

# strategic philanthropy **for** CED

## ○ | The Co-operators

The Co-operators is committed to building sustainable communities through corporate giving. Through the establishment of Community Economic Development (CED) Funds, they have strategically invested in CED through their CSR efforts. Strategic philanthropy through this community investment initiative has resonated positively with various stakeholders.

## ○ | Strategic Philanthropy

### Strategic Philanthropy

Corporations are facing many pressures to become socially-responsible, including government regulation, shareholder advocacy, and ethical consumerism. Many corporations have responded through corporate social responsibility (CSR) strategies, which seek to address the social and environmental impact of corporate activities and business practices. As corporations come under pressure to invest more resources into these areas, they are beginning to think about how they can maximize the return on their social investments.

Strategic CSR means thinking about the best way in which the firm can create value for society – in a similar way as it creates value for customers.<sup>1</sup> Along the same lines, strategic philanthropy is not simply an approach to charitable giving, but rather to investing in the creation of measurable social impact.<sup>2</sup> The Co-operators, the leading Canadian-owned, multi-product insurance company founded over 60 years ago with a co-operative structure and community-based approach, represents how these principles translate into tangible community investments.

### Community Investment

A core value for The Co-operators is “balancing economic, environmental and social priorities as a responsible corporate citizen.”<sup>3</sup> The organization has committed to embedding these concerns into the “organizational DNA” – every aspect of the business – by developing a formal sustainability policy and strategy.<sup>4</sup> In adopting a triple bottom line approach, The Co-operators describe their social impact through a Sustainability Report, which describes the organization’s activities over the past year and proposes benchmarks and performance targets for the coming year.

Overall, corporate social responsibility (CSR) contributions have grown with the organization, and now stand at \$3.5 million annually.<sup>5</sup> The avenues for community and philanthropic investment have also evolved – from corporation giving programs centered on financial donations, to more strategic investments in communities through the Co-op Development Program, and the CED Funds program. Furthermore, the organizational commitment to sustainability has encouraged a greater focus on the area of community economic development (CED) as means of community investment.

<sup>1</sup> Michael E. Porter and Mark R. Kramer (2006) “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility”, *Harvard Business Review*, December, p.88

<sup>2</sup> Jed Emerson and Sheila Bonini (2004) “The Blended Value Map: Tracking the Intersects and Opportunities of Economic, Social and Environmental Value Creation”, *Executive Summary*, <http://www.blendedvalue.org/media/pdf-bvm-executive-summary.pdf>, p.1

<sup>3</sup> The Co-operators (n.d.) “Mission, Vision, and Values”, [http://www.cooperators.ca/en/aboutus/corevals/2\\_1\\_0.html](http://www.cooperators.ca/en/aboutus/corevals/2_1_0.html)

<sup>4</sup> “CSR Wake-Up Call”, *The Co-op Advantage*, Fall 2007

<sup>5</sup> *Ibid.*

---

“The purpose of the Fund is to support community enterprises and initiatives that create local employment and promote local self-reliance, with a focus on sustainable economic development initiatives for disadvantaged individuals or communities.”

---

<sup>6</sup> The Co-operators (2006) “Community Economic Development (CED) Report”, [http://www.cooperators.ca/static/pdf/en/CED\\_Report\\_English.pdf](http://www.cooperators.ca/static/pdf/en/CED_Report_English.pdf)

<sup>7</sup> Barbara Turley-McIntyre, *Personal Correspondence*, January 14, 2008

<sup>8</sup> *Ibid.*

<sup>9</sup> The Co-operators “About our Community Economic Development Fund”, [http://www.cooperators.ca/en/aboutus/corpresp/2\\_3\\_1\\_9.html](http://www.cooperators.ca/en/aboutus/corpresp/2_3_1_9.html)

## Investing in CED

Investments in CED are channelled through two complementary funds: Co-operators 50 Anniversary Community Fund and Co-operators Community Economic Development Fund. The distinction is that the former has charitable status and thus its focus is exclusively on supporting registered charities, while the latter Fund supports both charities and non-profit organizations.<sup>6</sup> At the organizational level, there is a funding commitment to transfer 0.35% of annual pre-tax profits into the CED Fund, and this has ensured a sustainable commitment to CED.<sup>7</sup> Over \$6.1 million will have been allocated to the CED Fund since 1995, with interest earnings directed to a plethora of locally-driven initiatives.<sup>8</sup>

The purpose of the Fund is to support community enterprises and initiatives that create local employment and promote local self-reliance, with a focus on sustainable economic development initiatives for disadvantaged individuals or communities.<sup>9</sup> As of December 2007, \$1.8 million has been disbursed to organizations across the country, with grants ranging from \$6,000 to \$20,000.<sup>10</sup> In 2007, the CED Fund invested \$315,000 to 16 organizations.<sup>11</sup>

## Making A Commitment

The Co-operators are committed to building the capacity of CED organizations across Canada through their corporate giving programs. They have established funding vehicles which are replenished annually to ensure sustained funding for CED initiatives. Grant making infrastructure is in place to identify and fund community organizations that are contributing to local economic and social development. There is a commitment to building the capacity of the CED sector and the capacity of individual organizations – half of all CED organizations supported by The Co-operators to date have received multi-year funding.<sup>12</sup>

While the corporate funding allocation into the Funds is an important component of the commitment to CED, support from the Board of The Co-operators has been vital to drive the initiative. The Board has supported this commitment as an investment rather than simply a gesture of charity. Senior leadership have engaged in the activities of the CED Fund by visiting sites of community investments and demonstrating their presence at volunteer meetings. The Board commitment also provided the impetus for community engagement strategies to be implemented across the whole organization. This was critical in getting staff at all levels involved, including local community office and employee buy-in.

The Co-operators have made a principled decision to abide by their commitment to CED, and have strived to gain a better understanding of best practices around investing in CED. Reporting to stakeholders on which CED initiatives they are funding is an integrated component of performance reporting cycles. The Co-operators have refined their strategies around which CED initiatives they will support, and have partnered up with VanCity, a Canadian leader in CSR and CED, to help leverage their expertise and experience in the CED sector.

## Return On Investment

The decision to invest in communities not only plays an important role in local community development, but can make a significant contribution to the bottom line. Customers and investors, increasingly concerned with socially-responsible corporate behaviour, will reward good organizations and punish (perceived or real) bad organizations.<sup>13</sup> There are also benefits from other stakeholder groups: Dennis Deters, Senior Vice-President, Member and Corporate Relations and Planning, has remarked that “policymakers and politicians are sometimes more aware of the Co-operators based on their community investment practices than core business.”<sup>14</sup>

Corporate investments in communities have also encouraged the creation of a positive and dedicated workforce. Community investment programs resonate with staff, and have contributed to the organization being ranked 20th among the “50 Best Employers in Canada” by the Globe and Mail’s “Report On Business” magazine. An internal survey shows that 88% of staff members believe The Co-operators adds value to their communities.<sup>15</sup> In an increasingly competitive labour market, these corporate qualities will tend to attract the best and brightest.

## Lessons Learned

The Co-operators was founded on the principles of being socially-responsible, and they have ingrained these principles in their mission, values, corporate culture, and business practices. As the organization has matured, so too have their strategies to community investment. The term “strategic philanthropy” is appropriate – viewing philanthropy as not simply an approach to charitable giving, but rather to investing in the creation of measurable social impact.<sup>16</sup> By focusing on CED, the organization has strengthened both the corporate *and* social impact of its corporate giving.

In the Canadian corporate landscape, The Co-operators are certainly not alone in their desire to balance corporate economic, environmental and social objectives. There are many other outstanding examples of CSR practices among Canadian companies such as Alcan, DuPont, and Mountain Equipment Co-op. Even so, the approach taken by the Co-operators provides three important lessons on how to leverage organizational traits in support of community investment:

- Clarify why you are carrying out CSR or community investment, and ensure that the organizational commitment is consistent with corporate culture and values. For The Co-operators, there is a natural fit between

investing in CED and the corporate connection with local communities.

- Secure a commitment at the highest levels. This means Board commitment is essential to facilitate sustained and focused investments in CSR. In the case of The Co-operators, this commitment translated into broader organizational buy-in.

- Leverage core strengths such as the on-ground connection with community or employee expertise. At the corporate level, the Co-operators prides itself on the connection that local offices have with their communities, both in terms of service excellence and as an employer of choice.

## 2007 Grant Recipients

**St. John Community Loan Fund** (St John, NB) provides financial services to socially and economically marginalized Canadians in the St. John region.

**Onward Willow** (Guelph, ON) provides opportunities for inclusion in social support networks; facilitates work-skills workshops; and offers employment in a catering service.

**Common Ground Co-operative** (Toronto, ON) focuses on providing stable co-operative employment opportunities to persons with disabilities.

**Centretown Laundry Co-op** (Ottawa, ON) provides employment opportunities to recent immigrants, homeless and low income/unemployed persons.

**Neil Squire Society** (rural NB and SK) provides employment training and development services to people with physical disabilities.

**Just Beginnings Flowers** (Vancouver, BC) is a new social enterprise that will provide training, certification and job placements in the floral

---

“The decision to invest in communities not only plays an important role in local community development, but can make a significant contribution to the bottom line.”

---

<sup>10</sup> Barbara Turley-McIntyre, *Personal Correspondence*, January 14, 2008

<sup>11</sup> *Ibid.*

<sup>12</sup> *The Co-operators* (2006) “2006 CED Report”, [http://www.cooperators.ca/static/pdf/en/CED\\_Report\\_English.pdf](http://www.cooperators.ca/static/pdf/en/CED_Report_English.pdf), p.10

<sup>13</sup> *GlobeScan* (formerly *EnviroScan*) (2005) “Corporate Social Responsibility Monitor”

<sup>14</sup> Dennis Deters, *Personal Correspondence*, December 6, 2007

<sup>15</sup> Barbara Turley-McIntyre, *Personal Correspondence*, January 14, 2008

<sup>16</sup> Emerson and Bonini (2004), p.1

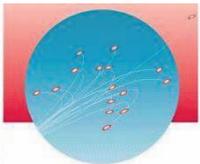
This case study was written by Karim Harji, Social Finance Program Officer at the Carleton Centre for Community Innovation, in January 2008. It benefitted from conversations with Dennis Deters and Barbara Turley-McIntyre from The Co-operators.

Funding generously provided by The Ontario Trillium Foundation

THE ONTARIO  
TRILLIUM  
FOUNDATION



LA FONDATION  
TRILLIUM  
DE L'ONTARIO



Carleton Centre for  
Community Innovation  
Centre d'innovation  
communautaire de Carleton



industry to women at risk in the Vancouver area.

**All A Board Youth Ventures** (Toronto, ON) provides training and employment opportunities to youth-at-risk, as well as youth suffering from hearing impairment.

**Opportunities Career Services Society** (Comox, BC) provides career development services for the unemployed and underemployed in Campbell River and the Comox Valley.

**Tradeworks Training Society** (Vancouver, BC) offers training and employment programs in Downtown East Vancouver to low income and marginalized residents.

**Affirmative Industry Association** (Dartmouth, NS) provides housing for mental health consumers and disadvantaged persons.

**Community First Development Fund of Saskatoon** (Saskatoon, SK) provides education, life skills and employment training to marginalized youth.

**Community Ownership Solutions** (Winnipeg, MB) tackles poverty and structured underemployment in Winnipeg through its social

enterprise, Inner City Development (ICD).

**Edmonton Financial Literacy Association** (Edmonton, AB) focuses on financial literacy, particularly among the Alberta Aboriginal community and with young offenders.

**Le Regroupement des Partenaires francophones** (Ottawa, ON) is a consortium of francophone organizations developing social economy businesses to support developmentally disabled people.

**La Maison Gisèle-Auprix-St-Germain** (Longueuil, QC) offers services and respite care to physically-handicapped adults under age 65.

**Stella Burry Community Services** (St. John's, NL) provides counselling and support to adults with social and emotional problems.

## Selected Resources

The Co-operators: [www.cooperators.ca](http://www.cooperators.ca)

Canadian CED Network: [www.ccednet-rcdec.ca/](http://www.ccednet-rcdec.ca/)

Community Economic Development Technical Assistance Program (CEDTAP): [www.carleton.ca/cedtap](http://www.carleton.ca/cedtap)

## Carleton Centre for Community Innovation

The Carleton Centre for Community Innovation (3CI) brings together superior academic research and knowledge dissemination to Canadian communities in ways that promote long-term growth and sustainable development. One of Canada's leading sources of expertise in social finance, 3CI has also played a leadership role in grant-making, evaluation and policy analysis in the fields of community economic development and social enterprise. From 1997 to 2008, the Centre managed the Community Economic Development Technical Assistance Program (CEDTAP), with the support of The J.W. McConnell Family Foundation, The Ontario Trillium Foundation, Bell Canada and other partners. Other action-research priorities for 3CI include local governance, community learning and community-university partnerships.

[www.carleton.ca/3ci](http://www.carleton.ca/3ci)  
[ccci@carleton.ca](mailto:ccci@carleton.ca)

tel: (613) 520-5792  
fax: (613) 520-3561