilities (medical, arts, etc.) for those who can't afford them. Also helps interpret implications to management.

3. Approach must be owned by management. Wilson involves them by circulation & discussion of white papers to: a) recommend grantmaking targets, b) narrow focus to chosen categories which may shift as issues or resources change. Because of managerial turnover, he stresses importance of a continual program of education.

4. Clearly-defined guidelines. "We didn't want to be like the Platte River -- a mile wide and an inch deep." Focus is sharp both on broad giving categories (e.g. eliminated some) and within categories (e.g. used to underwrite touring art exhibits, now provides modest support for arts institutions in local areas & specifies they provide access to underserved population groups).

5. Adapt to changing needs. Guidelines need to be flexible. E.g. in education, Arco used to fund university research. Now -- based on demographics showing long-term impact -- most money in this category goes to K-12 urban education programs focused on hard-to-teach.

6. Objective evaluation criteria. Key questions asked grant applicants are a) what are the anticipated outcomes of your request, & b) how will you know you've

"We don't want the Foundation seen as a 'give-away' program, because then it's expendable. We prefer to have it viewed as another part of Arco's investment portfolio -- one with a longer-term payoff."

achieved it? Goal is to make recipients accountable for funds received. "We work with the NPO to help it realize its responsibilities. If we're going to be accountable to our managers, then we expect accountability from the organizations that get our grants."

7. Actively manage the philanthropic program. Armchair management doesn't work. Wilson & his staff travel widely, get deeply involved with the nonprofit sector. "Unless contributions managers see their businesses are interdependent with non-profits, it'll be tough for them to have the understanding to do strategic philanthropy."

8. Focus on programs that reach people directly. Working directly with grant recipients also creates a personal bond between donor & beneficiary, thus strengthening the relationships Arco is attempting to build. Arco also thinks it can do a better job of helping people by directing funds to programs, rather than endowments -- which take big chunks out of available funds.

9. Have contributions program viewed as part of entire public affairs & corporate process. It's essential management understand that the benefit of contributions affects the entire company, e.g. quality of future employees, community support, etc.

10. Contributions should include resources, not just money. Surplus equipment & in-kind donations are a part. But executive & employee volunteers have an added payback: involving them increases their ownership in the program. Employees & retirees who commit 12 hours monthly generate \$500 for their cause (up to \$2500 per org'n). Mgmt is also encouraged to become active (on boards, committees) in org'ns that fit strategic giving's priorities.

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RECOGNITION OF MUTUAL CONCERNS PROMPTS BUSINESS/SCHOOL PARTNERSHIPS; WITH SYMBIOTIC NEEDS, RELATIONSHIP SERVES BOTH ORGANIZATIONS' FUTURES; KODAK, XEROX, AT&T, DOW CHEMICAL, AMERICAN EXPRESS SHOW RANGE OF SUPPORT

Employer worries about decreased quality of workforce entrants are increasing at the same time schools face diminished support. Solution for many is a business/education partnership that pays off on the bottomline – as well as in better public relationships – for both organizations.

PR BENEFITS OF BUSINESS/SCHOOL PARTNERSHIP

To Businesses:

Improves community relations

Investment in present & future local labor pool means better employees – and employee relations.

Proactive strategy to public issues that might otherwise mushroom into costly problems.

Helps focus direction of corporate contributions and employee volunteer efforts.

To Schools:

Increases participation in and support for schools.

Enhances visibility and value for education

Focus shifts to success stories, rather than drop-outs, illiteracy, etc.

Demonstrates necessity of education to students, parents, taxpayers, employers.

SOME EXAMPLES OF SUCCESSFUL BUSINESS/SCHOOL PARTNERSHIPS

School, teacher and principal training, curriculum advice) to c) **policy** (school board participation, state and community task forces). (See [pr](#) 10/14/85, How to Make business/Education Partnerships Work.)

Private sector involvement ranges from a) **funding** (grants, scholarships, in-kind equipment); b) **programs** (Adopt-A-

Funding for Structural Change. Going beyond support of the status quo, Eastman Kodak is an important contributor to Rochester public schools' ambitious educational reform. Controversial plan pays teachers more competitively (up to \$70,000) and involves them in goal and policy setting, while holding them accountable for student success. With 45,000 area employees, Kodak dominates Rochester economy and is dependent on the quality of the area work force. "If we don't improve the quality of the students in our city school system, we're in serious trouble," Kodak president Kay Whitmore said. (Facing same problem, Arco's strategic giving program concentrates on K-12 education programs for minorities and disadvantaged youth in communities from which Arco draws employees. See [pr](#) 12/21/87.)

Funding for Research. Xerox takes a different approach, linking its interest in research to look at the roots of education. It has committed \$5 million for a new institute where anthropologists, psychologists, linguists and experts in artificial intelligence will investigate the nature of the learning process itself. Results will aid schools and organizational training programs.

Job-Related Training for Present & Future Employees. Beyond basic skills, some companies require more specialized knowledge. Hence, Dow Chemical finances training in English, math and science through the Saginaw, Michigan school system; American Express has opened "financial academies" (economics, accounting) for inner-city high school students in eight cities where company has offices. Concept also works on college level: e.g., AT&T and Massachusetts' Northern Essex Community College have joined forces to create specialized education programs to re-train laid-off employees.

Primary and secondary education is the leading community affairs issue for more than 2/3rds of 130 major corporations surveyed by The Conference Board. Over 64% rank it as their major concern, up from 42% only two years ago. Growing dominance of this issue is corroborated by Center for Corporate Public Involvement: schools and school activities topped their list (81%) of community projects in all regions (see pr 1/18/88).

Program Funding. Broad-based organizations which have no specific community to focus upon support education by sponsorship of programs related to their business – e.g. National Geographic Foundation, as part of 100th anniversary, announced it would put \$20 million toward combating widespread geographic illiteracy. Burger King, in conjunction with National Association of Secondary School Principals, sponsors an annual recognition program to honor an outstanding principal and teacher from each state.

"There is a strong feeling in both business and educational circles that if meaningful educational reform is to take place, companies can no longer afford to view educational contributions as merely charity but, more realistically, as a business cost for recruiting and training their workforce." – Dr. Leonard Lund, education specialist, The Conference Board.

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SCHOOL-BUSINESS PARTNERSHIPS: MUTUAL EMBARRASSMENT MAY RESULT IF SUBSTANTIVE PROGRAMS DON'T REPLACE SOME CURRENT OFFERINGS

Education needs community support. Business is a powerful community engine. Put the two together, you have synergy, right? Not unless business (and its pr practitioners) 1) stop treating educators as stupid dolts and 2) see the partnership as something beyond a publicity or even marketing opportunity. Symptoms:

1. **Most programs start by insulting teachers and attacking schools.** Publicity announcements recite studies about how "bad" schools are – often with dubious data. This incredibly bad pr strategy: a) alienates the school partner, b) makes public trust of education worse, c) erodes the schools' existing support base.

Proposal: Behavior change begins with **positive reinforcement** (pr 1/2/89). This is a key role for pr in the school-business partnership. Find the areas of excellence – every school has some – and tout those. Both partners and the community start to feel positive – and change can then occur.

2. **Business feels its managerial style is inherently better.** Is this true? Business execs mainly are stuck in a militaristic, "boss" mode (though needed changes are occurring). Schools require a different, participative style: teachers, guidance counselors, et al are not assembly line workers. The schools in trouble are apt to be precisely those with administrators who ape a hierarchical "business" style.

There may be a huge irony in the making. Schools were the prime whipping boy of the 80s. Business, now out to "rescue" the "mismanaged" schools, could become that whipping boy in the 90s. For what offense? The same "mismanagement." Consider: How did the US fall behind Japan and now Europe? Why did we waste trillions of needed capital in a deluge of greedy takeovers that added zero to production or the economy (except massive debt)? Who floated and bought all those junk bonds? Maybe the schools ought to be helping business!

Proposal: Start partnerships by having both management teams examine their styles, learning from each other's mistakes. **Go back to school together.** Classic teambuilding, achieving relationships that create mutual trust. And it gets execs inside school problems – and opportunities – to apply their knowledge and skills.

3. **Some programs are viewed by business as marketing or promo gigs.** One car dealer wanted to use school kids in ads pushing his line. Retailers and manufacturers have offered "rewards" for good marks or projects, namely some of their merchandise. While schools are trying to teach ethical lifestyles, business says materialism is what life is all about.

Proposal: Keep the self-interest out, period. **The payoff is far bigger.** Business thrives because society does; the reverse is also true. Aiding education helps create a social, economic and therefore a business environment that permits success. We're talking about social responsibility, not marketing.

4. **Flat out quid pro quo projects make everyone cynical.** Whittle Communications' plan to "give" tv equipment to schools that run its commercial-laden "lessons" is the best known. It has many imitators, in many forms. This may be good business, but lousy pr. At least Whittle is frank about its interest in the schools.

Proposal: If schools are to become businesslike, they have to pay for what they get, sooner or later. Stop promoting prostitution. What values do deals like this teach? Won't bribery seem natural to today's students when they enter the workforce? Send businesspeople into the classrooms to expound on the **real values** of business.

SIDEBARS WORTH CONSIDERING

- A. **PR will be blamed if it fails.** *Wall Street Journal* special section last month warned: Corporate involvement in our schools is not the win-win situation that the corporate public-relations departments make it out to be. It has a dark side."
- B. **Some projects make sponsors ludicrous.** RJ Reynold's \$30-million national program allowed only school principals to apply, keeping district administrators out to avoid "bureaucracy." What would the company say if someone went directly to its plant managers to avoid the "bureaucracy" of corporate headquarters?
- C. Advice from PRSA's issue paper on partnerships, by J. Richard Johnson, director, corporate communications, National Bank of Detroit: The public relations function has a critical role "because it brings together the skills of constituency analysis, research, program design and communications." But: "If a business-community partnership were viewed in the company as lacking in substance, and **only a publicity tool**, it would almost certainly be doomed to failure." (Copy from PRSA, 33 Irving Place, NYC 10003)
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THE NEW PHILANTHROPY: STRATEGIC, INTEGRATED, EMPLOYEE-DRIVEN

Since Milton Friedman and others in the early 80s pronounced community relations and contributions programs a misuse of funds, practitioners have been struggling to prove their value – and to reinvent them to gain more return on the investment. A hard-hitting, strategic, marketing-oriented, employee-participative system is evolving – so fully integrating the values and goals of pr *that it could become the keystone of pr programming in the near future:*

1. Efforts are focused on projects/causes that promise a strategic payback

- Usually this will require marketing or product/service relevance. Or the opportunity to specifically influence shareholders, public officials, donors or other key stakeholders targeted in the organization's strategic plan and the pr plan.
- The ethos: *To do good we must do well, so the better we do businesswise the more good we're able to do.*
- The objective is motivating desired behaviors, not just “gaining awareness” for the organization or its social consciousness. (See bottom-line goals of Aetna's Best of Silver Anvil program, [pr 7/27/92](#))

2. All philanthropy is coordinated: donations, gifts in kind, volunteers

- Organizations/causes to be assisted are evaluated to determine which type of support will be most *mutually rewarding*. A request for dollars may be met with an offer of managerial training by company execs, if that appears to be the real need.
- Separate contributions, volunteerism and other programs are out. *If integrated marketing communication makes sense, integrated philanthropic behavior makes even more.*

3. Employees drive the programs

- Committees do the work, select the activities to be undertaken.
 - The closer to the community the better. Multi-location organizations have local committees. Idea: give where you live; or, for sales organizations, give where you get.
 - Assistance of any type is not from the company, but from “the employees of...” Publics relate to people, not organizations.
 - Employees are active participants in the project itself, as a rule.
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4. Getting credit, though with modesty, is a must

- Donees' part of the deal, in addition to doing a first class job on the project, is to see that the donor is credited. Boards, employees, other contributors, members, media, officials and others are to be tactfully informed (which is valuable to the donee by demonstrating that the donor has confidence in its programs).
- A formal list of what each party will do to inform key publics and opinion leaders of their partnership is an approach gaining support.
- Donor's approach is not to brag about helping, but the more effective tactic of announcing the philanthropy a) "to call attention to this important community program," b) to urge others to consider giving, either to the program (if possible) or to similar causes. Announcement is more potent if signed by "Employees of"

IMPLICATIONS FOR MANAGEMENT

- A. **Using contributions budget to support the boss' pet charity is out**, unless s/he can sell the employee committee (on which s/he may of course sit, as an employee). Among the benefits is avoiding the criticism that accompanies this situation. (See Chubb Life's policy, pr 7/8/91)
- B. **Grantmaking approach is out**, with its bureaucracy and rules. Participative decisionmaking is in – using a set of objective guidelines, such as Coors' volunteerism calculus. *Activities are linked to research*: e.g., the profile of our customer publics that can be targeted, their needs and interests, how these mesh with employee concerns – i.e., how we can partner with them.
- C. **Opinion leaders' interests are more valuable than mass concerns**, which means selecting projects that involve or at least appeal to them. This may require managerial contact even though the committee is in charge. Management has a peer role that must be understood and built in.

PROBLEM AREAS AND HOW TO AVOID THEM

1. **Focusing may mean cutting off longtime donees.** Every good cause can't be assisted every year anyway. How then keep past recipients on the team when you have to turn them down? One solution: form an *alumni association* to which everyone who has ever been helped belongs. Hold annual dinners or training seminars, treat anyone you've ever assisted as a permanent part of the family – to keep the relationship alive.
2. **When should you own a project**, when join with others? As a rule, owned projects return more value. They also keep you from having to meet every \$50 request for ads, dues and other forms of bribery. But when the whole community bands together to rebuild the rec center that burned, forget the rules and give. In fact, take the lead – another form of ownership! (See Dow Chemical's approach to ownership, pr 5/9/88)

The donation that stops with writing the check shortchanges both donor and donee.

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CAN COMMUNITY RELATIONS BE THE CORE OF PUBLIC RELATIONS PROGRAMMING?

Yes, because it sets the **true** tone of what an organization stands for. Not in words (rhetoric) but in actions (behavior). Today how organizations conduct themselves in the communities where they do business is driven by two factors that make it more than just “getting the house in order”:

1. **Instant communication**, encompassing burgeoning info networks that go far beyond news media data gathering, has the capacity to capture and transmit home behavior far and wide;
2. **Global competition and The Global Village** have created interest in such info, at least by competitors, activist agencies and others who have reason to broadcast it.

ALL 3 STRATEGIC LEVELS THEREFORE NEED TO BE PLANNED:

- A. **Defensive**: guarding against **negative** acts, or acts of omission
- B. **Proactive**: being a leader in **positive** acts that appeal to key publics
- C. **Maintenance**: finding ways to **retain** relationships with publics not currently key – but still able to influence your reputation by forthright expression of their perceptions of you.

This is far different from “doing some nice things for the community.” Assigning CR to indifferent or inexperienced staffers because it’s “easy” no longer suffices – and of course misses the centrality of CR today.

SUCCESSFUL COMMUNITY RELS IS PLANNED, ORGANIZED AND SYSTEMATIZED

Again and again in programs seen by pr reporter, five considerations appear:

1. **Targeting**: a) which *groups* in the community should we focus on ...b) in order to motivate the *behaviors* that we need (getting inside the decisionmaking network, *beaconing* messages, reporting rumors and comments, etc); c) what specific *activities* will achieve this; d) what *information* do we need to gather and assess before starting?
2. **Participate or own**: if your reputation needs improving, working on projects with accepted partners can usurp their reputation to pull yours up; if yours is good, projects you can own offer more benefits and visibility.
3. **Here vs. there**: bring folks in to see our place, or go out to them?
4. **“Official” vs. employee volunteer activities**: if the latter, how will the organization get credit?
5. **Reaching opinion leaders**: what design assures this critical goal is met?

TWO TYPES OR LEVELS OF PROGRAMMING EMERGE

Standard Community Relations

Basic, arm's length, "good corporate citizen activities? That reach out, invite in, create awareness, let facilities be used:

1. Membership network, assigning "official" representatives to all important groups
2. Speakers bureau, but placing talks to key groups on topics vital to the organization
3. Make facilities available
4. Open houses, visitations, tours
5. Programs around holidays
6. Service on boards of directors
7. Take part in public events and back "must-support" causes

Community Relations [doubled]

Becoming part of fabric of the community by placing people throughout its planning and decisionmaking networks:

1. **Ambassador or constituency relations programs** (see prr 1/25/93)
2. Hold regular **opinion leader briefings** or idea exchanges
3. Set up local **community relations advisory boards**
4. **Employee volunteer programs** *a la* Hyatt Hotels F.O.R.C.E. (Family of Responsible and Caring Employees)
5. **Community research**, jointly with a college perhaps
6. **Social projects** that tackle the real community needs as seen by your key publics
7. **Make expertise available**

Neither list is exhaustive but intended to suggest the differences in the types. In most cases some of both make sense.

OTHER CONSIDERATIONS

Employee volunteerism has so many serendipitous benefits (see prr 5/10/93) that it raises the issue of **spouse, family and retiree** participation. Those organizations that do involve them generally report expanded impact and a widening network.

Feedback databanks may be the biggest opportunity – capturing what is heard and observed from opinion leaders and community members in a formal way. This is *really* listening to the community, for invaluable information – which is instantly actionable through CR programs.

As one major public interest group puts it: "We know that, sooner or later, grassroots success translates to national strength and influence." It all starts at home. Which is why CR is a candidate to be the heart of public relations.

WATCH OUT, ANTI - SOCIAL RESPONSIBILITY GANG IS AT IT AGAIN

This time it's a book, *The Heroic Enterprise: Business & the Common Good* by John Hood (Free Press). It's the ends justify the means polemic that claims everyone for him/herself is a good way to operate the universe. Entrepreneurs may be robber barons, but somehow we all benefit in the long term. Fairness, justice, quality of life, sense of community and common destiny – do they matter? Or is the goal to make a buck and provide jobs, pay taxes, and contribute to the economy along the way?

PR philosophy and strategy make the case – the very hard-headed, research proven case – in favor of social responsibility. To recite a few items:

1. **Organizations seen as caring about quality of life are more appealing to customers and other stakeholders, therefore do more business more profitably.**
 - In this era when customer loyalty is the linchpin of success and even survival, why risk policies and actions that might possibly turn them away – by appearing uncaring about the community or society?
2. **It is difficult to do business in a society that is threatened from within or falling apart.** Witness Russia today, or our inner cities.
 - Organizations *have* to be concerned about what's going on around them because the organizational family and all its stakeholders inhabit that world.
3. **Publicly-held corporations are more profitable and have consistently higher share value when they have reputations as socially responsible.**
 - Johnson & Johnson's post-Tylenol study and Philip Morris' "Double Bottom Line" research both found this to be true. Neither of these outfits have ever been accused of being anything but rigorously pragmatic. Social responsibility is wise because in addition to being "the right thing to do" it pays off – a double winner.

Hood's book, and the resurgent support for it by the group that argued this way in the early 80s, can help sharpen pr's arguments about the many good things business and other organizations add to our lives...*provided* management realizes that, as Arthur Page said 70 years ago, "All business in a democratic country begins with public permission and exists by public approval."

THE ROLE AND WORLDVIEW OF PUBLIC RELATIONS IS CLEAR

- Someone has to stand for caring about others vs. selfishness and greed; for the Golden Rule – which has made modern civilization possible. Without it no one could be successful or make a buck, so *everyone is indebted to others*. Practitioners are that "someone."
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- Practitioners can take pride that the pr philosophy stands for, attempts to bring out, the best in humankind. We debase the profession when we knuckle under to the quick-win types among clients and managers. If they prevail, all managers will have nicknames like “Chainsaw.”
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ADDITIONAL THOUGHTS ABOUT STRATEGIC FOCUSED PHILANTHROPY

As this disciplined strategy becomes the standard – as opposed to “doing good” by giving dollars, volunteers and in-kind donations all over the lot without considering benefits to the donor organization – new wrinkles continue to be discovered.

For instance, here are three unexpected giving categories:

1. **Keeping competitors out of important venues.** Sometimes it is strategic to make contributions in areas or on topics that are not in your usual focus purely to keep others from activity there. This is particularly true in cases where their entry might give them the appearance of being on a par with you. Wal-Mart is adept at this tactic, generally giving relatively small sums with such fanfare that more generous donors appear to be second class.

Some, like the Interfaith Center on Corporate Responsibility, feel the company’s policy is particularly hypocritical given its use of low-wage overseas suppliers, driving small retailers out of business and questionable environmental and inclusivity practices. The Center has filed five shareholder resolutions on these topics.

2. **Because key customers or stakeholders demand or expect it** – or will applaud it. A basic tenet of strategic philanthropy is getting close to opinion leader networks.
3. **Keeping a percentage for unavoidable “bribe” gifts** – the dinners you just have to buy tickets for, the Little League program you will be criticized for failing to support, the fire victims everyone is helping. There’s a defensive side to strategy, too.

Still the toughest issue is that strategically unsupportable category: “because managers or the CEO wants it.” Their hobbyhorses are not strategy, but...

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ITEM OF INTEREST TO PROFESSIONALS

¶ **Praise In A Backhanded Manner For Social Responsibility Programs** is this statement by an anti-tobacco executive: "Philip Morris has a long pattern of success in buying the support and acquiescence of good people and organizations by contributing to worthy causes." The ethics remain open to debate, but obviously the strategy works.
