



REIMAGINING SOCIAL CHANGE



SIMPLIFYING STRATEGY

A practical toolkit for corporate societal engagement

IN COLLABORATION WITH



Christine couldn't believe her good fortune. She had just landed her dream job as Executive Director of her company's corporate foundation and Vice President of Global Corporate Responsibility. She called her husband to tell him the good news. With \$30 million in annual cash giving and a global footprint, she told him "the sky was the limit" for the impact she could have around the world. She couldn't have been more excited to steer the resources of her large technology company toward making a difference in society.

That was six months ago. Christine knew giving away money wouldn't be easy, but she had underestimated just how hard it would be to please everyone. Her new boss, the Executive Vice President of Corporate Affairs, wants to know the business value of all the money going out the door. Her CEO wants to keep contributing grants to the local symphony and art museum. The Chief Marketing Officer wants to connect the foundation's themes to the new corporate branding campaign. The global head of recruiting sees societal engagement as the key to attracting and retaining millennials. Her foundation board wants to see measureable social impact from their giving. Her team is asking her how their work fits with prevalent approaches such as inclusive business, triple bottom line, and shared value. And with 100 locations in 60 countries, employees desire more philanthropic resources to support the communities in which they live and work.

Christine runs her hands through her hair in frustration. What seemed like an exciting opportunity now seems like an unmanageable mess. How can she create coherence, let alone impact, out of this chaos?

Christine's fictitious story is a stark reality for the majority of executives who are in charge of their companies' corporate societal engagement. Such professionals are brimming with high aspirations and expectations, but they need a more practical set of tools to define and achieve success in a constant tug-of-war between competing and often unrealistic demands.

AT A GLANCE

The challenge

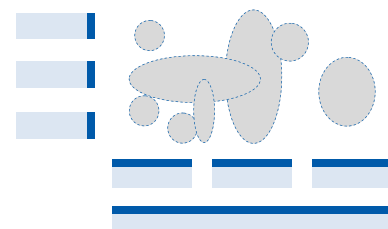
Executives tasked with corporate societal engagement have difficult jobs. They aspire to drive results for both business and society, yet success is a moving target buffeted by external debates about how and whether corporations should engage with society as well as shifting internal priorities and external stakeholder expectations. Yet every day they must make choices, execute programs, measure results, and communicate success. They need a practical set of tools to navigate these challenges.

A practical strategy toolkit

In corporate societal engagement, strategic clarity and focused results are not accidental—companies achieve them through inquiry, intentionality, and investment. We often find that executives aspire for change but lack the necessary tools and approaches to spearhead that shift. The destination is clear—transforming their portfolio from legacy giving to results-focused, business-aligned societal engagement—but the path to get there is less so. Over the years, we have developed three strategy tools that serve as critical guides for corporate executives.

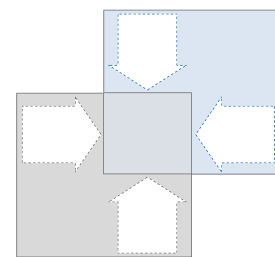
INTENT MATRIX

- Maps business motivations (*why?*) and engagement approaches (*how?*) of corporate engagement with society
- Visually depicts the current state of the portfolio
- Facilitates a fact-based conversation about the desired future state



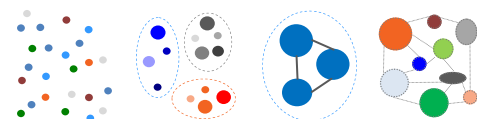
ISSUE MONITOR

- Provides a multi-dimensional process for selecting the issue(s) on which a company should focus societal engagement
- Overlays internal company dynamics and external context
- Narrows focus and leads to specificity within prioritized issue(s)



IMPACT MODELS

- Codifies clear and distinct options for engaging on societal issues
- Accommodates different realities and readiness conditions
- Guides management approaches



Regardless of the maturity of a company's engagement with society, these tools can trigger crucial strategy discussions and help drive much-needed strategic clarity, structure, and choices for executives and teams. And greater strategic intent ultimately enhances and improves a company's ability to achieve desired results for both business and society.

THE CHALLENGE

Over the past decade, the scope, labeling, value, and *raison d'être* of corporate societal engagement* have been incessantly poked and prodded.

Academics and practitioners alike argue that “CSR is dead”¹ on the one hand, and that CSR “has never been more relevant”² on the other. The recent India CSR law³ demonstrates the global importance of this topic and societal expectations about corporate giving.

Studies on whether corporate engagement with society has an impact on profitability present varied findings. Some find that there is a positive correlation (though not a causal relationship) between performance and responsibility⁴; others fail to find a direct link.⁵ CECP’s *Giving in Numbers* data, released in association with The Conference Board, reveal that corporate giving—an admittedly incomplete marker of corporate engagement with society—has increased in recent years⁶; other data show that it has steadily declined over the long term.⁷

Finally, experts debate whether stakeholders are actually influenced by a company’s engagement with society. According to an Edelman study, 87% of global consumers believe that companies need to place at least as much weight on society’s interests as they do on business’s interests.⁸ Moreover, according to a RepTrak survey, 42% of a company’s reputation is driven by perceptions of citizenship, governance, and workplace.⁹ Despite the billions firms spend on society each year, however, many consumers remain skeptical about whether companies are actually good corporate citizens.¹⁰

While these debates continue, one reality remains unchanged: executives all over the world are charged with making corporate societal engagement happen, and they face a myriad of real-life challenges.

Since our founding 15 years ago, we have worked with more than 100 companies around the world on their corporate engagement with society and have seen firsthand the pressures, and often conflicting mandates, that companies and executives confront. Corporate foundations and social responsibility or citizenship departments face enormous pressure to show return on investment, and preferably fast. The investment that these departments can make, however, often pales in comparison to the issues they are tackling. For example, it is difficult to make a meaningful dent in the \$2 trillion global obesity crisis with an annual corporate giving budget of \$20 million.

At the same time, lack of employee engagement is top of mind for many companies,¹¹ so philanthropy and responsibility teams seek ways for societal engagement efforts to influence employee loyalty. Yet it is challenging to drive employee attraction and retention armed only with episodic volunteer opportunities and annual CSR reports. Finally, demonstrating impact is tricky, be it through in-depth evaluation or anecdotal evidence, particularly if there is no budget for measuring results or funding the measurement practices of grantees and partners.

* In this toolkit, we use the term “corporate societal engagement” to describe a variety of modes in which corporations contribute resources to society, including aspects of corporate philanthropy, corporate social responsibility (“CSR”), employee volunteering, corporate citizenship, incubating shared value, and making other resources available such as products, brand, and voice. This toolkit does not cover a comprehensive spectrum of corporate social responsibility or sustainability activities, which often also include compliance, footprint management, and broad stakeholder engagement.

In addition to these challenges, corporate giving, social responsibility, or citizenship departments are subject to persistent turnover of leaders, mandates, staff, and topics.

First, whenever organizational charts are redrawn, departments such as corporate giving, citizenship, or social responsibility are buffeted around, reporting one day to communications and the next day to corporate affairs, then to government relations and back again. Second, whenever companies have a new strategic direction, CEO, or tagline, the corporate societal engagement priorities have to follow suit and align in short order. Third, every time a new corporate foundation or social responsibility leader is anointed, there is a natural desire to redefine goals and activities. Finally, natural disasters, health epidemics, and media headlines influence stakeholder concerns on a daily basis and consequently apply pressure to giving, citizenship, or social responsibility departments to react to the “flavor of the month” topics. No wonder a recent blog in *Forbes* argued that it is “Time To Hit The Corporate Social Responsibility Reset Button.”¹²

In short, for companies that experience ever-fluctuating corporate mandates, organizational homes, and stakeholder priorities, coupled with expectations to demonstrate short-term returns, corporate engagement with society can result in chronically unmet expectations.

Despite these challenges, corporate societal engagement can deliver on its promise.

The key is to shift out of a reactive mode and into strategic clarity that helps balance ambition with the reality of budget constraints and that can withstand the constant forces that tug at the remit of corporate societal engagement. In our work with companies, we have seen this kind of clarity and stability enabled by three strategy tools tailored to the needs of corporate societal engagement professionals: the Intent Matrix, the Issue Monitor, and the Impact Models.

INTENT MATRIX

PURPOSE

The purpose of the Intent Matrix tool (see Figure 1 below) is to bring more clarity to existing societal engagement activities along the two dimensions of **business motivations** (why to engage) and **engagement approaches** (how to engage), a process that typically surfaces opportunities for realignment and optimization of resource allocation. Figure 1A at the end of this section provides an example of this tool in action.

WHEN TO USE

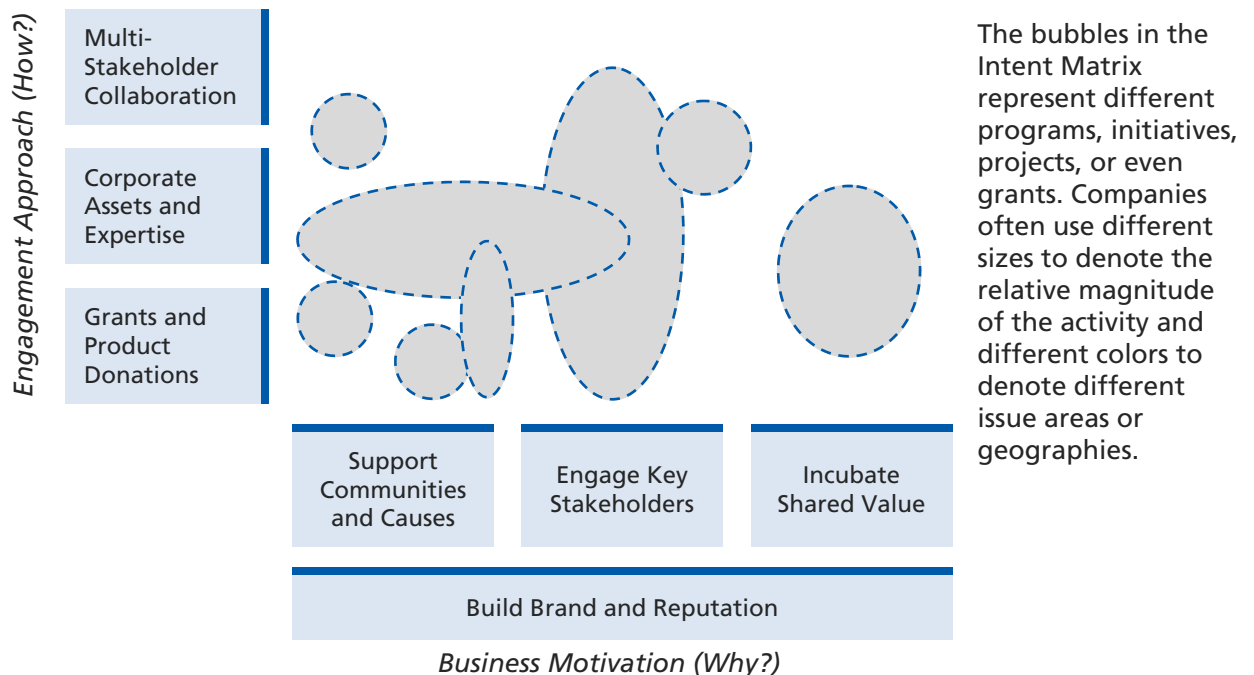
The Intent Matrix is a **powerful starting place when refreshing an entire societal engagement strategy**. The tool is designed to provide a baseline visualization of current activities and trigger discussion about whether there is clarity and alignment on distinct business motivations and differentiated engagement approaches.

HOW TO USE

Using the tool entails a **three step process**.

- **Make the matrix specific to the company** | Below, we offer a starter list of business motivation and engagement approach categories. Every company is unique, however, so the first step is to adjust the labeling or content of these categories to reflect the dynamics of a specific business or industry.
- **Plot activities in the matrix** | Once the matrix labels make sense for the company, plot current activities (programs, projects, large grants) into the matrix. This process typically reveals two realities: one, there are a surprising number of activities and two, these don't necessarily align well with addressing intended business motivations.
- **Facilitate a conversation about the future** | With the baseline visualization in hand, teams can discuss with their colleagues what works about the current situation and what warrants an overhaul. They may wish to prioritize issues differently (see Issue Monitor tool) or rearrange activities to get more impact (see Impact Model tool).

FIGURE 1: INTENT MATRIX



The horizontal axis: business motivations

Numerous perspectives already exist on how to codify a company's motivations for societal engagement. Our Intent Matrix seeks to balance simplicity with incorporating these thoughtful models posited by peers and experts. For example, *"The Truth about CSR"* describes three theaters: focusing on philanthropy, improving operational effectiveness, and transforming the business model.¹³ The Boston College Center for Corporate Citizenship describes five stages: elementary (legal compliance), engaged (license to operate), innovative (business case), integrated (value proposition), and transforming (market creation or social change).¹⁴ An article from The Conference Board highlights four purposes: implement cost and risk reductions, gain competitive advantage, develop corporate reputation and legitimacy, and seek win-win outcomes through synergistic value creation.¹⁵ CECP's *"Measuring the Value of Corporate Philanthropy"* highlights four categories: enhance employee engagement, build customer loyalty, manage downside risks to the company's reputation, and contribute to business innovation and growth opportunities.¹⁶

Building on these models and our direct experience advising companies, we see three categorizations as key to unpacking business motivations.

1 | Support communities and causes

The most basic business motivation is to positively affect relevant issues in and around the locations where companies operate. The driving force here is simply to be a "good citizen." Naming this as the key business motivation can be quite liberating, as it removes the burden of having to demonstrate direct impact on the company's bottom line.

2 | Engage key stakeholders

A second business motivation can be engaging key stakeholders, including employees, customers, regulators, and other key business relationships. While engaging these stakeholders still entails positively affecting communities and causes, the entry point is understanding what these key stakeholders value, designing societal engagement activities to address those values, and determining whether target audiences are indeed positively influenced. Investments that create "license to operate" often fall into this category. Another focus can be improving the satisfaction, productivity, and/or loyalty of current employees as well as being more attractive to potential recruits.

3 | Incubate shared value

Finally, a third business motivation can be supporting the conditions for long-term growth and profitability, including risk reduction. Here, the entry point is understanding the company's long-term strategic opportunities and challenges and designing activities accordingly. Examples of incubating **shared value**¹⁷ include improving the productivity, availability, and quality of key inputs, such as suppliers and the future workforce, or improving demand through efforts that expand or enhance customer engagement.

Additionally, all three motivations can potentially deliver a cross-cutting business benefit:

building the company's brand and reputation among consumers and key stakeholders.

According to a Reputation Institute study, a 10 percent improvement in perceived corporate citizenship can translate to an 11 percent improvement in overall reputation.¹⁸ However, we have found that just talking about societal engagement is not enough to drive brand and reputation. An authentic commitment to impact and clear demonstration of results are crucial.

The vertical axis: engagement approaches

In addition to understanding business motivations, successful companies also take differentiated engagement approaches. The Council on Foundations defines five assets companies can contribute: *financial* (grant-making, making gifts, social enterprise, venture philanthropy, investments); *business* (products/services, facilities, virtual networks, tools, sustainable practices); *human* (volunteerism, skills-based/pro bono, worker safety, global cultural competency, inclusive practices); *reputational* (cause marketing, licensing); and *relational* (supplier access, governments, policymakers).¹⁹

Building on these categorizations, as well as our own experience, we find it helpful for companies to differentiate among three categories of engaging.

1 | Grants and product donations

A fundamental engagement approach is donating classic philanthropic resources, such as grants and products. This approach requires managing time and resources against a set budget and does not always necessitate interplay with other corporate departments. As companies seek to quantify these inputs, CECF resources provide companies with guidance on best practice approaches.²⁰

2 | Corporate assets and expertise

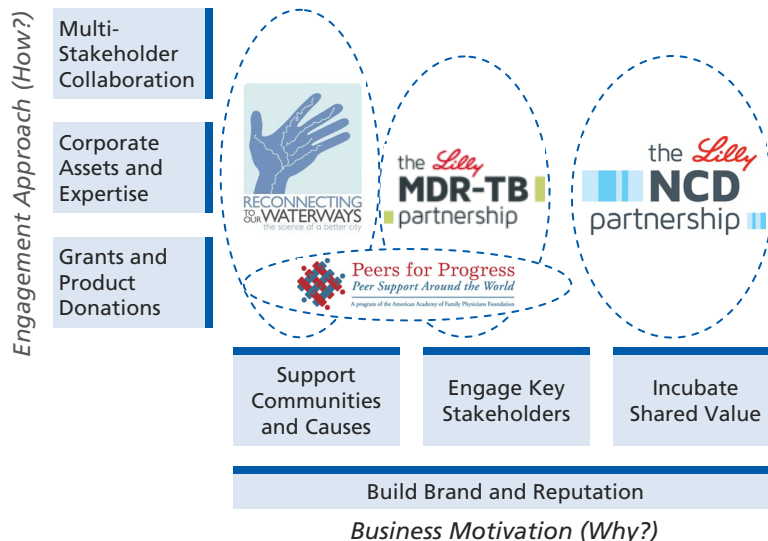
A second engagement approach goes beyond traditional donating and requires companies to define broader assets to contribute, including skills-based volunteering,²¹ brand and voice,²² and customer and supplier relationships. Such efforts require working closely with other departments (such as HR, R&D, marketing, and purchasing) and present the challenge of harder-to-quantify inputs.

3 | Multi-stakeholder collaboration

A third engagement approach—least common among companies—is catalyzing or participating in structured, multi-stakeholder collaborations that go beyond traditional company-grantee relationships. According to the Council on Foundations, “companies recognize that they cannot make a significant difference on a social issue working alone. Yet they often have trouble ... participating in the kind of authentic collaborations designed to create greater value.”²³ Such collaborations require cross-sector engagement, including peer companies, the public sector, and civil society.

FIGURE 1A: INTENT MATRIX IN ACTION

Eli Lilly and Company’s societal engagement portfolio includes a range of efforts across the Intent Matrix, including a collective impact effort in its headquarters city of Indianapolis, Indiana (*Reconnecting to Our Waterways*), a peer support program for those with diabetes (*Peers for Progress*) administered by the American Academy of Family Physicians Foundation, a high leverage global health program (*Lilly MDR-TB Partnership*), and a market-aligned effort focused on non-communicable diseases (*Lilly NCD Partnership*).



ISSUE MONITOR

PURPOSE

The purpose of the Issue Monitor tool (see Figure 2 below) is to provide a **multi-dimensional process for prioritizing the issue(s)** on which a company should focus its societal engagement. Figure 2A at the end of this section provides an example of this tool in action.

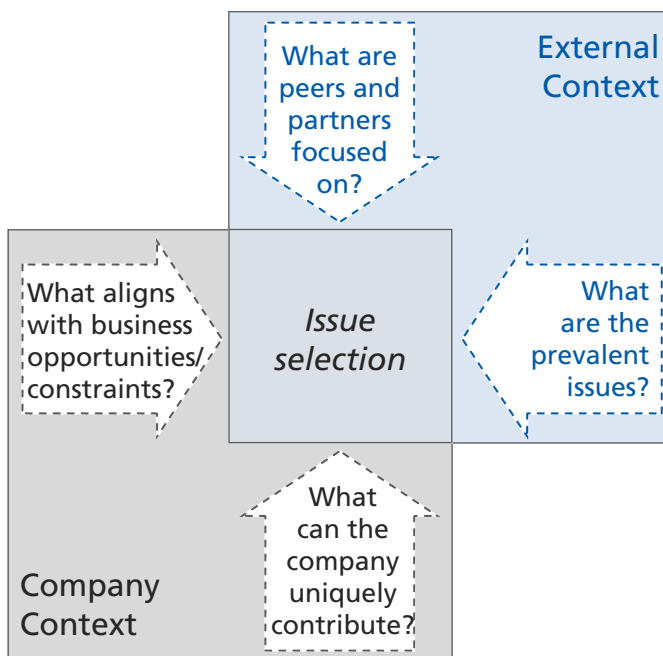
WHEN TO USE

The Issue Monitor is the **right tool to use when determining the issues a company prioritizes**. This could come about when assessing the fit of a new potential issue, when conducting an annual “refresh” of what specific aspects of an issue to focus on, or through a more comprehensive strategic planning process that includes revisiting overall issue selection and prioritization.

HOW TO USE

The tool is designed to **answer four basic questions that combine both internal and external perspectives**. More detail on each question is provided below. Typically, companies start with the internal questions to create an initial narrowing of potential issues and then layer on the external questions. However, in reality this process is iterative. New insights into the external context lead companies to revisit their potential set of unique differentiators or develop new corporate priorities to reframe their understanding of the landscape of potential issues. Going through the Intent Matrix exercise described in the previous section can provide a running start for this tool. Once all questions are answered, the process entails identifying issues that are at the “sweet spot”—that fit the company context, leverage unique corporate assets, address pressing issues, and are either aligned or contrast sharply with peers (depending on whether there is a motivation to partner or differentiate). Overall this process is more “art” than “science,” but we have found that companies benefit greatly from being empowered to gather the latest information from colleagues, peers, and issue experts.

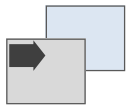
FIGURE 2: ISSUE MONITOR



Selecting the right issue(s) requires combining several perspectives from both the company and external context. Specifically, companies need to overlay the answers to four questions.

1. What aligns with business opportunities/constraints?
2. What can the company uniquely contribute?
3. What are the prevalent issues?
4. What are peers and partners focused on?

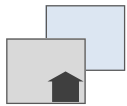
The first and third questions are similar to the logic behind materiality assessments. Additional areas for consideration, referenced in CECP’s [Issue Ripeness Tool](#),²⁴ released with McKinsey (2010), include external perceptions of the severity of the issue(s) for current or future generations and the potential for consumer/employee backlash as well as internal perceptions of the gravity of the issue(s) for the company, and potential for new business opportunities.



What aligns with business opportunities/constraints?

Answering this question should entail conversations and information gathering from many internal stakeholders, such as HR, government and public affairs, corporate strategy, business development, and key regional leadership, as well as listening to investor calls to see what keeps the C-suite up at night.

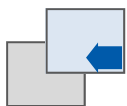
For example, the **Aetna Foundation** recently revisited its vision and strategy due to a changing external landscape impacted by healthcare reform, competitive pressures, and new trends in corporate philanthropy. In the process of developing a new signature initiative focused on creating a healthier society, the company conducted interviews and surveys of staff, foundation leaders, and business executives, and conducted a visioning workshop to inform the new strategy.²⁵



What can the company uniquely contribute?

Understanding the unique business model and assets of the whole company illuminates new ways for the company to contribute to advancing societal progress. If the Intent Matrix tool has already been used, it provides a good starting point for understanding how a company is contributing currently as well as the degree to which corporate assets remain untapped.

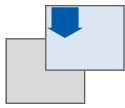
For example, when **HP** developed a new program for environmental progress, the company identified that it could contribute much more of its big data processing capacity and thus launched HP Earth Insights, a unique early warning system for threatened species, in collaboration with the nonprofit Conservation International (CI). Company engineers partnered with scientists at CI to develop HP Earth Insights, which uses HP hardware and software to store and analyze environmental data on the biodiversity of key regions.²⁶



What are the prevalent issues?

A range of publicly available sources help accelerate identification of potential issues companies can address. The *Sustainable Development Goals* represent a useful starting point, as they delineate a universal set of 17 goals and targets that UN member states will be expected to use to frame their agendas and policies over the next 15 years. Additionally, for country-specific opportunities, companies can explore the **Social Progress Index**, a framework for measuring basic human needs, foundations of well-being, and opportunity. Drilling down within specific issues, sources of potential issues include the World Health Organization (WHO) for health or UNESCO for education.

For example, the **Medtronic Foundation's** "Strengthening Health Systems" initiative is directly tied to the WHO's global target of a 25 percent reduction in premature mortality from non-communicable diseases (NCDs) by 2025. With this program, the Foundation aims to expand access to care for diabetes and cardiovascular disease, especially within populations that have been traditionally underserved due to economic and social barriers to healthcare access.²⁷



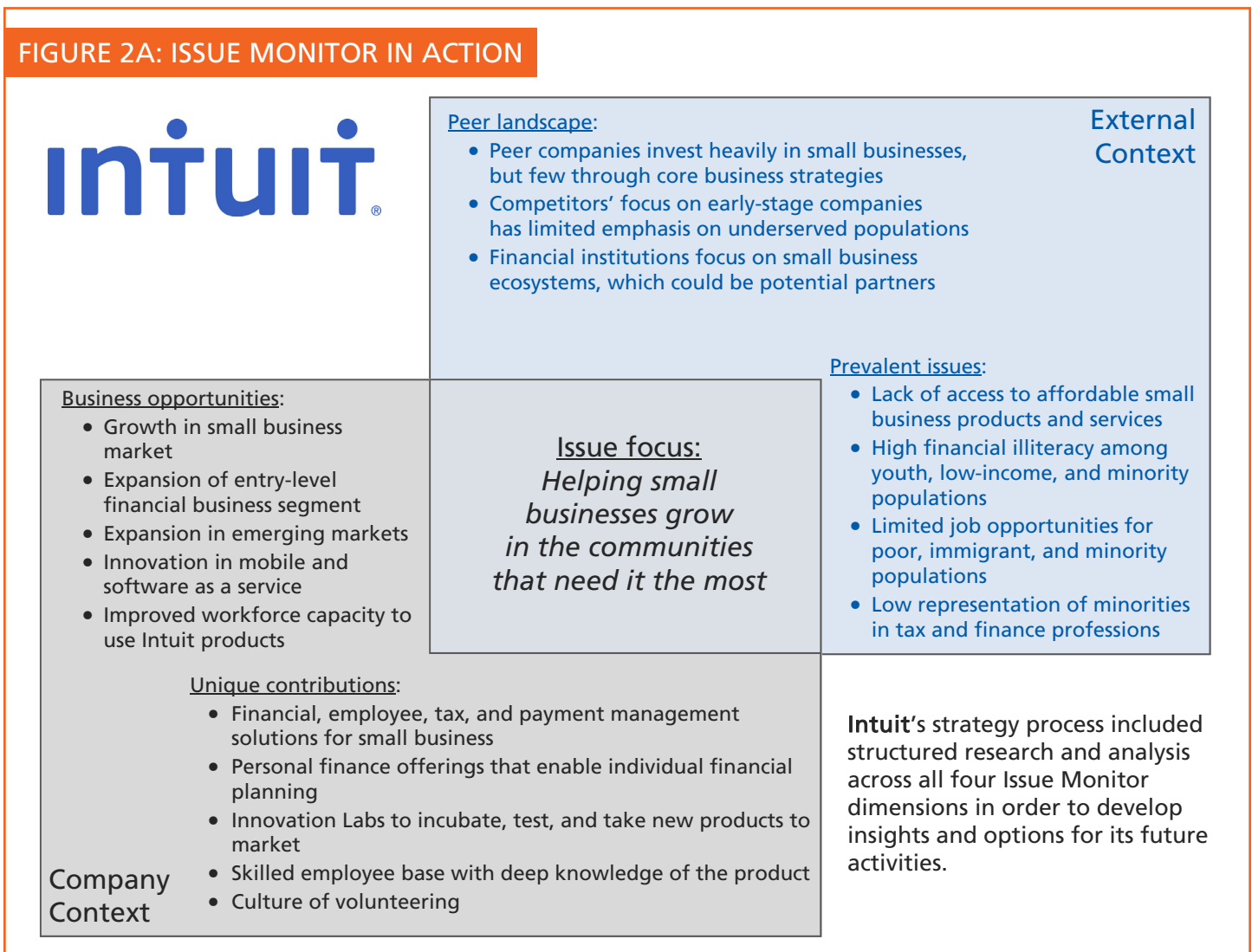
What are peers and partners focused on?

Mapping the philanthropy, citizenship, responsibility, or shared value activities of peers can provide insights on how peers brand, distinguish, and communicate their initiatives and surface potential partners for collaboration.

For example, when **AB InBev** co-developed the “*Together for Safer Roads*” initiative, it conducted customized benchmarking of existing road safety coalitions and explored the broader landscape of partners and relationships. This ultimately informed the formation of the coalition that now includes **AIG, AT&T, Chevron, Ericsson, Facebook, IBM, iHeartMedia, PepsiCo, Ryder, and Walmart.**²⁸ Members use their combined knowledge, data, technology, and networks to promote safer roads, vehicles, and systems; safer road users; and advocacy and thought leadership. Together for Safer Roads members will also focus on scaling industry best practices that draw on cross-industry expertise.

To support companies in such research processes, **CECP** tracks priority focus areas of leading companies, and upon request by affiliated companies, provides a landscape of corporate focus areas to facilitate issue-based collaboration or to identify unique engagement opportunities.

FIGURE 2A: ISSUE MONITOR IN ACTION



IMPACT MODELS

PURPOSE

The purpose of the Impact Models tool (see Figure 3 below) is to provide **clear options for engaging on the selected issues** and to accommodate different realities and readiness conditions. Figure 3A at the end of this section provides an example of this tool in action.

WHEN TO USE

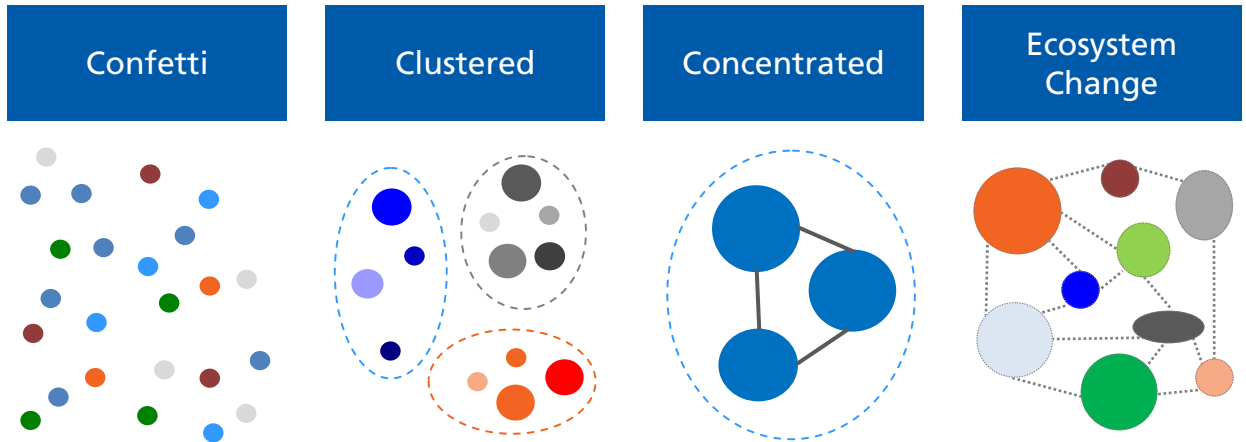
The Impact Models should be used to **shape detailed strategies and implementation plans** for specific issues on which the company wants to engage. The models help clarify what kinds of resources to allocate, how integrated or decoupled activities are, and whether the company seeks to affect symptoms or root causes.

HOW TO USE

Each of the four models offers inherent benefits and challenges to a company; **there is therefore no one right model**. In fact, companies can and often do migrate from one model to another depending on different internal and external dynamics. It is also fairly common for multiple models to co-exist in a company's overall societal engagement portfolio, reflecting varying needs of different issues, geographies, brands, or stakeholders. The key is to match the right model based on company-wide and local conditions as well as capacity and culture. For example, if the budget to gain deep content knowledge is limited, it will be hard to build an in-depth signature initiative. If executives are unwilling to share credit, a structured collaboration approach may not be the best option. If the company prefers breadth to depth in certain locations, then sticking with small grants in those locations is the right way to go. These reality-check factors are not meant to discourage an ambitious future vision, but rather to create a strategy and implementation plan that is feasible and practical based on a company's internal and external realities.

FIGURE 3: IMPACT MODELS

Based on our experience, we have identified four common models for organizing corporate societal engagement activities. Landing on a preferred model (or combination of models) guides strategic choices and illuminates the key success factors and considerations for a company to focus time and resources on.





CONFETTI IMPACT MODELS

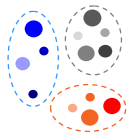
typically support a wide range of issues and approaches. Engagement is often responsive to the needs of the local communities and company stakeholders, without explicit consideration of business motivations or intentionality on engagement approaches. A common characteristic of the confetti model is having a large number of grants or projects, but with a small average size spread across multiple locations and/or multiple topics. Confetti models can be appropriate when a key motivation is building local stakeholder relationships in a vast number of geographic areas, e.g., for a large chain of retail locations. Confetti models are also typically found in companies that have not undertaken an issue prioritization process and therefore have not explicitly narrowed their societal engagement down to one or two issues.

UPSIDE: The benefits of confetti models include a high level of flexibility and the ability to broadly spread a company's engagement among a number of organizations and causes. Confetti models can typically be led by a generalist professional who requires neither deep issue area expertise nor the ability to engage significantly with other business units or external partners. For example, nearly 10 years ago, **Kraft Foods** supported more than 1,000 organizations in areas as diverse as hunger, obesity, arts and culture, and domestic violence.²⁹ Such a model, executed well, can create a general reputation for generosity in the community and be appealing to a range of employee interests.

DOWNSIDE: Confetti models are challenged, however, by lack of strategic clarity and limited focus, which hinder both the achievement and the communication of results. Without a clear sense of the business (and/or societal impact) motivations of the portfolio, professionals lack important criteria by which to assess potential grantmaking opportunities and to evaluate progress. A confetti model, like its namesake, is fun and lets 1,000 flowers bloom. However, any attempts to roll up the impact of a confetti model end up defaulting to simple output metrics such as funds donated, aggregate volunteer hours, and people affected (e.g., farmers trained, students taught, meals delivered).

According to Marc Benioff, Chairman and CEO of **Salesforce**: *"It can be incredibly difficult to gauge measurable impact through philanthropy. Initially we gave smaller gifts to many organizations, but we found that these projects were difficult to manage. We also supported a broad range of causes. After testing a number of education, jobs, and health care projects, we now concentrate more deeply in fewer areas."*³⁰

DISTINCT SUCCESS FACTORS: Three key success factors for confetti models are establishing *efficiency*, *transparency*, and *appropriate measurement* approaches. With a large number of small grants and projects to churn through, a streamlined grants management process to ensure robust financial management and timely communication with applicants and grantees is essential. Hundreds of grantees are often managed by a small team, leaving little time to devote to any particular grant or cause. Another success factor is ensuring an appropriate measurement approach that tracks key inputs and outputs yet avoids seeking attributable impact from highly diffuse activities. We have seen teams tie themselves in knots trying to measure the impact of confetti models only to realize that they have wasted precious time and resources on an impossible task.



CLUSTERED IMPACT MODELS

offer the compelling benefit of enhanced strategic clarity and fewer thematic domains. In essence, a clustered impact model is about narrowing the strategic focus of the portfolio to just a few “buckets” of issues, usually three or fewer. This model can result from a successful issue prioritization exercise that explicitly identifies the overlap between the company’s context and external dynamics. For example, a pharmaceutical company may choose to focus on health and science education; those issue areas then create boundaries for the company’s societal engagement priorities.

UPSIDE: Compared to a confetti model, the clustered model provides companies with clearer guardrails for how to manage, measure, and communicate their efforts. The enhanced strategic focus allows for more informed decision making on resource allocation and enables the company to tell a more coherent and powerful story about its societal engagement activities and results. With a strong clustered model, companies can better communicate their efforts to their range of external stakeholders, while also productively engaging employees and internal leadership. Employees can better grasp and take pride in what a firm stands for based on its support for just a few specific issues.

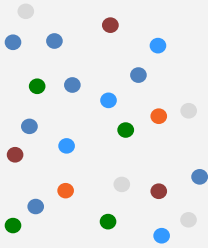
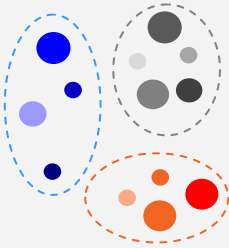
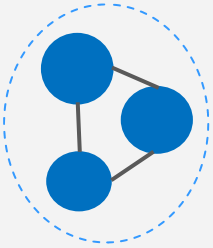
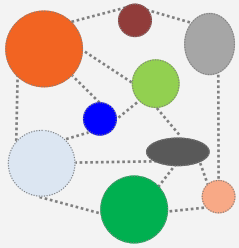
For example, in catalyzing **AstraZeneca’s** transition to a clustered impact model for its U.S. Contributions program, an executive asked: “*Are we being as strategic as we could be? And are we telling a straightforward story about how we’re helping in our communities? What have we been able to do? What has it meant?*” A clear milestone for the success of the company’s evolution to a clustered model was “*the ability to confidently go to leadership and convince them about the exciting program and why it’s so important.*”

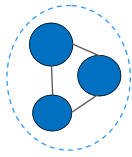
DOWNSIDE: Many clustered models still lack sufficient focus and depth to achieve the desired results. Often we see companies that have clearly defined “buckets” for their societal engagement, but those thematic areas end up fairly broad and lack the necessary leverage, consolidation of resources, coordination, and depth to achieve measureable results for the business or society. The activities within buckets are often disconnected from one another and don’t add up to enough combined impact.

DISTINCT SUCCESS FACTORS: A key success factor with a clustered model is to foster and instill *strategic discipline* in executing resource allocation decisions. To maximize the effectiveness of the clustered model, corporate executives need to apply the narrower issue focus to the objectives and activities of the portfolio, including budgets, staffing, and evaluation. For example, when **Kraft Foods** shifted to a more clustered model, it exited more than 1,000 grant relationships, narrowed its issues to just hunger and obesity, focused its geography to its top twelve markets, and created strict criteria for its programs.

This highlights another success factor: *responsible transitions*. Phasing out key grantee relationships, or even whole initiatives, must be done responsibly and over time. The phaseout could entail giving grantees enough advance warning of the support wind-down, building the capacity of key grantees to improve their fundraising abilities or develop earned income models, and bridging to other funders that might take over key grants or topics.

IMPACT MODELS | SUMMARY

	CONFETTI	CLUSTERED	CONCENTRATED	ECOSYSTEM CHANGE
				
WHAT IS IT?	<ul style="list-style-type: none"> • Many small grants and projects covering various topics and geographies 	<ul style="list-style-type: none"> • Clear buckets of activity and fewer grants and projects overall 	<ul style="list-style-type: none"> • Deep and proactive engagement on a specific issue with multi-year programs and clear impact goals 	<ul style="list-style-type: none"> • Structured multi-actor partnerships focused on a common problem
UPSIDE	<ul style="list-style-type: none"> • Highly flexible approach • Breadth of issues, organizations, and geographies supported 	<ul style="list-style-type: none"> • Enhanced strategic clarity and focus • Informed strategic choices on resource allocation and measurement • Better communication 	<ul style="list-style-type: none"> • Increased ROI • Improved ability to measure and communicate results • Focused resources and implementation 	<ul style="list-style-type: none"> • Ability to shape sustainable change and address system-level challenges • Ability to drive core business competitiveness
DOWNSIDE	<ul style="list-style-type: none"> • Lack of strategic clarity and focus • Difficulty achieving/communicating results 	<ul style="list-style-type: none"> • Insufficient focus and depth to achieve significant results 	<ul style="list-style-type: none"> • Limitations of one company affecting sustainable change at scale • Need for exiting legacy topics to free up resources 	<ul style="list-style-type: none"> • Limited reputational gains given need to share credit with partners • Credibility prerequisite • Long-term timelines
WHAT DOES IT TAKE?	<ul style="list-style-type: none"> • Efficiency • Transparency • Appropriate measurement 	<ul style="list-style-type: none"> • Strategic discipline in decision making • Responsible transitions 	<ul style="list-style-type: none"> • Strategic focus • Commitment • Advanced measurement 	<ul style="list-style-type: none"> • Trust and patience • Co-creation • Sensing • Adaptability



CONCENTRATED IMPACT MODELS

move beyond mere clustering of issues to include deep and coordinated efforts in one or several areas geared at achieving a pre-defined impact goal in a specific timeframe. Often referred to as “signature initiatives,” these efforts are typically branded programs that constitute multi-year grants and programs and leverage a company’s assets such as skills-based volunteering and corporate footprint. They often include grants and partnerships with multiple organizations working toward similar objectives.

While signature initiatives almost always reside within a broader societal engagement portfolio that includes smaller and more responsive grantmaking efforts, the key distinction from clustered models is the deeper and more proactive engagement in a specific geography and/or issue area.

Importantly, when companies take up new issues for a concentrated model, they must acknowledge that there are experts who have been working on these issues for decades. Before starting to design programs or making grants, companies should do research and honor the expertise that already exists by being in “listening mode” before being in “action mode.” Such an approach certainly requires codifying and understanding best practices, trends, and key players, but it also increasingly includes investing in greater understanding of the beneficiary perspective by incorporating an equity and inclusion lens and employing human-centered design principles. It is also important to ensure that societal engagement professionals are building their own capacity and knowledge base in that issue so they can make better investment decisions and identify more effective on-the-ground partners.

UPSIDE: The primary advantage of a concentrated model is the increased return on investment—achieving measurable results and communicating those results to key stakeholders. A company’s commitment to defined goals, activities, and outcomes will, in turn, marshal resources and management attention to ensure robust program implementation. Such intentionality holds promise for delivering on the desired results and being able to communicate the successes to both internal and external stakeholders.

When **Salesforce** decided to concentrate its corporate engagement in just a few areas, the CEO noted: “*We focus on communities where groups of employees are concentrated so that we can easily combine our grants with volunteers and technology for greater impact.*”³¹ Whether it’s communicating results in order to attract and retain employees or sharing successes with key community and industry stakeholders, a concentrated portfolio provides a powerful communications platform.

For example, **Symantec**’s new Cyber Career Connection (SC3) initiative, which aims to address the global workforce gap in cyber security positions, works in partnership with leading educational and workforce development nonprofits Year-Up and NPower to provide a mix of classroom education and soft skills development, followed by on-the-job experience during cybersecurity internships with some of America’s leading employers. The multi-year initiative leverages cash donations (the Symantec Foundation will provide \$2 million to the pilot), employees who will serve as trainers and mentors, and Symantec clients, who will provide internship slots.

DOWNSIDE: The key challenge of this impact model resides in the inherent limitations of one company and its grantees to meaningfully effect sustainable societal change at scale. The intractable societal problems that companies typically address—educational achievement gaps, uneven access to health care, poverty, climate change, food insecurity, etc.—are complex, systemic challenges that require coordinated, multi-actor solutions to address the underlying root causes. While a company’s grants to key nonprofit actors represent important inputs to societal change, this support, however generous, is typically insufficient to solve problems. A company can meaningfully contribute to elements of such change efforts and measure its contributions, but societal engagement executives must recognize that even with a concentrated model, lasting, systemic change will remain elusive. A second challenge is the need to make choices. With finite resources, concentrating deeply in one area means fewer resources for others and can result in having to exit legacy topics, geographies, and relationships.

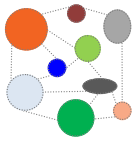
DISTINCT SUCCESS FACTORS: The key success factors for a concentrated model are *strategic focus*, *commitment* to both planning and execution, and *advanced measurement*. Going deep in an issue and/or geography requires developing a full and nuanced understanding of the problem, opportunities, and challenges inherent in that area of focus. This means that companies have to stick to these topics for multiple years to get deeper knowledge. Often this starts with assessing the landscape to understand the range of issues and actors, conducting a gap analysis, and identifying strategic options for the company’s signature initiative. And identifying a topic is not enough—strategic focus for a concentrated impact model requires developing a goal.

“It is important to clearly define the objectives of your CSR strategy and to align them to your company’s business objectives and goals.

There may be internal and/or external pressure to conform to one model or another. By monitoring the business realities and the appetite for change within your management, you may find opportunities to transition between models or create an appropriate mix of models that aligns your CSR investments with your company’s objectives.”

Boeing corporate citizenship executive

For example, **Intel**’s She Will Connect program set a goal of helping five million young women in Africa acquire or improve digital literacy skills and expand their understanding and use of technology by 2016. Effective execution requires intentional and advanced measurement and learning processes to infuse both accountability and continuous improvement throughout the duration of the program. Making bigger bets in theory enables a more robust measurement of impact, but companies must create a baseline, commit extra resources to evaluation, and incorporate elements of evaluation design into the initial initiative development so that they develop clear, measurable, and meaningful goals from the outset.



ECOSYSTEM CHANGE MODELS

intentionally incorporate structured collaboration to address key societal problems at scale. Companies that apply this impact model move beyond the traditional company-grantee or one-off project partnership model and engage in highly structured efforts that coordinate a number of related actors to address systems change for a commonly defined problem. While other models often focus on bringing more resources to address symptoms, this model focuses on addressing deeply entrenched root causes in partnership with several sectors and often dozens of actors. Often delivered through the five conditions of **collective impact**,³² this is more of an advanced impact model for companies; companies should perform a thoughtful readiness assessment before pursuing this path.

UPSIDE: The key benefit of crafting an ecosystem change model is that it offers societal engagement executives the potential to lead and shape sustainable, systemic change. This approach moves beyond the siloed nature of traditional efforts that can be “program rich, yet system poor.” It focuses on the connectivity among the range of programs and service providers in communities and addresses systems-level topics such as funding flows, policies, coordination, and de-fragmentation among sectors, as well as leadership capacity building. Another benefit stems from the upside of shaping sustainable, system-wide change: contributing to a company’s long-term competitiveness. Creating shared value related to deeply entrenched societal issues—whether public health infrastructure gaps, low resource productivity, or a massive mismatch among workforce supply and demand—requires this kind of ecosystem approach.

An example of ecosystem change with significant private sector involvement and business return is **CocoaAction**, a commitment by chocolate companies and the governments of cocoa-producing countries to work together toward a truly sustainable cocoa industry. CocoaAction is developing partnerships between governments, cocoa farmers, and the cocoa industry to boost productivity and strengthen community development in Côte d’Ivoire and Ghana—the world’s largest cocoa producing countries. By 2020, CocoaAction intends to train and deliver improved planting material and fertilizer to 300,000 cocoa farmers and empower communities through education, child labor monitoring, and women’s empowerment. Progress will be measured through adherence to key performance indicators and publicly reported on a regular basis.

DOWNSIDE: Despite its promise, the ecosystem change model includes several significant readiness challenges that companies must overcome. First, if reputation is the primary motivation (rather than catalyzing sustained change), the ecosystem change model is not a great fit. Collaboration participants—whether corporations, foundations, nonprofits, or governments—need to subordinate achieving individual credit in favor of the greater good of addressing the targeted societal problem.

“It has to be much more intentional than collaboration. It is a dedication to the philosophy of collective work, commitment to the common agenda, and willingness to leave your ego at the door.”³³

Kim Fortunato
Director of Campbell Healthy Communities

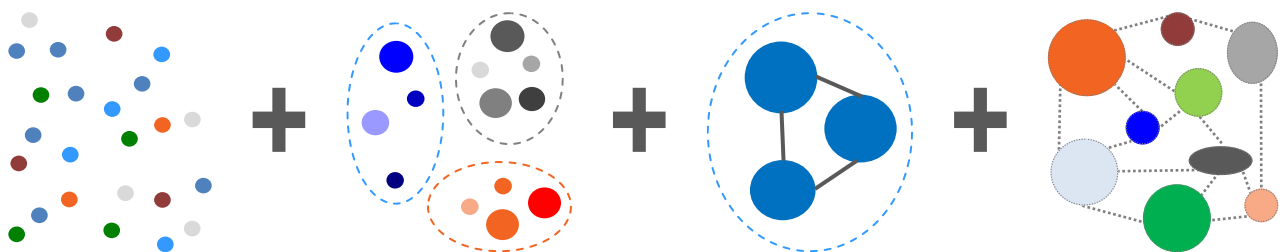
IMPACT MODELS

A second challenge to consider is the extent to which a company has sufficient credibility on an issue or within a community or sector to effectively lead and work with others. And lastly, ecosystem change models require companies to endure longer-term timelines where results are measured in years, not weeks or months. As more and more companies and executives embrace structured collaboration to drive ecosystem change as a realistic impact model, such characteristics and approaches will become more mainstream and easier for companies to pursue.

DISTINCT SUCCESS FACTORS: The critical success factors for ecosystem change efforts are *trust*, *patience*, *co-creation*, *sensing*, and *adaptability*. Deep and structured collaboration requires the time and patience to develop trusting relationships, an understanding and appreciation of the perspectives of others, and a willingness to co-create pathways that may ultimately look different from a company's initial aims. And given the often non-linear approach to collaboration strategy and implementation, this impact model requires continually sensing context, which means developing capabilities for seeing, understanding, and influencing activities in the relevant sector, geography, or industry. Finally, an ecosystem approach requires companies to be flexible and adaptive in the face of unanticipated (yet highly likely) shifts in the dynamics of the system.

FIGURE 3A: IMPACT MODELS IN ACTION

Companies typically do not have merely one impact model for all of their societal engagement, but rather an intentional portfolio of models. Given the varying upsides, downsides, and success factors, different models make sense for different needs. And even for the same issue area, different models could apply in different markets for global companies. For example, as illustrated below, the global food company **Mars** engages in ecosystem change for its business-critical cocoa sustainability work in West Africa, runs a multi-faceted cocoa sustainability initiative, manages international volunteering efforts clustered on different thematic areas, and employs a confetti model for local volunteering and matching gifts.



CONFETTI

Local volunteering program (Mars Volunteers) and employee matching gifts

CLUSTERED

International volunteering program (Mars Ambassadors) focused in three areas: Greener Planet; Health and Prosperity for People; and Better World for Pets

CONCENTRATED

Signature "Sustainable Cocoa Initiative" that includes research, training, certification, and other efforts to make cocoa a vibrant, environmentally sound industry

ECOSYSTEM CHANGE

Participation in a multi-sector, multi-year collaboration focused on increasing sustainability of cocoa production in Côte d'Ivoire and Ghana (CocoaAction)

CONCLUSION

Strategic clarity in corporate societal engagement is a dynamic, challenging, but also rewarding proposition.

The Intent Matrix, the Issue Monitor, and the Impact Models represent tried and tested ways to help executives traverse both the challenges and the opportunities associated with managing their company's engagement with society. Gaining more explicit strategic clarity on the “why” and “how” dimensions of each activity, carefully selecting the issues a company will prioritize, and being more intentional about which impact model is right for the company overall or for different parts of the company are all critical to success.

At the same time, these tools are neither static nor a one-time undertaking.

Ideally, companies revisit these tools every year and ask if the size and scope of societal activities still match the realities of the external and internal environments. With clear intent and strategic coherence, societal engagement professionals can ensure strong leadership, adapt to changing realities, and deliver on their company's desired results.

Fast forward six more months...our beleaguered executive Christine felt a wave of relief when she employed the Intent Matrix, the Issue Monitor, and the Impact Models to help traverse her daily challenges.

No longer did Christine feel whipsawed by responding to competing stakeholder demands. Now she was proactive and strategic in identifying and communicating the value of corporate societal engagement to her company. The Intent Matrix made explicit the “why” and “how” of her company's work and empowered her to explore new areas of focus using the Issue Monitor. And the Impact Models provided simple visuals and actionable insights to guide intentional choices for driving impact against those issues.

While Christine knew her job would remain dynamic and unpredictable, she felt a quiet confidence that she could handle any twists and turns that came her way.

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