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Leadership and Corporate Giving

by

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Introduction

Objectives

Students at the University of Richmond and many other independent colleges and universities in Virginia are the primary beneficiaries of a remarkable labor of which they are, in most cases, completely unaware. The Virginia Foundation for Independent Colleges, put quite simply, raises funds from Virginia corporations to be distributed to its fifteen member institutions.

The VFIC set a new fundraising record for the thirteenth consecutive year in 1994. They have, however, identified a potential crisis in their work in that corporate dollars are becoming increasingly difficult to obtain because of increasing competition and a changing corporate world. In comparison to national trends, VFIC fundraising results are not growing and its donor base is, in fact, declining. They have recognized a need for an examination of the relevance of their own marketing strategies to today’s corporate giving philosophies.

In turn, the needs of the VFIC have created an opportunity for inquiry into corporate giving from the perspective of the individual corporate executive. This paper details both my efforts to fulfill the needs of the VFIC and to gain insight into the leadership issues surrounding business philanthropy. I seek to answer the questions: 1) What motivates a leader to have his
company participate in corporate giving and what are the desired, perceived, or real effects of this giving on his or her followers? and 2) In what ways can the VFIC present itself and its case as a more attractive recipient of corporate donations in Virginia?

Research

In answering these two questions, and the multitude of others that will inherently arise, a variety of research methods have been used. Previous research and philosophies of corporate giving, nonprofit fundraising, and business leadership were consulted to establish a framework from which to discuss the topics. The literature of the VFIC and the marketing research conducted on their behalf by the Richmond based advertising firm of Arnold Finnegan Martin are used to bring a real world basis from which to explore the issues of corporate giving and leadership. The focused interviews (see Appendix A) I have conducted with actual corporate executives involved in their company's giving decisions serve as the primary source of data for analysis, to be supplemented by the results of a quantitative survey (see Appendix B) taken by these same executives.
"The field is becoming progressively more challenging, complicated, and competitive."
- John Schwartz, Modern American Philanthropy, p. 13

Corporate Giving

History

Philanthropy has long been a component of the American spirit, but corporate philanthropy as we know it today is a product of the twentieth century, as Peter D. Hall asserts in his article, "Business Giving and Social Investment in the United States." Major changes took place in giving during the years of 1900-1935. Before this, the individual businessman was the "charitable actor" in philanthropy, Hall argues. The post-civil war industrial boom placed successful men in a position to garner great public attention through charity. (Hall, p. 227)

Around the turn of the century, however, the retirement of these wealthy business owners created the situation that usually exists today. Managers began to take the place of owners and there arose a separation between ownership and control. Carnegie, whom Hall cites as an example, was giving away his own personal fortune. Such is no longer the case, and giving philosophies have changed in accordance. (Hall, p. 227-8)

Another event that is worth noting occurred in 1935. During that year, the tax act was passed that enabled corporations to report charitable contributions to their own benefit. While this had a great effect on corporate philanthropy in terms of
participation, its significance is diminished by the fact that its impact on decisions of philanthropic destination was relatively small. It became necessary, however, for a nonprofit organization to maintain tax-exempt status. (Hall, p. 238)

Currently, the abundance of needs and nonprofit organizations serving them has created a situation in which there is not enough support to satisfy all fundraising efforts. Jerry Quigg, Vice President of Public Affairs at the University of Richmond, states quite simply that "there are only so many corporate dollars to go around." The issue, in his view, becomes not one of finding a corporation with a charitable inclination, but rather of making a case that is competitive in the race for these funds.

The Giving Decision

One of the primary questions that arises is that of why modern corporations give. One insightful framework from which to begin to answer this question is presented by Joseph Galaskeiewicz in his article, "Corporate Contributions to Charity: Nothing More than a Marketing Strategy?" According to Galaskeiewicz, there are five reasons for corporate giving, four of which are useful in that they affect both the decision to give and the decision of where to give. The irrelevant reason is that of giving as a tax strategy, because it affects only a decision to give. The other reasons, especially the final two, serve as an excellent foundation from which to launch an analysis of giving decisions.
Of the remaining four giving reasons, the first is the idea of giving as a marketing strategy. For example, a company such as Apple Computers Inc. might donate hardware to colleges and secondary schools, knowing that students who become proficient on those computers are likely to purchase those computers later in life. The argument Galaskeiewicz makes for contributions as a marketing strategy can be summed up in the notion that socially responsible behavior helps attract and hold customers. (Galaskeiewicz, p. 247) Richmond's own Ukrop's supermarkets come to mind as an example of a corporation that is the recipient of substantial marketing benefits caused by their philanthropy in the community. Since I have not interviewed anyone at Ukrop's, however, I cannot say for sure if this benefit was included in their motivation to give.

Executives of companies with whom I have had an opportunity to interview have presented data that both supports and dismisses this giving reason. Larger corporations, such as NationsBank, Virginia Power, and Crestar, contend that marketing benefits do not have an effect on contribution decision making, while it is apparent that they do for some corporations.

The second reason for corporate giving, according to Galaskeiewicz, is for public relations. Corporations, he argues, strive to be perceived as good corporate citizens. This idea relates more closely (as opposed to marketing) to the views of the corporate leaders with whom I spoke, but is inadequate in that it assumes that corporations are giving purely out of a
desire to be seen as good citizens and are, in effect, unmotivated by the positive results of this perception to their business future. (Galaskeiewicz, p. 247) No one I spoke with made an attempt to cite the spirit of philanthropy as the only reason for giving and some even said outright that while publicity and other benefits often do not figure largely into their decision, they rarely give out of pure altruism.

A third reason for giving that Galaskeiewicz offers, which really is a properly integrated version of the first two reasons, is termed "enlightened self-interest". This is the philosophy that most resembles the general view of corporate leaders whom I interviewed. Enlightened self-interest is summed up in the idea that by being sensitive to community needs, corporations will have a better community in which to conduct business. It encompasses a double agenda of sorts, allowing for both altruism and the benefits of that result. (Galaskeiewicz, p. 249)

Eva S. Teig, the Vice President of Public Affairs at Virginia Power, supports this notion with her view of giving as "investing in the community and ourselves." This has become, Galaskeiewicz argues, an "acceptable and legitimate way to rationalize corporate giving programs." (Galaskeiewicz, p. 249) My interview research indicates that enlightened self-interest is not only a rationalization for corporate giving but also a fundamental, motivating belief.

Even contribution program literature, in a politically correct manner, supports this notion. For example, Crestar
Financial Corporation's pamphlet, entitled "Corporate Contributions Program," begins with the statement, "There are few factors more essential to our physical and mental well-being than the economic vitality and quality of life of the communities in which we live." Structuring that sentence according to cause and effect, it is clear that Crestar is not afraid to admit that one of the final results of their giving is their own physical and mental well-being. Furthermore, the simple fact that a majority of all corporate donations are made in the community or communities in which a company operates supports the existence of enlightened self-interest as a reason for giving.

Finally, Galaskeiewicz's final reason is the fact that giving can be seen as a form of social currency. Giving, he claims, becomes the norm among the corporate elite and causes executives to conform in order to remain in these inner circles. (Galaskeiewicz, p. 252) While one might view this merely as a cause of giving rather than a determinant of location as well, it is an important issue because of the relationships between a community's business executives with nonprofit organizations and with each other.

For example, I have noted that in Richmond, many executives serve on boards of nonprofit organizations and many top executives know or are aware of each other and key nonprofit organizers. The network that has developed is one in which corporations strive to have their executives hold important nonprofit board positions. The widespread influence of this network
of individuals on the giving decisions of diverse corporations is
difficult to measure but cannot be denied. Relationships offer a
powerful tool in soliciting corporate gifts and nearly all of the
individuals with whom I spoke referred to a relationship or lack
of relationship with a VFIC member or supporter as a factor in
their giving decision.

A Word on Leadership

The repercussions of Galaskeiewicz’s model on the issue of
leadership in regards to corporate giving are numerous. The
corporations, and therefore the leaders, determine for themselves
which reason for giving is most important. It is the up to the
leadership to decide whether to use a contributions program for
marketing, community improvement, indirect self-interest, status,
or, if possible, a combination of these. These considerations
and this model, however, focus on giving as it pertains primarily
to the corporate entity. Before any generalizations about
leadership can be reached, the perspectives of individual leaders
must be consulted.
"To Secure private-sector financial support in order to advance and perpetuate the distinctive values and strengths of undergraduate education in member independent colleges and universities of Virginia, thereby facilitating and enhancing the development of tomorrow's citizen-leaders."
- VFIC Mission Statement

The Virginia Foundation for Independent Colleges

The Organization

The VFIC is a nonprofit corporation founded in 1952 by the presidents of the University of Richmond and Washington and Lee University. Since that year, they have raised and distributed over $71 million for its member institutions, boasting only a 6% ratio of funds raised to operating expenses.

The VFIC is operated primarily by its President, Robert A. Spivey, and its Vice President, Jerry T. Haynie. Also involved in the organization are an active board of trustees, a representative in Northern Virginia, legal counsel, and a two-person secretarial staff. There are 52 current members of the VFIC Board, led by Chairman J. Stewart Bryan of Media General and Chairman-Elect Robert H. Spilman of Bassett Furniture Industries, Inc. Additionally, the Presidents of each of the VFIC’s fifteen member colleges sit on the board.

The Case

The VFIC case is compelling. They are able to satisfy a number of the reasons for giving proposed by Galaskiewicz. The VFIC is able to confer tax exempt status on funds donated. They are able to exert influence from a social currency perspective
through their board members. They are able to give public relations and, to some extent, marketing benefits through their annual report, university annual reports, and luncheons.

The strongest case for the VFIC in terms of Galaskeiewicz's reasons for giving, however, is that of enlightened self-interest. As VFIC literature clearly points out, giving to education causes many positive effects to the communities in which the schools are located. For example, one VFIC pamphlet indicates that the economic impact of member university students, many of whom bring out-of-state dollars into Virginia, can be estimated conservatively at $500 million dollars per year. (VFIC pamphlet entitled "VFIC")

Furthermore, the VFIC case extends to particular reasons a corporation might give to them rather than another nonprofit group. According to the VFIC annual report, they are convenient, fair, and cost-effective. In other words, the VFIC offers one solicitation for 15 colleges, saving corporations the trouble of dealing with each school individually. They distribute funds according to a formula, with 60% of all dollars divided among all fifteen schools equally and 40% divided according to enrollment. They ensure that 94 cents of every dollar goes directly to benefit the institutions and students they serve.

The VFIC also offers a balance in education to communities and corporations. Their case argues that corporations support public universities through taxes and that contributions are needed to support independent schools to ensure that students
retain a choice in their education. This argument is based on the premise that some students prosper in smaller, residential universities in ways they cannot at larger public universities.

A number of VFIC case advantages fall directly into Galaskiewicz’s enlightened self-interest category. These include the economic considerations mentioned above, the production of business and community leaders at VFIC colleges in numbers disproportionate (and positive) to their enrollment as compared to public universities, an abundance of community service opportunities at the colleges, and an emphasis on values, ethics, and responsibility created by private university honor codes. Each of these case benefits directly enhances the communities in which VFIC target corporations live, and thereby enhances corporate business in general.

Arnold Finnegan Martin

The Richmond based advertising firm of Arnold Finnegan Martin, in its research, has identified similar, more specific benefits of the VFIC case to corporations. In assessing corporate reasons for giving, the marketing firm has established what amounts to an enlightened self-interest corporate philosophy, which includes corporate citizenship, deserved recognition, a means of investing in future resources, mutually beneficial contributions, and insurance that dollars are going where they are most needed. In establishing a case for the VFIC based on these corporate needs, Arnold Finnegan Martin identifies five VFIC offerings that should be emphasized:
1) The opportunity to give to those students who will thrive in a more individualized learning environment the chance to do so.

2) Assurance that the vast majority of funds contributed will go directly to benefit students.

3) Verification of the positive effects of donors’ contributions on the colleges and students.

4) Broad recognition and gratitude.

5) A simple, effective means of supporting private higher education.

(AFM Marketing Evaluation, pp. 5-6)

One of the purposes of my research, under the direction of VFIC President Bob Spivey, is to establish the validity of this case from the perspective of actual corporate leaders. To this end, I have incorporated elements of the Arnold Finnegan Martin research into my interview structure and surveys and will return to their work periodically during my analysis.

**A Word on Leadership**

Robert Spivey and Jerry Haynie, who hold the day to day executive positions in the VFIC, do not have a body of employees below them to lead, but their duties involve much more than the solicitation of corporate funds. Their work encompasses many of the duties of a leader. VFIC leadership must attempt to persuade other leaders to give. They must motivate board members to be involved.

It is important to note, then, that the VFIC leadership has recognized the existence of broader issues of corporate leadership which have an effect on giving. They are trying to determine the nature of those issues in the hopes that an
empathic understanding of corporate leaders and giving dynamics will allow the best possible case for the VFIC to be determined for and communicated to each corporation they approach. The findings of Arnold Finnegan Martin are too specific to be considered in terms of leadership in general, but they form the crux of the question of VFIC leadership: Are these the most effective arguments on which to base our case, and if not, what are?
"I wouldn't want to see them spend a lot of money on recognition, but students knowing the supporters? Yeah, there would be advantages there. Parents too."

- Edward C. Tosh, Assistant Secretary, Media General, Inc.

The Interviews

Giving to Independent Higher Education

There was a definite consensus among those interviewed that private education has a greater need for support than public education. Jerry Quigg, in fact, suggested that the VFIC case needed to include and emphasize the fact that every corporation is supporting the University of Virginia through their tax dollars, but can only support other, equally deserving private institutions through a conscious decision. The idea that this fact might persuade corporations suggests that fairness is a consideration for some, if not all, corporate bodies of leadership.

While time constraints did not allow the presentation of this notion at each interview, those with whom I did discuss it found it to be a valid case point, but one of which they were already fully aware. Charles Tysinger, Senior Vice President of Central Fidelity Bank, for example, pointed out the occurrence of what he calls getting "double-whacked". He was referring to, in other words, the solicitation of his company by public institutions that are already receiving tax funds. As a leader and representative of his corporation, his opinions indicate that fairness can be a leadership consideration.
Another matter of general agreement among those interviewed was that private institutions offer opportunities to students unavailable at public universities. This sentiment had the greatest impact in companies which actively recruited employees from the VFIC schools. Edward C. Tosh, Assistant Secretary of Media General Corporation, stated outright of the schools, "Our future employees will be educated there." The awareness of the impact of a gift on his own corporation's future members constitutes an issue that Media General's executives consider in their leadership of the company.

The dissenting opinion on the issue of the advantages of giving to private colleges came from Signet Bank's former Corporate Secretary, Andrew T. Moore, who said that private schools are often so small that they have a "limited ability to offer a quality, broad range of studies" and therefore can turn out less developed students. At the same time, however, Mr. Moore also expressed the view that there is often a positive difference in the attitude of individuals coming from private institutions. Furthermore, he argued that only some of the VFIC institutions are limited in their programs.

Tom Vaughan made another point representative of the advantages of independent higher education by noting that in major universities, the teaching is often done by teaching assistants while the actual professors are spending their time in research and development. Mr. Vaughan suggested that the VFIC should emphasize the quality of education in their member
universities and the fact that teachers in the VFIC colleges are in the classrooms "where they belong." This suggestion, as a VFIC case addition, met with approval from many of the other executives whom I interviewed. One consideration that was brought to my attention, however, was the fact that the University of Virginia's strong academic reputation weakens the argument and that it might therefore not be an advisable strategy in Virginia.

Whether or not Tom Vaughan's suggestion is considered viable, it raises another issue in regards to corporate leadership. Tom Vaughan was not making that suggestion from the perspective of a CEO. He was making it from the perspective of a parent. He demonstrates that human, personal interests can play a resounding role in the giving decisions of a corporate leader. 

**Giving to a Conglomerate Organization**

Giving dollars to a conglomerate organization in higher education was also seen as more of a benefit than a detriment to decision-making executives. The overwhelming majority supported the stance that a single solicitation is easier, time-saving, and more cost-effective to both the corporation and the universities involved. The implications of this position to leadership are obvious in that they reflect basic principles of business. Time, energy, efficiency, and value translate into success.

Always the realist, Kip Moore held the opinion that while all these benefits may be true of a conglomerate organization, the benefits are not that great in relation to other, more truly
influential ones. He pointed to the VFIC’s prominent board of directors as the reason for its success, rather than the peripheral issues of quality education and efficiency. Nevertheless, they are benefits that must be communicated.

The only disadvantage associated with the VFIC’s status as a fundraising organization for multiple schools is what Edward C. Tosh called the "loss of control." A few executive interviewees and Jerry Quigg argued that giving to the VFIC limits the control an organization has as to which schools and which projects truly receive a company’s aid. While the VFIC maintains that they allow for earmarking of contributions, they do not solicit expressly for such donations and seem to have created the view that they are limiting in this manner.

One remedy to this misconception might be to communicate outright the possibility of earmarking contributions. Since this does not keep with the spirit of the VFIC’s fundraising, however, a more effective solution lies in their overall communication to contributors. A suggestion made by Charles Tysinger was that the VFIC communicate more specifically where the money they give goes. He would like for his donation to be more "tangible". The VFIC might track exactly how their donations are being used by different schools and communicate this data in their literature.

Other executives interviewed held the same view as to the destination of donations. While all of the current VFIC supporters seemed to trust that the VFIC funds were being used effectively, they also agreed that more concrete examples of its
use would bolster the case for giving. There are still more ways in which this can be accomplished.

For example, another suggestion that was made by a number of individuals was increasing the use of actual students in the VFIC case. Tom Vaughan referred to a VFIC luncheon, in which a Hampden-Sydney student spoke about the actual effects of VFIC funding on his own life (through a scholarship he received), as one of the most potent case statements he had ever seen. "You just like to know your money is being used for a real purpose like providing quality education to kids who couldn't afford it otherwise," were his remarks on the issue.

The tangibility of an organization's contribution stands out as an important leadership issue. It poses the question: Can our giving decision have an effect on our employees and on the public if we cannot tell them where our money actually ended up? The fact that a leader would like to see or know exactly what good his contribution did represents both an organizational consideration and a human concern.

**Recognition**

Another important concept that was worked into the interview structure was the issue of recognition. Arnold Finnegan Martin placed broad recognition among the most influential offerings of the VFIC and research found this to be a more complex issue than it would seem. The AFM wording was "recognition and gratitude". Arnold Finnegan Martin intended those words to be nearly synonymous with each other, but they seemed to imply a term that
executives liked to speak of separately: advertising.
Recognition can be separated into the two components of gratitude
and advertising.

Everyone loves gratitude. Everyone wants gratitude. These
conclusions are easily drawn from the data. The concept reaches
back to Galaskiewicz’s idea of social currency. A corporation
gives to the VFIC and they are thanked in writing by the VFIC, by
university presidents, and often, by some of the VFIC’s
influential board members. Their company’s name appears in the
VFIC’s annual report and in the reports of each of the member
institutions. This is certainly broad recognition and it
surely keeps contributors happy and willing to contribute
again. It does not serve, however, as advertising in a broad

The existence of this dichotomy in the nature of recognition
was first pointed out to me by Elizabeth Seaman, who is the State
Contributions Coordinator of NationsBank. Ms. Seaman was quick
to point out that the recognition received from the VFIC was
adequate, but wondered how many of the students and faculty of
member universities were aware that NationsBank was a
contributor, or even that the VFIC existed. Similar concerns
were raised about the general public and the fact that relatively
few people ever actually see the annual reports that serve as the
main form of VFIC recognition.

Why, then, has recognition as advertising and recognition as
gratitude not been a real issue in the past? What we have, in
effect, is a return the Galaskeiewicz notion of giving as a marketing strategy and the leadership question of: Does our corporation’s giving program need to have a positive effect on marketing? The fact is, the VFIC’s largest contributors are satisfied with the gratitude and do not need advertising. The banks and other large corporations, such as Media General and Virginia Power, simply do not give in order to generate public awareness. Even Ms. Seaman made sure to point out that she was speaking of recognition in general and not reflecting the views of NationsBank with regard to advertising.

Tom Vaughan, the President of the Crestar Foundation, sums up the views similar of the other large corporation representatives with whom I had the opportunity to speak when he says:

"We don’t go out of our way for public recognition. For every grant we make we have to turn ten down. A picture in a paper draws more solicitations and angers more people than it makes happy. We don’t use our donations program to promote the bank."

The bottom line is that the large corporations do not need for philanthropy to have a direct effect on their business. It is enough that business will improve as the community improves and as more and more well-educated employees are turned out by the schools they support.

Other companies, however, see the recognition issue in a different light. Drew Carneal, the Senior Vice President and Corporate Counselor for Owens and Minor Inc., explained that at least half of their charitable dollars goes toward the health
care facilities that serve as his company’s customers. "Our customers appreciate that we look out for their needs," he says, which, in turn, maintains a solid business relationship. Of course, Owens and Minor’s customers are not the public in general, so they do not expect, nor would they benefit from, true advertising recognition from the VFIC.

The conclusion that can be drawn is that broad gratitude is more important than advertising and that in many instances, including those of the VFIC’s largest supporters, advertising is entirely not a consideration. For a leader in general, however, it poses an issue that demands resolution. The leader of a small corporation, no matter how much pleasure he or she derives from the gratitude of college presidents, might be concerned with the fact that a donation to the VFIC will do very little to improve business. Concerns such as this lie at the heart of my research question: What motivates a leader to have his company participate in corporate giving and what are the desired, perceived, or real effects of this giving on his or her followers?
"Employees learn about problems outside of the workplace and that they can be a part of the solution. It is a major part of our corporate culture."

- Eva Tieg, Vice President of Public Affairs, Virginia Power Company

**Leadership**

**Intent and Action**

The issue of leadership in corporate giving can be broken down into three main components: intent, action, and the giving decision. The term intent is used specifically to refer to two concepts: 1) The level of awareness a leader has regarding the effects of giving on followers, who are defined as company employees (which can include higher level executives and board members), and 2) The manner in which the leader controls the nature and communication of the giving in order to maximize the perceived positive effects.

In this regard, a number of the leaders interviewed felt that their giving programs and the communication of their gifts effectively boosted employee morale and pride in their company. According to Kip Moore of Signet, "Pride and excitement, to a degree, comes from being part of a giving organization."

In all of the banks, in fact, corporate giving was an issue that was clearly articulated and communicated to employees in written form. Many of these organizations utilize matching gifts programs in order to encourage giving. According to Betsy Seaman, NationsBank includes their matching gifts program in
their literature, in their initial employee orientation, and in their periodical newspaper. This, she claims, encourages what she referred to as a "culture of giving."

Of greater importance than monetary contributions, however, would seem to be the gift of time and energy. Even executives at the banks, with their corporate giving programs firmly in place, agreed that the real heart of building a giving, prideful culture in an organization is through participation. Action is perceived as having a greater effect, when employed correctly, than dollar giving.

Two reasons for this perception are the problems inherent in matching gifts programs and the distance separating most corporate employees from the giving decision. Drew Carneal, the Senior Vice President and Corporate Counsel of Owens and Minor Inc., indicated that his company did not employ a matching gifts program because those programs are exclusively designed to be used by upper level management. Lower level employees, he feels, do not have the funds needed to feel good about being in the program. Betsy Seaman even remarked how it was "appalling how few people take advantage of the matching gifts program, other than the top tier of employees."

In terms of impact on employees, the consensus was that programs of participation outweighed outright financial spending, even when properly communicated to the employees. Ms. Seaman's organization employs a Habitat For Humanity program in which 600 employees are able to build and fund housing for the poor.
"People could see what they were contributing to - not just an idea," she explained. This concept, the need for tangibility to exist in order to maximize the effects of giving on a leader’s followers, again has ramifications for the VFIC. Corporate leaders not only want to know the effects of their donations as concerned humans, but also need to know in order to best affect their employees.

Another intent of philanthropic programs that Ms. Seaman helped identify was that of unity. According to her, NationsBank’s Habitat For Humanities project simply brought all of those employees together, from upper management to bank tellers. It served to "cut across lines," she claimed. She looks at giving, both financial and participatory, as ways to build corporate unity.

Eva Tieg of Virginia Power, who is quoted at the head of this section, argued that the building of a corporate culture is a primary intended effect of corporate giving. The volunteer programs of her company allow employees to work together at helping others, which "conveys the message that we care about our community," she says. It is a message that is intended to filter down through the organization.

The second piece of evidence behind the argument that participatory giving programs are better leadership tools than financial ones was that the majority of a corporation’s employees are far removed from the giving decision. One company that is addressing this issue and trying to turn dollar giving into a
fully effective leadership tool is Owens and Minor, Inc. The upper level management of Owens and Minor is attempting to empower the entirety of their organizational chart in the hopes of increasing the commitment and productivity of their employees.

They are actively using their contributions program as one of the means through which they hope to achieve this goal. Drew Carneal explained that they have created a giving committee, made up of high, mid, and lower level executives, to which any employee may bring a proposal. Mr. Carneal explains,

"We are trying to push decisions down, encourage teamwork, and make people feel a part of the situation. Everyone has a stake in charity. When employees see money spent or work on projects for the company, it raises morale and makes them feel a part of the company."

At the other extreme from Owens and Minor was Avec Electronics Corporation and its President, James L. Jenkins. He states, "I’m not sure how well our management communicates their giving to employees. We really haven’t done a good job at that." In Avec, in fact, the only corporate giving of which lower level employees are aware are gifts that go to the company’s clients, which are always commercial organizations.

The reasons for this are simple, Mr. Jenkins states. Avec Electronics is a small company that does not have a highly structured giving program. He personally decides where his company’s gifts will go and he makes this decision according to where his personal interests lie or what board he is serving on at the time. When he was on the board of a home for disabled
children, he gave to them. He had a direct contact with those who were in need and knew the money would be put to good use.

For the VFIC, this would imply that in a small company, where giving decisions are made largely by one individual, the primary factors (besides a direct relation to business success) are an empathic awareness of a need and a relationship of trust with the organization asking for the gift. Of equal importance is the discovery of the perceived effects of giving on a leader’s followers: the boosting of pride and morale, the establishment of a corporate culture, the building of unity, empowerment, and the increasing of productivity and commitment.

**The Giving Decision**

The situation that Mr. Jenkins and Avec Electronics Corporation is in relates to the third component of leadership in corporate giving: the actual decision of where to give. To some, it may be seen as an ethical consideration. Can a company choose one organization over another equally worthy one only because the company’s leader prefers it or has a better relationship with the first organization?

The University of Richmond’s Jerry Quigg is quick to dismiss this notion. "I don’t know if I’d call that an ethical issue," he explains. "Corporate favoritism is real world." To Jerry Quigg, and to the executives to whom I mentioned this issue, relationships between leaders of corporations and nonprofit organizations exist and should not be considered unethical. It actually seems to be considered no less ethical than giving money
to the university from which you graduated.

The concept of a leader being influenced by a relationship ties directly into Galaskiewicz’s idea of social currency again. More than one executive with whom I spoke stated that the VFIC’s board of trustees was the primary reason behind the success of the organization. Maintaining a strong board in the future is a task that falls upon VFIC leadership. As Charles Tysinger of Central Fidelity puts it, "The VFIC has always had movers and shakers on its board. Right, wrong, or indifferent, that’s the way it works."

Both Betsy Seaman and Eva Tieg expressed board related concern for the VFIC. They wondered if the board was keeping up with changing corporate cultures. For example, were women and minorities represented on the board? Did the board need new, youthful blood to increase its level of energy? Finally, and most importantly, were young leaders being brought into the fold so that they would be in place with a true VFIC relationship when older corporate leaders retired? These are issues that must be considered by VFIC leadership as they look to the future.

Relationships between corporations and VFIC board members and VFIC staff are a major factor in giving decisions in Richmond. That is easy to discern, but the extent to which these relationships have influence is not. The problem is, nobody gives for only these reasons. In fact, research has led to the conclusion that the dynamics of the decision of where to give corporate money boils down to four main factors: 1) community and
In order to better structure the dynamics of this decision, I have created a model of the situation, entitled "Leadership Factors in Corporate Giving." (See Appendix C) It assumes that the decision to give in general has been made. In the center of this model is the leader or leadership body of an organization. Each of the four factors pulls in a potentially different direction. However, not all factors must necessarily be affecting every leader’s decision.

The first factor, community and public interest, and the fourth factor, the leader’s preferences, most nearly represent altruism. They are the questions, respectively, of "How can we best improve our community and the quality of peoples lives?" and "What needs do I as a human being, or we as a corporate entity, really care enough to respond to?" Of course, the answers to each of these questions may comprise a small or even large degree of enlightened self-interest on the part of the leader or leadership body.

The second factor, the marketplace or marketing strategy, and the third factor, relationships, represent less altruistic tendencies. These ask the respective questions of "Which gift will best directly improve our business?" and "To whom do we feel the greatest ties and should therefore lend our support?" These factors can be further affected by the nature of a corporations marketplace, public or commercial, and the nature of a
relationship, personal or corporate. Corporate relationships especially suggest the Galaskiewicz concept of giving as social currency.

The important thing to remember with regard to this model is that each leader or leadership body might be affected by many combinations of these four factors, but rarely all four at once. For example, in the Richmond banks and large corporations like Virginia Power, giving philosophies are clearly articulated. Gifts are not greatly affected by the factor of a leader’s preference, as leaders must instead adhere to corporate giving guidelines. It was also pointed out, as discussed above, that in these companies there is virtually no concern for public recognition with regard to directly improving business. The marketing factor is therefore also eliminated. What remain are the community and public factor, slanted toward enlightened self-interest in these cases, and the relationship factor, which is the only one that my research has indicated to always be present.

In a smaller business like that of Avec Electronics, the most important factors are the leader’s preference (because, after all, it is his company and his money) and, to an unpredictable degree, relationships. This scenario can be traced back to the history of corporate giving. There exists in Hall’s conceptualization of this history the notion that giving changed when post-civil-war opportunists retired from their businesses and gave them over to young executives. (Hall, pp. 227-8) In most cases this is true. In the small, privately owned company,
however, the leader’s preferences still reign.

Owens and minor is still another company that has its own unique dynamics. They place an emphasis on the marketplace as well as the relationships they maintain. At the same time, however, they are attempting to empower their employees and are therefore succumbing to the preferences of many leaders.

This model requires the possession of some knowledge of a corporation’s leadership, marketplace, and giving philosophies. For this reason, it is difficult to predict whether or not it may be a useful tool for determining effective VFIC approaches to prospective contributors. In any case, it structures the motivations behind a leader’s decision to give in terms of how they affect his decision of where to give.
"People need to know what the VFIC stands for and I don’t mean their initials."

- Andrew T. Moore, former Vice President, Signet

Bringing It All Together

Recommendations to the VFIC

In what ways can the VFIC present itself and its case as a more attractive recipient of corporate donations in Virginia? These are the suggestions to which the research has led. For additional support, the findings of the quantitative surveys (see Appendix B) will also be incorporated at this point. A single-spaced copy of these recommendations can be found in Appendix E.

1. Maintain emphasis on quality education, integrity, and efficiency, as recommended by Arnold Finnegan Martin. Although that firm articulated these things a bit differently, they are three of the five benefits that were identified in their research. They are the backbone of the VFIC case. They must be communicated clearly and in no uncertain terms, but should not be dwelt upon once they are understood by a corporation’s leadership. Each was rated among the five most important benefits of contributing to the VFIC. Integrity and efficiency were numbers two and three, respectively. Also emphasize the fact that contributions to the VFIC improve the Virginia community and economy. This was number one. Bear in mind, however, that the statistical data may be slightly skewed by the
disproportionate (high) number of banks that participated in the survey. Undoubtedly, the community is of greatest importance to corporations that large.

2. **Maintain a strong board of trustees and strong leadership.** It may seem too obvious, but the overwhelming feeling was that the VFIC’s previous, present, and continued success depends on its board. **Encourage board members to actively expand the VFIC network.** Remember that relationships are the only ever-present and unpredictable factor in a leader’s decision of where to give. Be sure to build these not only in solicitation calls but also through informal board contact. **Insure that new leaders, with strong emotional ties, will be present when the "old guard" retires.** This was another issue that was brought up on more than one occasion. Will new CEO’s really care about the VFIC? Only if they care while they are Vice Presidents and Secretaries. These individuals can become a networking resource as well.

3. **Increase the tangibility of VFIC contributions and effects.** Organizations with whom I spoke liked the idea of giving unrestricted funds to many colleges at once. They liked it so much that the benefit of "equitable giving to many colleges" also ranked among the top five in my survey. More remarkable, however, was the clear margin by which the potential case improvement of "more communication of positive results of VFIC donor contributions" came out on top. This is also one of the benefits highlighted by Arnold Finnegan Martin, though
research indicates that it is not yet a perceived benefit. A contribution does not have to be earmarked from the start for its use to be communicated later. I guess the question is whether or not the universities can track the use of VFIC funds so that this information can be legitimately communicated. If so, communicate the most enticing of these uses by letters, annual reports, luncheons, future solicitations or, best yet, a combination of methods. How effective would it be for corporate leadership to hear, repeatedly, that portions of their unrestricted donations continually go directly to minority scholarship programs and outdated university computer labs?

4. **Increase corporate interaction with students.** This may well be what the VFIC needs to articulate, in no uncertain terms, that they stand for. "Students." It was said in so many ways during the interviews: Stories of students appearing at luncheons, wishes that once in a while a student would be brought to an office visit or a private lunch, and suggestions that faces and stories at least be included in written communications and annual reports. It also placed second on the survey of possible case improvements. **Show that students care that the VFIC does well, too.** A face along with a story can be very powerful and can create empathic ties that corporate leaders can communicate to their followers. Student volunteers are not impossible to get, especially from programs that the VFIC helps to fund.

5. **Increase public awareness of the VFIC and its successes.** While the prevailing opinion was that recognition in the form of
advertising is unnecessary and that recognition in the form of broad gratitude (another confirmed Arnold Finnegam Martin benefit) is a must, many executives were aware that the students, faculty, and general public had no knowledge of the VFIC, its supporters, or the fruits of their combined efforts. I make the following suggestions only because of the knowledge that they are nearly cost free. **Use press releases to generate newspaper articles and possibly even television stories of some of the VFIC’s accomplishments.** It does not have to occur often. Even annual articles would generate some popular awareness, at least among college faculties. Mention contributors. If large companies wish to remain anonymous to the general public, accommodate them.

6. **Be aware of the dynamics of a prospect’s leadership and corporate orientation.** There may well be insight in the model of giving decision factors. At the very least, it indicates that knowledge of a company’s leaders, market needs, giving philosophy, and role in the community can help determine the exact nature of the best VFIC case. It definitely indicates the one factor that is constantly present: **Always continue to emphasize relationships, both personal and between corporate leaders.** The building of relationships of trust, friendship, and sympathy toward the VFIC cause is the only sure way to gain and maintain indefinite support.
Conclusion

The world of nonprofit fundraising continues to become increasingly competitive. Leadership is an issue that is often overlooked by those who seek to remain at the top by improving the marketing of their organization’s fundraising efforts. In examining leadership as it applies to soliciting funds for independent higher education from corporate targets, two important discoveries have been made:

1) There exists both a definable set of factors which a leader must reconcile in order to arrive at a giving decision and an identifiable set of perceived repercussions of giving on a leader’s body of followers.

2) A soliciting organization can apply information about a corporation and its leadership in order to better understand how their case will be seen from the perspective of that corporation and how they can alter or emphasize portions of the case in order to create one that is most likely to succeed.

Nonprofit organizations in general would be wise to consider the manner in which a company’s leadership affects the success of their solicitation effort. The leadership model described in this paper, whether supported or modified by future research, serves as a basis from which to consider nonprofit fundraising from the perspective of the leadership and philosophy of the target corporation.
List of Appendices

Appendix A......VFIC Interview Structure

Appendix B......VFIC Surveys and Results
   1. VFIC Benefits
   2. VFIC Case Improvement

Appendix C......Model Diagram:
   "Leadership Factors in the Giving Decision"

Appendix D......Interviews and Giving Data

Appendix E......Recommendations to the VFIC, single-spaced copy
VFIC Corporate Interview

I. Introductions
   A. Personal
   B. Corporation demographics (if any need clarification)
   C. VFIC
   D. Jepson School / leadership project

II. Leadership - questions to be answered later
   - As a leader, what message do you hope to convey to your employees by your decision to give and where?
   - to the public?
   - As a leader, how do you view corporate giving?

III. Questions -
   1. For what reasons does your company give?
   2. What do you look for as benefits of giving?
   3. What advantages and disadvantages do you see in giving to independent higher education?
   4. What are the advantages and disadvantages in giving to a conglomerate organization such as the VFIC?
   5. How much and what types of recognition would you like to get from the VFIC? How important is this in your decision of whether or not to give?
   6. What benefits or approaches would make the VFIC a more attractive recipient of your corporation’s donations?

IV. Answers to leadership questions

V. Additional comments, questions, topics of interest

VI. Survey - fill out immediately or mail back

VII. Thanks and farewell
Benefits of Contributing to the VFIC

Please rate the following on a scale of 1-10 regarding how important each possible benefit is to your organization’s decision to give. 1 = not important 10 = very important

4.75 Formation of recruiting relationships with member schools
4.0 Public relations / advertising benefits
7.75 Support free enterprise in education
6.25 Relationship between members of corporation and VFIC or individual institutions
7.625 Broad presence in Virginia - allows support of many colleges at once
8.375 Helps Virginia economy / communities - students serve as a primary source for community volunteers and as a source of customers for Virginia businesses
7.25 Ease / convenience of one solicitation and one decision
7.75 Equitable giving to many Virginia colleges
7.625 Preservation of a choice of colleges for prospective students - some individuals thrive in a smaller, more individualized environment and preservation of independent colleges preserves this option
8.0 Efficiency of VFIC - less overhead makes your dollars go further
8.25 Assurance that a vast majority of funds goes directly to benefit students

Additional Comments:
VFIC Case Improvement

Please rate the following on a scale of 1-10 regarding the extent to which each of following would enhance the case of the VFIC in the eyes of your corporation. 1 = not at all 10 = greatly

6.25 Greater demonstration of the needs of independent colleges

6.5 Greater demonstration of the success of VFIC colleges

7.0 Greater illustration of and/or interaction with the students who receive your corporate support

4.5 Greater recognition for your company - (currently, recognition is given in reports of the VFIC and its fifteen member institutions)

5.25 Greater opportunity for donation of restricted gifts (i.e. gifts that are intended for a specific use or college)

6.625 Better personal relationships with VFIC and/or its member colleges

6.125 Active support of VFIC from others in corporate sector

7.875 More communication of positive results of VFIC donor contributions

5.0 More direct relationship between contributing corporations and college recruiting offices

Additional Comments:
LEADERSHIP FACTORS IN THE GIVING DECISION

Community / Public Interest

Relationships (Corporate vs. Personal)

Marketplace / Strategy (Consumer vs. Commercial)

Leader Preference

LEADER
Interviews

Drew Carneal, Senior Vice President and Corporate Counsel
Owens and Minor
Most recent VFIC contribution: 1995, $5,000

Michael Jarvis, President
Charter Leasing Company
Most recent VFIC contribution: 1990 $1,200

James L. Jenkins, President
Avec Electronics Corporation
Most recent VFIC contribution: 1992 $100

Kip Moore, former Senior Vice President
Signet Bank
Most recent VFIC contribution: 1994 $32,000

H. Gerald Quigg, Vice President for Development
University of Richmond

Elizabeth Seaman, State Contributions Coordinator
NationsBank of Virginia
Most recent VFIC contribution: 1994 $65,000

Edward C. Tosh, Assistant Secretary
Media General, Inc.
Most recent VFIC contribution: 1994 $12,500

Eva Tieg, Vice President of Public Affairs
Virginia Power
Most recent VFIC contribution: 1994 $100,000

Charles Tysinger, Senior Vice President
Central Fidelity
Most recent VFIC contribution: 1994 $21,000

J. Thomas Vaughan, President of Crestar Foundation
Vice President of Government Relations
Crestar Financial Corporation
Most recent VFIC contribution: 1994, $40,000
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Bibliography


Other Sources


Funding the Future. VFIC pamphlet.

VFIC. VFIC pamphlet.