

MegaTech Philanthropy Proposal

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Abstract

This paper contains in-depth summaries of the philanthropic programs implemented by the following high-profile companies: Bayer, Ernst & Young, Verizon, Best Buy, and UPS. This study uses internet-based research to describe, in detail, five key philanthropic programs chosen out of twenty for their varied and substantial efforts. This report outlines how the company uses foundation support, original programs, non-profit partnerships, employee match programs, and in-kind donations to further specific corporate goals. Next, it presents an overview of each program and analyzes the necessary resources for the programs, the impact each would have on the community, and whether or not the programs promote employee involvement. The research culminates in the recommendation of a single system that MegaTech should adopt as the model for their new philanthropic program.

Keywords: Philanthropy, Foundations, Corporate Responsibility, Giving

MegaTech Philanthropy Proposal

Philanthropic programs seem to be extremely diverse. MegaTech wished to avoid choosing the incorrect model for an organization; this could cause stability and performance issues. This paper will describe five different organizations and their philanthropic programs; our research showed the details and organizational ramifications of each, and settled upon a final recommendation for MegaTech. The right philanthropic program must have a balance of impact and resources, must involve employees in its mission and goals, and must enhance the corporate values of MegaTech.

Ernst & Young

Entrepreneur of the Year Award

The Ernst & Young Entrepreneur of the Year award is the company's annual competition to encourage leadership. (Ernst & Young, US Entrepreneur of the Year, 2012). Anyone associated with a successful entrepreneur can nominate a candidate, including family, friends, acquaintances, and colleagues. Self-nominations are also accepted for the award. Successful entrepreneurs in the business, academic, and media fields review the applications. The judges then break down the nominees into the following categories:

1. Distribution and manufacturing
2. Emerging
3. Energy
4. Financial services
5. Life sciences
6. Entertainment and communications
7. Real estate, lodging and construction
8. Retail & consumer products
9. Services

10. Technology

The judges select the most qualified candidate in each of the categories and the winners are announced at the regional awards gala (Ernst & Young, US Entrepreneur of the Year, 2012).

Ernst & Young Foundation

The chief goal of the Ernst & Young Foundation is to foster and support excellence in education, while preparing students for careers in the business world (Ernst & Young, Ernst & Young Foundation, 2012); however, Ernst & Young also devotes time to managing smaller philanthropic campaigns as well. These efforts include gift matching, a strategic planning partnership, and a relationship with: the American Accounting Association, tax programs and professorships (Ernst & Young, Ernst & Young Foundation, 2012).

Matching Gifts. Ernst & Young will match funds donated to affiliated colleges, universities, or select funds in the form of an in-kind donation. (Ernst & Young, Ernst & Young Foundation, 2012).

Strategic Planning Partnership. Another in-kind outreach Ernst & Young established is: The Strategic Planning Partnership. This program gives 33 business schools and accounting programs the tools to create their own strategic business plans (Ernst & Young, Ernst & Young Foundation, 2012).

Strategic planning for the American Accounting Associations' Executive Committee. Ernst & Young works to assist the American Accounting Associations' Executive Committee with any support, including funding and tools, needed to actively pursue its business plan.

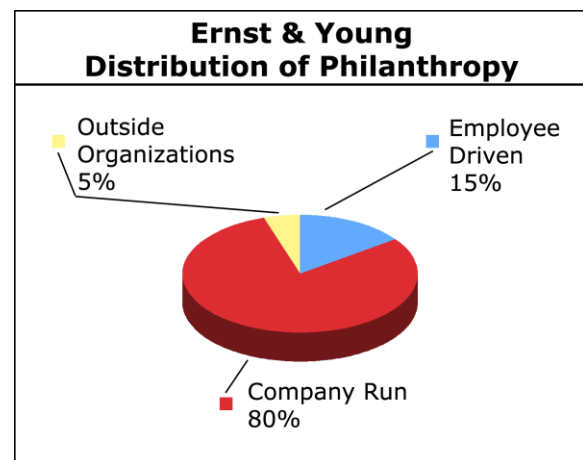
Tax programs. Ernst & Young recognizes successful tax professionals with both awards and business training sessions. The training sessions discuss current topics in the fields of: tax accounting, economics, finance and business (Ernst & Young, Ernst & Young Foundation, 2012).

Ernst & Young Professorships Program. The Ernst & Young Professorships program creates opportunities for accomplished accounting professionals to teach at affiliated colleges and universities (Ernst & Young, Ernst & Young Foundation, 2012).

Conclusion

Although Ernst & Young supports programs that foster leadership and support excellence in education, they fail to create substantial partnerships with outside organizations. Most of Ernst & Young's philanthropies are company driven. The organizations they do partner with are mainly in the financial industry only; therefore, Ernst & Young's overall philanthropic model is not far-reaching enough for MegaTech.

Although the above research displays some employee involvement, confirmed by the chart to the right, Ernst & Young does not make enough of an effort to encourage volunteerism and promote sustainable business practices amongst its staff. Contrary to the Ernst & Young model summarized in the chart here, MegaTech needs to



establish a philanthropy program enforcing more diverse philanthropic programs, encouraging more employee initiative, and stretching the boundaries of giving. MegaTech's philanthropy

program will include more employee involvement and more strategic partnerships to reduce the internal burden on operations.

Bayer Corporation

Bayer Foundations

Bayer's philanthropic efforts are primarily focused through foundations. Bayer Corporation, the US arm of Bayer AG, runs one of those: the Bayer USA Foundation. Bayer AG manages two additional foundations, one centered on scientific development and the other around community development (Bayer AG, Bayer Foundations, 2011).

Bayer USA Foundation. The Bayer USA Foundation is the primary foundation of the US arm of Bayer AG. This foundation does not run any internal programs on a regular basis, though it may make exceptions for special projects. Primarily, this foundation provides support for programs that align with its mission statement and goals (Bayer Corp, The Bayer USA Foundation, 2011)

Bayer Cares Foundation. Bayer Cares promotes volunteer projects completed by Bayer employees and citizens. This foundation is also primarily responsible for any disaster relief efforts taken on by Bayer, and is their primary method of funding local community development (Bayer AG, Bayer Cares Foundation, 2011).

Bayer Science and Education Foundation. This foundation supports original school projects in the natural science field and grants scholarships to students. The foundation also honors established scientists and supports professional research in a variety of scientific areas. (Bayer AG, Bayer Science and Education Foundation, 2012).

Additional Programs

Making Science Make Sense Program. For this philanthropy program, Bayer employees visit schools showing students the excitement of the natural science industry (Bayer Corp, Making Science Make Sense, 2012).

Health Programs. Additionally, Bayer runs a variety of high-profile initiatives that capitalize off of its medical research capabilities. Bayer's Global Business Coalition on HIV/AIDS works to bring awareness to the disease and raises money for research on how to fight it and provide medicine to those infected (Bayer Corp, Sustainability and Commitment 2011). Bayer is also working to discover a cure for Chagas Disease, a deadly parasitic infection endemic to Central and South America (Bayer Corp, Sustainability and Commitment 2011). Bayer formed the Mandala Project to fight world hunger and the Naandi Foundation to work against child labor (Bayer Corp, Sustainability and Commitment, 2010).

Partnerships

The United Nations Environment Program. Bayer Corp has traditionally sponsored this program corporately (though not through foundation support). This program gives youth an active role in environmental protection.

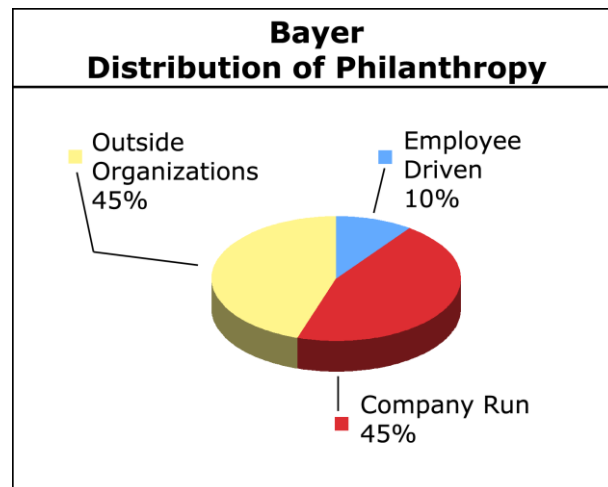
Exploration Fund. National Geographic and Bayer teamed up to create an Exploration Fund. This fund develops new processes to purify freshwater and drinking water. Bayer is also heavily involved in environmental and sustainable philanthropies through this fund (Bayer Corp, Sustainability and Commitment, 2012).

TB Alliance. Bayer works closely with the TB Alliance to fight Tuberculosis. Together, the TB Alliance and Bayer are attempting to develop a drug to cure Tuberculosis (Bayer Corp, Sustainability and Commitment, 2011).

Conclusions

While we appreciate the variety of philanthropies to which Bayer contributes, implementing too many different programs is will overwhelm a company and requires added resources. Maintaining multiple foundations could burden the organization. Moreover, this

suggests (to the public) a lack of focus and concentration on one specific goal. We suggest a more focused approach for MegaTech. Some companies choose to focus on sustainability, technology, volunteerism and employee programs. Bayer's philanthropic efforts, as indicated on the chart



to the right, are too focused on external organization support and internal efforts, which fails to engage employees in their mission and goals. Additionally, the heavy focus on external organizations could jeopardize brand control, adding to the confusion. Focusing on two charities allows a company to make their donations more effective, which, in turn gives a public appearance that the company is deliberate and making a large impact.

Verizon

The Verizon Foundation

Verizon practices a complex philanthropic approach. The company's efforts are primarily channeled through The Verizon Foundation. Verizon's website indicates the foundation's four areas of focus are:

1. Enhancing and improving education through technology

2. Preventing and increasing domestic violence awareness
3. Using technology to fund programs to promote internet safety
4. Simplifying employee volunteering on their own time (Verizon, Verizon Foundation, 2010, Community Impact section, para. 1)

Eligible, tax-exempt organizations supporting the above initiatives can apply for a monetary and/or volunteer grant through an electronic proposal. Verizon takes up to 90 days to review each grant proposal. The average monetary grant ranges between \$5,000 and \$10,000 (Verizon, Verizon Foundation, 2010, Grant FAQ section, para. 9).

Thinkfinity.org The Verizon Foundation is the backbone of the company's giving, and the Thinkfinity program is the key initiative of the Verizon Foundation (Verizon, The Verizon Foundation, 2010). Thinkfinity.org, is an award-winning website focusing on education. It provides free, online resources and tools for educators, librarians, teachers, students, parents, and non-profit organizations supporting the enhancement and improvement of education (Verizon, Thinkfinity, 2010, para. 1).

Domestic Violence

To prevent and increase awareness of domestic violence, Verizon set up a program called HopeLine. This initiative provides recycled cell phones to victims and survivors, giving them immediate access to help. Additionally, Verizon supports prevention programs and provides free technological support to foundations assisting the victims of domestic violence as they reintegrate into the workplace (Verizon, Verizon Foundation, 2010, Domestic Violence section).

Internet Safety

Since Verizon's business centers around technology, they support initiatives that educate individuals on internet safety. The Verizon Foundation provides funding to programs such as law enforcement investigations concerning internet-related crimes against children, education tools, DVDs, and websites focused on Internet safety for parents and educators. Outreach programs provide classroom curriculum used to teach students internet safety. Many of these resources are also provided through Thinkfinity.org (Verizon, Verizon Foundation, 2010, Internet Safety section).

Employee Volunteer/Matching Programs

Verizon provides employees with a unique incentive program. Many companies will match employee monetary giving; however, Verizon not only matches monetary contributions to eligible charities, they also provide motivation to employees for physical involvement with charities as well.

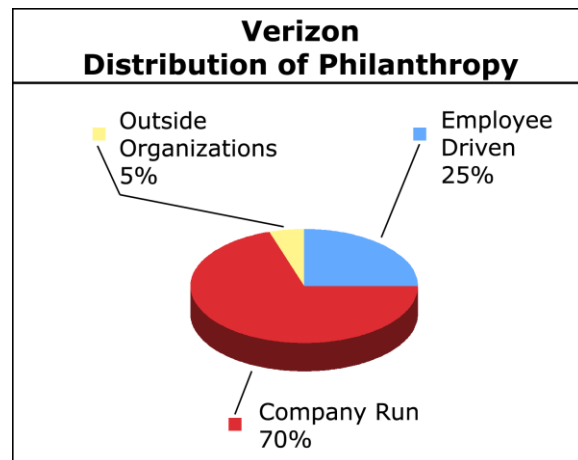
VIP grants/employee journals. Employees devoting time to a single charity on an on-going basis can keep track of the time they are volunteering in an online Volunteer Journal. If they journal 50 or more hours within a calendar year, they can apply for a VIP grant of \$750 for that charity. The organization has to verify that the employee volunteered their services for at least 50 hours and the employee must complete the online match request (Verizon, Verizon Foundation, 2010, Verizon Volunteer Programs section, para. 3).

Matching gifts program. There are four ways the Verizon Foundation will match an employee's monetary contribution to a charity: the Team Incentive Program (TIP), the Matching Incentive Program (MIP), the Disaster Relief Incentive Program (DRIP), and the Payroll Incentive Program (PIP). Through TIP, employees form teams of 10 or more and collectively raise funds for a public school or non-profit organization. Once the team raises funds and donates

to the non-profit or school, they can apply for Verizon to match those funds, up to \$10,000 per event. Through MIP, Verizon will match any individual contributions made to qualifying organizations by employees or retirees. DRIP activates when a natural disaster occurs. The Verizon Foundation announces it will match any employee contributions to disaster relief organizations during that specific crisis. The PIP allows employees to make direct contributions to The United Way and other health and human services through their paychecks (Verizon, Verizon Foundation, 2010, Matching gifts program section, para. 2).

Conclusion

Verizon maintains a very large and complex philanthropic program that focuses on education, domestic violence, Internet safety, and employee volunteer programs. As you can see from the chart, Verizon maintains a heavy level of control over their philanthropic efforts. Verizon's model of employee involvement is a



positive example; however, the resources needed to maintain such a detailed program do not align with MegaTech's goals for a hands-off philanthropic approach. A better choice would be to integrate employee involvement into a system where such oversight and monitoring is not needed. The positive aspects of Verizon's philanthropic endeavors are the employee contributions, the idea of a single foundation monitoring funding allocation to various organizations, and the support of technology based philanthropies. The negative aspects of Verizon's program include the detailed supervision required in some of the employee

contribution areas, as well as the complexity and quantity of Verizon's internally managed programs.

Best Buy

Like Verizon, Best Buy incorporates a complex approach to philanthropy with monetary grants and funding coming from The Best Buy Children's Foundation. The foundation provides grants, on both the national and community level, to non-profit organizations. These organizations must work to empower teens to thrive by assisting them in school, engaging them in their community, and developing their life and leadership skills (Best Buy, Community Relations, 2010, Overview section, para 2). Best Buy accomplishes these goals through @15, scholarships, community grants, and store donations.

@15

This unique philanthropy focuses on giving teens a "voice." The program places teen members in charge of 1 million dollars. The teens decide how the funds are allocated. Teens can join @15 and earn points by participating in easy, fun activities. Every three months, teen members can allocate their points to any of the featured non-profit organizations of their choice. Best Buy tallies the results and grants the million dollars according to how the teens disburse their points (Best Buy, Community Relations, 2010, Focus: @15 section).

Scholarships

This program awards scholarships to teens, grades 9-12, from the U.S. and Puerto Rico, who plan to enter a full-time, undergraduate program after graduating from high school. Up to 1200 students receive a \$1,000 scholarship yearly (Best Buy, Community Relations, 2010, Programs/Scholarships section).

Teach @15 Awards

Teens registered on the @15 site can nominate their schools to win a Teach @15 Award. Every 15 days, Best Buy awards 3 schools with Best Buy Gift cards in amounts ranging from \$500 to \$1500. The gift cards are usually used to purchase computers and other technology for the winning schools (Best Buy, Community Relations, 2010, Programs/Teach @15 Awards section).

Community Grants

Best Buy teams up with community non-profits by providing financial support to the organizations that give teens access to technology. In the past year, Best Buy donated 2 million dollars in community grants (Best Buy, Community Relations, 2010, Programs section).

Store Donations

Each Best Buy store in the U.S. has the individual discretion to support local, non-profit organizations by donating gift cards and/or products. These donations come directly from the store and specifically support 501c3 organizations within 50 miles of the store, including schools, libraries and after-school clubs (Best Buy, Community Relations, 2010, Programs section).

Conclusion

While Best Buy supports technology based giving to teens and education, their approach is more hands-on than MegaTech is equipped to administer. The distribution of



their programs is clearly displayed on the above chart, which indicates that far too many of their programs require significant company involvement. The scholarships and the Best Buy Children's Foundation Fund are aspects of this philanthropic program MegaTech can adapt in a new model; however, the high level of corporate involvement this model requires illustrates that this program is not a feasible option for MegaTech. In addition, the amount of resources needed to run these programs internally diminishes the presence of outside organizations and employee involvement, both key areas to promote a long-lasting and far-reaching philanthropic impact.

United Parcel Services (UPS)

UPS has chosen a slightly different model of philanthropy that combines many of the aspects present in the aforementioned philanthropic programs in a new and cohesive manner. Though UPS captures a wide spread with their philanthropy, they tailor their efforts to ensure minimal overhead costs. UPS offers scholarships through non-profit partners, encourages employees to volunteer through United Way, and offers direct grants through the UPS Foundation.

Community Involvement

Scholarships. UPS supports the scholarship efforts of specific non-profit organizations. While UPS does not manage these scholarships directly, their support allows nonprofit organizations to expand their reach and strengthen their scholarship programs. Many of these non-profits award scholarships to disadvantaged or minority youth (United Parcel Services [UPS], Philanthropy Programs, 2012, Scholarships Section para. 1,2). Additionally, UPS runs two internal scholarship programs for children of UPS employees, whereby a certain number of scholarships are allocated for children of full-time and part-time employees. The entire process is managed internally, through separate HR departments. This creates a greater sense of community

and shared purpose among UPS employees and allows them to directly benefit from the success of the company (UPS, Philanthropy Programs, 2012, Scholarships for UPS People Section para. 3,4).

Toys for Tots Literacy Program. UPS has always provided seasonal support to the Toys for Tots program, but has recently expanded this support by promoting a year-round book donation program. Customers can drop off books at any UPS location, and UPS will deliver them to local schools (UPS, Philanthropy Programs, 2012, Toys for Tots Literacy Program Section para. 1-3). This allows UPS to support a cause with nothing more than their existing resources and infrastructure. Similarly, UPS provides in-kind support during crisis situations, a high profile and low-cost charitable effort (UPS, Humanitarian Relief, 2012).

UPS Foundation

The UPS Foundation is a 501c(3) organization that provides funding in the areas of sustainability, diversity, community safety, literacy, and nonprofit effectiveness (UPS, UPS Foundation, 2012, Grant Strategy section, para. 1). By having strategic target areas, UPS maintains control over their brand and over the projects they support. UPS has further streamlined the process by publicly eliminating requests for proposals (RFPs) and letters of inquiry, the normal tools for organizations to express interest in funding. Instead, the UPS website declares that they identify nonprofit partners and, through those partnerships, invite organizations to apply for specific grants (UPS, UPS Foundation, 2012, Funding Strategy section, para. 1). Additionally, local UPS offices are encouraged to improve their local communities through grants and charitable sponsorships (UPS, UPS Foundation, 2012, Employee Driven Funding section, para. 1).

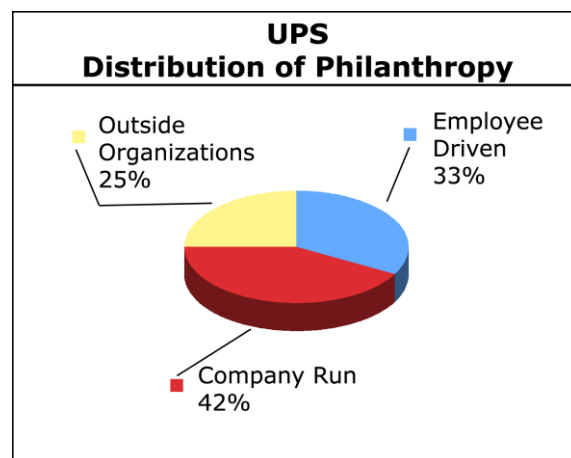
Employee Involvement

United Way. UPS provides a unique opportunity for employees to volunteer and donate through a partnership with United Way. According to their website, UPS employees contributed over \$48 million dollars to the annual United Way campaign in 2010. UPS routinely loans executives to United Way offices nationwide, to assist in organizing and managing the annual campaign (UPS, Philanthropy Programs, 2012, United Way section, para. 3).

Employee-Driven Funding. UPS asks employees to identify needs in their local communities and then recommend qualified organizations to apply for and receive grant funding. This ensures that the employees are invested in the goals of the UPS Foundation, giving them a say in the philanthropic side of the company. This also familiarizes employees with UPS target funding areas, better equipping them to discuss UPS priorities on a global scale (UPS, UPS Foundation, 2012, Employee Driven Funding section, para. 2,3).

Conclusion and Final Recommendations

UPS maintains a good balance of programs and activities, giving employees agency while keeping their efforts centralized and streamlined. The UPS Foundation strengthens non-profit partnerships and assists in local community development through the efforts of employees to earmark and target specific causes. United Way, the Annual United Way Campaign, and the Toys for Tots Literacy Program give UPS a national presence while relieving them of the burden of running a program of their own. As demonstrated in the chart to the right, UPS philanthropy is split uniquely, giving nearly equal importance to employee involvement and outside organizations. However, UPS still



maintains enough of a majority over their efforts to ensure they maintain brand control and create a sense of cohesion amid their giving efforts.

We recommend the UPS philanthropic model. It does not over-rely on employee involvement, nor does it present a significant corporate burden, but it still produces long-term, sustainable impacts. MegaTech should look to develop funding priorities, support local non-profits within those priorities, develop internal support programs for employees and their children, develop a crisis assistance plan, and involve employees in major foundation gift planning. By keeping the foundation closed (not interested in unsolicited donations) the administrative work is kept to a minimum while employee involvement is encouraged.

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