

CORPORATE-NONPROFIT PARTNERSHIPS

CECP Introduction: Over the last few years, there has been a focus on leveling the playing field, creating more access to funding, and pushing for greater equity across the nonprofit sector. Grantmakers of all sizes are actively trying to provide more equitable access to the funding that nonprofit organizations need to pursue new projects and provide critical services. This focus has become even more relevant and critical given the pandemic and the rise of racial equity issues since March 2020. The trend might well be moving towards foundations being open to supporting nonprofit organizations with capacity building funding (General Operating Expenses), less strenuous reporting needs and a less stringent application process.

Partnership management is a wide-reaching topic! This issue brief includes resources and advice across selected areas when questions were asked by CECP-affiliated companies. Therefore, it should be viewed as CECP's perspective of covering every area of responsibility for nonprofit partnership management.

CHANGES TO STRATEGY AND APPROACH

- Decades of evaluations of corporate-nonprofit partnerships have shown stronger than ever pushes for:
 - **Deeper partnerships** (less partnerships but larger funding amounts).
 - Funding nonprofit organization's core operations i.e. considering **General Operating Expenses** to allow the organization to focus on capacity-building.
 - To help nonprofit organizations move away from a heavy reliance on the "funding cycle," a major new priority among many grantors is **fostering nonprofit financial sustainability**. Grantors want their nonprofit partners to succeed beyond the initial grant instead of passively allowing them to fail. This push for nonprofit sustainability is a push for nonprofit equitability, and in some cases takes the form of **multi-year partnerships**.
- In 2016, the Ford Foundation announced the launch of the Building Institutions and Networks ([BUILD](#)) initiative, a six-year term effort to give \$1 billion to social justice nonprofits, with all funds going to a general operating support and organizational strengthening. Up to 300 organizations joined BUILD. After almost a third of the way through completing the full time frame, Ford Foundation published the *Changing Grant Making to Change the World*¹ report which includes the following lessons that might help other grant makers interested in rethinking the way they support nonprofits.
 - Lesson 1: Nonprofits thrive with larger, longer, more flexible grants.
 - Lesson 2: Long-term, flexible grants work best when they closely align with strategy.
 - Lesson 3: Grants like these can foster deeper relationships between grant makers and the organizations they support—but money can't buy trust. It takes work.
 - Lesson 4: Grants like these can work anywhere in the world.
 - Lesson 5: Supporting institutions is critical—but so is catalyzing and supporting networks.
 - Lesson 6: Patience is a virtue. So is rigorous evaluation.

¹ <https://www.fordfoundation.org/media/4184/build-report-final3.pdf>

- [Why Funding Overhead Is Not the Real Issue: The Case to Cover Full Costs](#) this article urges the philanthropic sector to understand nonprofits' full costs and to structure funding with a higher consideration of the broader context under which nonprofits operate.
- [The Future of Philanthropy](#) This online resource includes insights from leaders and visionaries into how philanthropy can be used to build a fairer and more just world.
- [The Nonprofit Starvation Cycle](#) focuses on helping understand why and how funders and donors don't have realistic expectations and how the nonprofit sector promotes unhealthy level of overhead costs.
- [Ten Nonprofit Funding Models](#) outlined 10 funding models that include insights regarding long-term financial strategy.

| BUSINESS CONNECTION | FINANCIALS | REPUTATION & TRANSPARENCY |
|--|---|---|
| <ul style="list-style-type: none"> • Before choosing a nonprofit, it is essential to determine your company's focus area(s). Need help? Utilize CECP's Shaping the Future Report and Issue Ripeness Monitor below. • Clarify your business' values and mission statement. By selecting a charity that has a natural connection to your own mission, you will be able to form and clarify goals more readily, and gain significant buy-in • Find out the interest of your stakeholders: Employees are the backbone of your work, understand their interests, as well as those of your main customer base. • Determine criteria for potential charity: factors such as size, age, reach (local, national, international) | <ul style="list-style-type: none"> • Review the nonprofit's IRS 990 Form. This form will share valuable information conveying the organization's credibility and stability. • Pay Attention To: <ul style="list-style-type: none"> • Percentage of "dollars given" goes to program or direct recipients of the charity • Overhead costs • Part 3 of the 990 describes the program services; how much they cost; indicates whether there were any significant changes to current programs | <ul style="list-style-type: none"> • Make sure the organization is a registered 501 (c)(3) • Look through social media (testimonials or complaints) for comments on the nonprofits programs and impact • Ensure the nonprofit's mission and programs is clear; they have measurable goals and use concrete criteria when evaluating achievements • Review their strategic plan: <ul style="list-style-type: none"> • Are their programs aligned with the mission? Are they supported by academic research? • Do they have a formal program review or concrete metrics? |

VETTING NONPROFITS: THE BASICS OF GETTING STARTED

PARTNERSHIP MANAGEMENT

- **Methods to initiate the partnership** vary. These could be done manually or through a grants management software.
 - Application form

Last updated: August 2020

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- Letter of Intent
- Request for Proposals
- Which organizations can initiate? **Open process vs. invitation-only process**
 - Many use a hybrid approach across their **full** portfolio of partners. Less companies use exclusively open or exclusively invitation-only process.
 - Shorter form for organizations to express interest which is open before an invitation-only RFP
 - Certain signature programs may be invitation-only while other social issue areas are open
 - Operational choices are reflective of strategy as much as possible
 - Consider staff time or external resources required to do a thorough review, which takes into consideration equity
- [External Resource from Grant Craft](#) has a wide range of insights on how to ensure your process connects to your program and goals.
- Education First, with the support of the Chan Zuckerberg Initiative (CZI), sought to discover best practices for implementing RFP processes. During the spring of 2019, they analyzed open RFP processes. They found that while basic RFP processes were similar across the field, each funder had its own approach and best practices.
 - Education First has compiled those best practices into [this primer](#), which outlines key questions for funders to consider when designing, launching and managing open RFPs. The purpose of this primer is to help foundation staff implement open RFPs in a way that prioritizes equity and transparency, while simultaneously ensuring a high-quality experience for grantees
 - How will you disseminate the RFP to potential applicants? (p. 32-33) shares best practices, questions for consideration in developing a strategy, and steps to take, including possible outlets for dissemination.
 - Source: [Making the Most of Grantmaking: A Primer for Designing and Launching Open RFPs, June 2019](#)
- Methods to manage and report-out on the partnership, either manually or through a grants management software
 - Partners share
 - Updates on the quantitative metrics they intended to deliver.
 - Organizational updates and change
 - Any compliance related details
 - Feedback for their corporate partner. The Center for Effective Philanthropy on feedback but also overall relationship: <https://cep.org/portfolio/relationships-matter/>
 - Stories to bring outcomes and impact to life
 - Depending on the depth of the partnership, a site visit may be used
 - Corporate team assess and document relationship portfolio as a whole:
 - Are we attracting the right partners?
 - Are our criteria right sized and working?
 - Are our outcomes and desired impact clear both to us and to our partners?

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COMMUNICATING NEW GRANT OPPORTUNITIES

- Insert the news into existing communications channels—how you communicate to your current audiences, including existing partners and grantees (e.g., website, newsletters, social media).
- Reach out to partners (current or new) that address the audiences and have strong connections to the populations and issues (i.e. mental health organizations) you seek to address through the grant.
- Create a press release to post on your site and a wire service (e.g., 3BL Media), and share with local media in your service areas and philanthropy press (e.g., Chronicle of Philanthropy and Philanthropy News Digest).
- Review the previous year's process for what worked and did not work. Adjust and learn from that experience.

USING A THIRD-PARTY VETTING SERVICE

- Using a third-party vetting service is sometimes done for efficiency. They are also used to lever their expertise. Lastly, they can offer extra assurance against fraud, felony terror charges, and a damaged reputation. They can effectively uncover concerns regarding the nonprofit you are considering giving to (suspicious or fraudulent financial activity, inconsistencies in reports and illegal activities)—therefore protecting your company from any of these risks domestically and abroad
- Select a third-party vetting service with reputable service and who you feel comfortable working with.
 - Once selected, your third-party vetting service will take it under their authority to ensure there will be a trustworthy relationship between your company and the NGO
 - This helps to ensure a seamless partnership and allows for you to dismiss any concerns that your selected NGO may not be a trustworthy potential grantee

EXAMPLES OF REPUTABLE 3RD PARTY VETTING SERVICES

- [GuideStar](#): Works to gather and disseminate information about each IRS-registered nonprofit organization. They provide information on each nonprofit's mission, legitimacy, impact, reputation, finances, programs, transparency, governance.
- [NGOSource](#): is for those seeking partners in countries other than the United States because their specialty is in equivalency determination.
- [CharityNavigator](#): Assess over 8,000 of America's best-known charities and rates them based on two broad areas of Financial Health and Accountability and Transparency
- [CharityWatch](#): Calculates the rating of national charities based on audited financial information and two end calculations (Program Percent and Cost to Raise \$100).
- [Silicon Valley Community Foundation](#): Holds a vast Global Charity Database with NGOs/Charities that SVCF has vetted based on stringent criteria. They also work through Donor Advised Funds, in which SVCF manages the fund administration, investments and vetting of the nonprofits for the company.
- [GiveWell](#): examines nonprofits based on evidence of effectiveness, cost-effectiveness, room for more funding and transparency.
- [Global Impact](#)- Global Impact works with nearly 450 public and private workplace giving campaigns to generate funding for an alliance of almost 130 international charities.
- [Charities Aid Foundation](#)- CAF America is a global grantmaking organization assisting corporations, foundations, and individuals. CAF America streamlines the grantmaking process to eliminate risk and administrative burden.

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- [United Way Worldwide](#)- The [International Donor Advised Giving Program \(IDAG\)](#) program enables you to make a tax-deductible donation to a charitable entity (non-profits, orphanages, schools, universities) outside of the United States. The [International Support Fund](#) enables you to make contributions of less than \$5,000 to a specific member organization or geographic area.
- [Global Giving](#) – Global giving has a network of over 3,000 projects in 160+ countries provides the base from which you can find, fund, and track programs that match your corporate objectives.

BUSINESS ALIGNMENT RESOURCES

- [CECP's Shaping the Future Report](#)
- [CECP and FSG's Simplifying Strategy Report, Issue Monitor Model](#)
- CECP and [McKinsey's Issue Ripeness Tool](#)

Exhibit 11

Issue ripeness, a tool for picking where to get involved

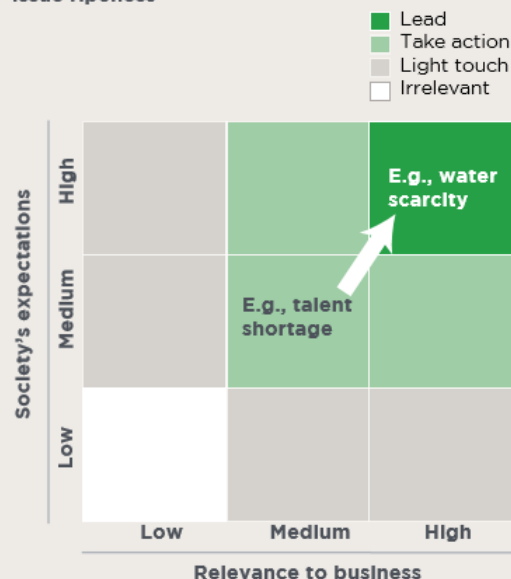
Society's expectations

- Perception of the severity of the issue to current or future generations
- Perception of company's capacity to affect the issue
- Perception of company's responsibility for the issue
- Potential to push for regulatory change
- Potential for consumer/employee backlash
- Willingness of stakeholders to collaborate

Relevance to business

- Evidence of gravity or magnitude of issue on the company, now or in the near future
- Core competency of the business to address the issue
- Legitimacy of the company as a leader on addressing the issue
- Potential for new business opportunities
- Resonance of issue with company values and core competencies

Issue ripeness



SOURCE: McKinsey analysis, expert interviews

Last updated: August 2020

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