

Minnesota Business Giving



THE BUSINESS OF GIVING BACK

2002 Survey of Business Giving and Community Involvement

BBIC Building Business
Investment in Community

A statewide collaboration to strengthen Minnesota's business giving and community involvement tradition.

About BBIC

Building Business Investment in Community (BBIC) is a collaboration of 14 Minnesota organizations and associations that came together in late 2000 to learn about and determine how to strengthen and support Minnesota's business giving and community involvement tradition.

Members of the collaboration include:

Center for Ethical Business Cultures	Northland Foundation
Initiative Foundation	Northwest Minnesota Foundation
Minneapolis Regional Chamber of Commerce	Southern Minnesota Initiative Foundation
Minnesota Chamber of Commerce	Southwest Minnesota Foundation
Minnesota Chamber of Commerce Executives	The Collaborative
Minnesota Council on Foundations	United Way Associates
Minnesota Keystone Program	West Central Initiative

A 17-member Steering Committee representing the 14 collaborating organizations and BBIC committee chairs, provides overall leadership for this project. More than 20 additional individuals have played a vital role in advising the Steering Committee. They come from a wide range of disciplines—academia, business, nonprofit organizations, and government—and bring a variety of skills—research, law, communications, marketing, grantmaking—to the work of BBIC's research, communications, strategies and evaluation committees. These individuals are identified by name and organization on our website, www.minnesotabusinessgiving.org.

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2002 Survey of Business Giving and Community Involvement

This first-ever statewide survey of 595 business establishments gives a rare glimpse at the bigger picture of business philanthropy in Minnesota--not just the giving of larger corporations and their foundations, but the giving and community involvement of all sizes of businesses, from those with less than 20 employees to those with more than 500.

The survey results describe a positive picture of business giving and involvement in Minnesota. They show that business philanthropy is strong throughout the state and that giving and community involvement are integral to business establishments of all sizes. It finds that businesses are motivated in their involvement by the desire to give back to their community, that the focus of their giving is local, and that the range of ways in which businesses contribute to their communities is tremendously varied.

Key Survey Findings

Business giving and community involvement is strong. On average, Minnesota business establishments in this survey gave 1 to 2 percent of their gross revenue last year in cash and other types of contributions.

At the time of the survey, when asked to look ahead to 2003, business were relatively optimistic. About two thirds of very small and small businesses and about half of medium and large business expect their charitable contributions to stay about the same. About a quarter of all businesses report they expect their contributions to increase.

Giving and community involvement is widespread and varied.

Business establishments report tremendous breadth and variety in their charitable activities and community involvement. Cash is the most common contribution, but businesses report dozens of other ways they had been involved in their communities in the past year. This varies greatly with the size of the business.

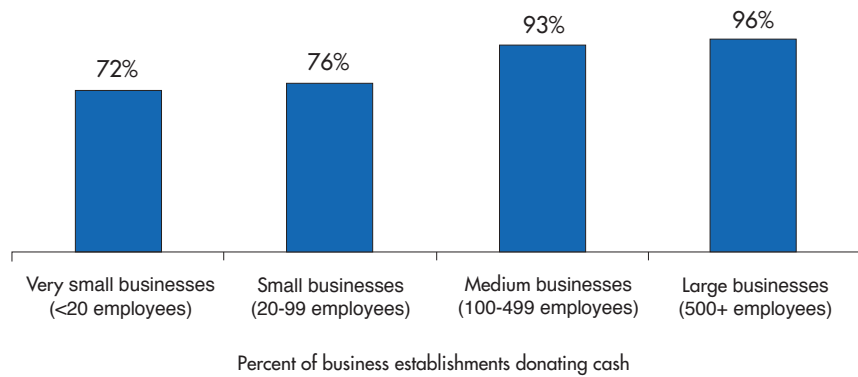
Most businesses give cash.

- 88 percent of business establishments with 20 or more employees gave cash in the past year.
- 72 percent of very small businesses (less than 20 employees) gave cash gifts and gave proportionally more of their revenue.

“Our giving program doesn’t directly increase our customer base, but it helps us because it improves the area in which we live. It ties us in with what’s going on in our community, which is important because we feel the quality of the community directly impacts the quality of the plant.”

*Erick Benz, plant manager
3M, New Ulm*

Cash is the most common contribution.



“In our area, if we don’t join with our neighbors to give back to the community, there won’t be any community left.”

*Hollis Weber, farmer
Hazel Run*

Most businesses also give in other ways. Giving by Minnesota business establishments involves more than writing a check.

- Eighty-seven percent of businesses with 20 or more employees donated products or services in the past year.
- Seventy percent of businesses with 20 or more employees report providing or encouraging employees to volunteer for community events, service programs or service organizations.
- Businesses with 20 or more employees commonly report workplace charitable campaigns organized by employees (65%).

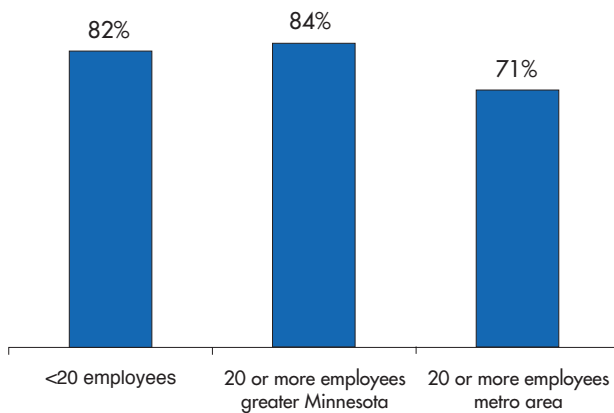
Other examples of non-cash contributions include:

- Employees serving on civic, nonprofit, or agency boards or committees, reported by 32 percent of very small businesses and 73 percent of other businesses.
- Purchasing tickets or other items, reported by 51 percent of very small businesses and 63 percent of businesses with more than 20 employees.
- Sponsoring scholarships, educational programs, community events or sports teams, reported by 35 percent of business establishments with fewer than 20 employees and by 73 percent of all other businesses.
- Very small businesses also report community partnerships with nonprofit organizations or schools (23%) and participation in public campaigns for community causes (15%).

The focus of giving is local. The importance of community ties in business giving and involvement is one of the strongest themes that emerges from this research. Regardless of their size, business establishments tend to give within their local community.

- One of the biggest factors businesses consider is the importance of the project or organization to their community.

Businesses tend to give locally.



Average percent of contribution reported within the local community

Giving back to the community motivates business giving. Across all business sizes, helping and giving back to the community is the most frequent reason cited for giving and community involvement.

- Eighty-six percent of very small business establishments and 90 percent of other businesses cite giving back to the community as the most important reason for charitable giving and community involvement.
- Decision-makers say the strongest encouragement for their business giving comes from the community at large, more than from their business peers or customers. For establishments with more than 20 employees, 72 percent said community residents very or somewhat encouraging, 60 percent said their business peers are encouraging, and 55 percent said their customers are encouraging.

“When we first started our firm, we decided that it was vital for the owners to look carefully at our values and determine what’s important to us as a group. We foster what’s important to us and we make our giving and volunteer efforts a conscious, ongoing annual effort. In short, we get involved.”
Earl Cohen, partner
Mansfield Tanick & Cohen, PA,
Minneapolis

Giving also benefits business. While the primary motivation for giving is helping and giving back to their community, when asked how giving benefits their business, businesses most frequently name building or enhancing a positive reputation, cited by 37 percent of very small businesses, 48 percent of small and medium businesses, and 68 percent of large businesses.

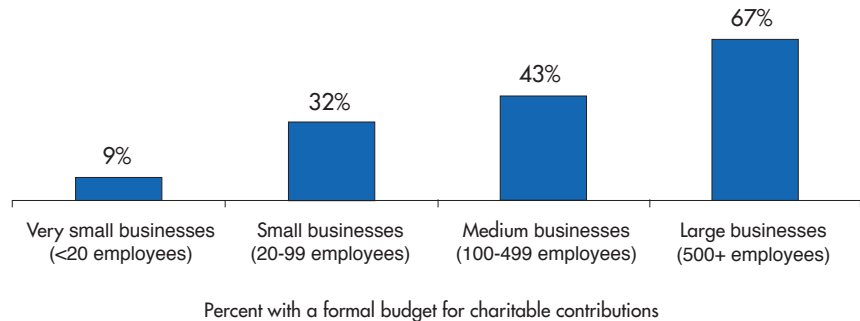
- A sizable portion of very small businesses, however, say their donations are not intended to benefit themselves (35%).
- Larger businesses commonly perceive that their giving benefits their employees (38%) and that it strengthens the community (30%).

Eighty-seven percent of large businesses say public recognition for their philanthropy is very or somewhat important. Among small and medium businesses, about half say public recognition is very or somewhat important. Among very small businesses, 44 percent indicate public recognition is not important at all, and 39 percent say it is very or somewhat important.

Most business giving is informal. Formal programs and budgets for charitable contributions are not the norm.

- The larger the business, the more likely it is to have formal budgets, application processes, advisory committees, tracking and evaluation of giving.

Most businesses do not have formal budgets for charitable contributions.



“Our average customers are big general contractors—not the general public—so there’s not a huge business benefit in making a donation like this. We do get some increased exposure for the company name, but, for us, this isn’t about being recognized. It’s about being a good business citizen and getting a good feeling knowing that we’ve made a difference in a community.”
Monica Sanders, vice president Sanders Steel Erectors, Denmark Township

Regional variations. No regional variations were found in the proportion of businesses that make cash contributions or in the percentage of gross annual revenue they give.

The importance of local community ties is strong throughout the state, but even stronger in greater Minnesota compared to the Twin Cities metro area. For example, among businesses with 20 or more employees, those in greater Minnesota are more likely than those in the Twin Cities metro area to:

- Make decisions for themselves about charitable giving and other forms of community involvement (95% in greater Minnesota, 76% in the metro area).
- Target a higher percentage of their charitable giving to their local community (84% compared with 71%) and a lower percentage outside Minnesota (4% compared with 17%).
- Consider “importance to the community” as the most important factor in deciding where to direct their charitable contributions (24% compared with 13%).

Methodology

The purpose of the research component of this three-year project is to benchmark current charitable giving and community involvement practices of businesses of all sizes throughout the state. Working with the BBIC Research Committee, Wilder Research Center developed a survey that asked for information on the business's philanthropic, volunteer and community involvement practices; the cash value of giving; reasons, motivations, benefits and barriers to giving and involvement, and the decision-making process. It also collected information on the business itself and on the personal philanthropy of the owner, CEO or manager of the business.

From February through June 2002, Wilder Research Center conducted telephone interviews with 595 randomly selected business establishments throughout Minnesota. A "business establishment" in this survey could be a local branch or plant or franchise operation of a company with headquarters within or outside of Minnesota; or it could be a business with a single location.

This report includes results from 510 establishments that have autonomous decision-making authority about their giving practices. For the 85 establishments that do not make their own philanthropic decisions, information was collected only about the personal philanthropy of the CEO, president, owner or branch manager.

The response rate is 69 percent of the business establishments invited to participate, which is a fairly strong response for a random survey of this nature. For more details on the survey methodology, including stratification by size and geography, see the full research report at www.minnesotabusinessgiving.org.

"We take the philosophy that if you can afford to give, then you should."

Deb Larsen, co-owner

Morris Electronics, Morris

Most Minnesota businesses are very small.

Because giving practices can vary greatly by the size of the business, this study does not group together all business establishments for a single average. Instead, most results are presented in size categories. The reader should keep in mind that the great majority of Minnesota business establishments are very small; of the more than 150,000 business establishments, 86 percent have fewer than 20 employees.

Minnesota business establishments, by size

86%	Very small	Fewer than 20 employees
12%	Small	20-99 employees
2%	Medium	100-499 employees
< 1%	Large	500 or more employees

Note: Business establishments in this study include locally based operations with headquarters elsewhere, such as branch offices, plants, and franchises, as well as businesses with only one location.

Strategies to Strengthen Business Giving and Community Involvement

Findings of the 2002 business survey will guide BBIC in creating strategies to strengthen and support business giving and community involvement throughout Minnesota. These strategies will promote a sustainable commitment by businesses to give back to their communities.

Based on survey responses and potential impact, BBIC has identified the strategies listed below as first steps for action. Additional strategies will be developed during 2003 and 2004 as we learn from our ongoing engagement with Minnesota businesses.

"We now have about 60 employees pursuing education courses at the center. That's a direct benefit for us. It's a big circle—the return on our investment will come right back to us—and it also serves to strengthen and build the community that supports us."

*Jim Wendorff,
director of human resources
Viracon, Owatonna*

Ensure that good, useful information is available

- Provide a web site that will serve as a central source of information and referral for Minnesota businesses interested in strengthening or expanding their current activities as well as for those that want to launch a new program (www.minnesotabusinessgiving.org).
- Develop and make available in multiple formats information on why businesses invest in their communities, how they are investing, and resources and services available to assist them in their efforts.

Encourage recognition of business contributions to community

- Collect and disseminate stories that illustrate the different ways in which businesses of all types and sizes are investing in their communities. These stories will serve as examples for businesses as they consider their own giving and community involvement activities.
- Identify or develop models for recognition of businesses that are actively engaged in giving and community involvement. Design models that can be delivered at the local level, by chambers of commerce, industry trade associations and other community organizations.

Engage BBIC partners and others in the work

- Build on the strengths and resources of members of the BBIC collaboration to promote and sustain the tradition of business giving and community involvement.
- Provide support and materials to members of the BBIC collaboration and others to assist them as they work to strengthen and support business giving and involvement in their areas of the state.
- Develop and communicate to nonprofit and community groups the key messages and information that emerge from the survey that will enhance the relationship between their organizations and businesses.

Why this Survey?

As the 20th century came to a close, questions were raised in the media and among individuals and organizations in the community about the continued viability of the strong tradition of philanthropy among Minnesota businesses and business leaders. Was the tradition at risk?

These questions brought together a unique collaboration of 14 organizations and associations with strong ties to the business and philanthropy community. With the goal of strengthening Minnesota's business giving and community involvement, they formed Building Business Investment in Community (BBIC). In January 2001, BBIC wrote and received a grant for its work from New Ventures in Philanthropy, a national initiative of the Forum of Regional Associations of Grantmakers.

BBIC members quickly realized that the corporate philanthropy tradition for which Minnesota is known was based primarily on the activities of the state's largest corporations, most of which are headquartered in the Minneapolis-St. Paul area and most of which are publicly held. A special Minnesota Public Radio report in September 2000 had found "a dearth of research about small business philanthropy, compared to the reams of studies about large corporate giving." BBIC members questioned whether the same tradition was true for main street Minnesota--for the towns and communities in Greater Minnesota? For new and emerging companies of the urban and suburban centers of Minnesota? For family-owned or private businesses that comprise the majority of businesses in the state?

To answer these questions, BBIC decided to collect both quantitative and qualitative information from a wide variety of businesses throughout the state—from those with fewer than 20 employees to those with more than 500. The group wanted to learn more about what motivates businesses to give back to their communities, about the range and value of their contributions, about the benefits to their business, and about the barriers that keep them from being involved.

BBIC contracted with the Wilder Research Center to conduct this survey—the first of its type in Minnesota. Wilder Research Center is one of the largest nonprofit centers in the United States dedicated solely to applied research and evaluation in the human service field and is part of the Amherst H. Wilder Foundation in Saint Paul, Minnesota.

We have highlighted the findings and recommendations in this executive report and invite you to visit our web site, www.minnesotabusinessgiving.org, for a full copy of the study report.

For additional copies of this executive summary or to request a full copy of the study report, contact BBIC at (651)292-4679 or e-mail us at BBICmail@mnchamber.com.

"The employees have a pretty strong commitment to our local community and the company really tries to support such local efforts. ...The company realizes that people here like to help in the community, and we like to give employees the opportunity to do their part."

*Linda Platz, human resources manager
Innovex Inc., Litchfield*

Meet Business Givers

As part of the 2002 business survey, representatives at more than one-third of the business establishments contacted indicated they would be interested in sharing the story of their giving and community involvement activities. Stories from the twenty businesses listed below can be found at www.minnesotabusinessgiving.org. Business giving stories that illustrate the diversity of giving and community involvement by Minnesota businesses will continue to be collected and will appear on this web site as they are available.

3M	New Ulm
Associated Bank Red Wing	Red Wing
Bauerly Companies	Sauk Rapids
Curves for Women	St. Cloud, No. St. Paul, Stillwater
Heartland Juice Co.	Minneapolis, St. Paul, Edina
Hollis Weber, farmer	Hazel Run
Hy-Vee	Albert Lea
Innovex Inc.	Litchfield
KKE Architects	Minneapolis
Mansfield Tanick & Cohen, P.A.	Minneapolis
Minnesota Life Insurance Co.	St. Paul
Minnesota Power	Duluth
Morris Electronics	Morris
Perham Fast Lube and Tire	Perham
Polaris Industries Inc.	Rouseau, Medina
Sanders Steel Erectors	Denmark Township
TCF Financial Corporation	Wayzata
U.S. Bancorp Business Equipment Finance Group	Marshall
Viracon	Owatonna
Winland Electronics Inc.	Mankato

Acknowledgments

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BBIC also received local financial support for its work from the 18 businesses and individuals listed below and significant pro bono support from Padilla Speer Beardsley Public Relations, Reson8 Advertising and Design, Shafer and Feld Printers, and U.S. Bancorp Piper Jaffray. The Minnesota Chamber of Commerce provides office space and support for BBIC; the Minnesota Council on Foundations serves as fiscal agent for the project. We thank all our funders for their support and interest.

American Express Financial Corp.	Reliant Energy Minnegasco
Ecolab Foundation	Edson W. Spencer
H.B. Fuller Company	The St. Paul Companies
General Mills Foundation	Target Stores
ING Reliastar Financial Corp.	Thrivent Financial for Lutherans
David and Barbara Koch	U.S. Bank Foundation
Marquette Financial Cos.	U.S. Trust Co. Fund of The Minneapolis Foundation
McFarland Family Fund of The Minneapolis Foundation	Wells Fargo Foundation, on behalf of Wells Fargo Bank Minnesota, Wells Fargo Brokerage Services, Wells Fargo Institutional Investments, Lowry Hill, Wells Fargo Private Client Services
The Medtronic Foundation	
RBC DainRauscher Foundation	

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BBIC Building Business
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Suite 1700
30 East Seventh Street
Saint Paul, MN 55101
(651) 292-4679
BBICmail@mnchamber.com
www.minnesotabusinessgiving.org

Marina Muñoz Lyon, Chair
Jackie Reis, Project Manager

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