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How Companies Can Make an Enduring Difference in American Cities

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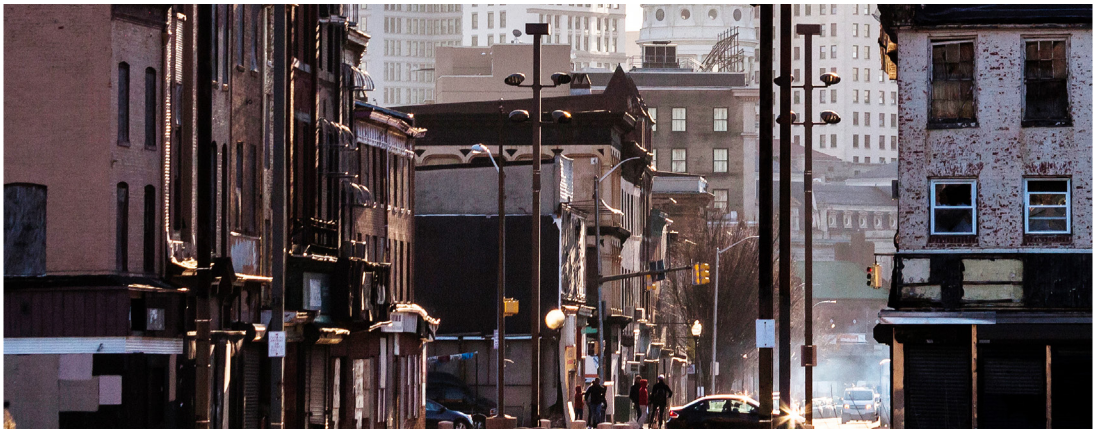
by Robert Schwarz



Executive Summary

Accounting for 82 percent of the US population and 88 percent of its jobs, cities are at the center of American economic, political, cultural, and community life.[1] At the same time, cities are a locus of long-standing social problems, such as homelessness, poverty, inequality, race-related issues, unaffordable housing, and crime. While The Conference Board has been offering sound recommendations for companies to address social issues for more than 100 years,[2] there is now an opportunity for companies—through their corporate citizenship efforts—to create more lasting positive change in cities and their communities, in areas ranging from economic opportunity and education to health care and racial equality.[3] It is an opportunity made possible by corporate leaders' focus on sustainable capitalism; by investors and other stakeholders looking for corporate leadership in addressing social challenges; by innovative approaches to collaborative problem-solving being adopted by corporations, governments, and nonprofits across the US; and by more new sources of data that improve the efficiency and effectiveness of corporate philanthropy.[4] Seizing this opportunity is made all the more urgent by the social crises of 2020.

As discussed in this report, taking advantage of this opportunity requires a progression in the way companies have traditionally approached corporate citizenship and philanthropy. Corporate philanthropy has come a long way from the days when companies simply wrote checks to support causes that matched the interests of the company or its senior management.

Our work has underscored the importance of five key hallmarks of a new era of more effective corporate efforts to improve the quality of life in cities:

1. a more in-depth understanding of communities' needs;
2. closer collaboration with a range of community stakeholders to develop and execute joint plans and priorities;
3. more intensive use of data to identify the scope of the challenge and improve the effectiveness and efficiency of the response;
4. a willingness to commit to multiyear programs, in addition to the traditional annual funding cycles; and

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1 "Urban Population (% of Total Population) - United States," The World Bank, 2018; "The Mayors' 2020 Vision: An American Breakthrough," The United States Conference of Mayors, 2020; A.J. McMichael, "The Urban Environment and Health in a World of Increasing Globalization: Issues for Developing Countries," *Bulletin of the World Health Organization* 78, no. 9 (2000):1117–1126; "More Than 400 Bipartisan Mayors Now Signed on to Letter Calling for Action on Direct Fiscal Assistance for Cities," The United States Conference of Mayors, January 29, 2021.

2 See, e.g., *Social Responsibilities of Business Corporations,* Committee for Economic Development, June 1971.

3 Paul Washington and Merel Spierings, *Insights for Investors and Companies in Addressing Today's Social Issues*, The Conference Board, November 2020; "Reimagining Capitalism in a World on Fire with Rebecca Henderson," *ESG News & Views,* The Conference Board, March 11, 2020; Steve Odland and Joe Minarik, *Sustaining Capitalism: Bipartisan Solutions to Restore Trust & Prosperity* (New York: The Conference Board, 2017); "The Mayors' 2020 Vision"; Edelman Trust Barometer 2021.

4 Alex Parkinson, *Data-Driven Corporate Philanthropy: The Revolutionary Potential to Change Lives*, The Conference Board, November 2020; Joe Nocera, "CEOs Can't Stay on Society's Sidelines Anymore," Bloomberg, April 2, 2021.

5 leveraging a broader suite of corporate resources, beyond those managed by the corporate citizenship and philanthropy functions, to address social challenges.

Insights for What's Ahead

More open and honest conversations with multiple stakeholders about what companies can provide and what grantees need are essential to companies' social programs having more enduring positive outcomes in cities.

While corporate citizenship departments have been addressing social problems in cities through their philanthropy, community relations, and employee volunteer programs for decades, companies sometimes take an approach that is driven more by internal priorities and programmatic goals than by an in-depth understanding of community needs. At the same time, nonprofit grantees are sometimes reluctant to fully disclose their needs and those of their communities because they are concerned that their candor may deter companies from providing funding.

Overcoming those hurdles to have more open, honest conversations with a wide variety of stakeholders to understand their points of view on how best to address the problems their community is facing is critical. To quote Stephen M.R. Covey: "Change moves at the speed of trust."[5]

The Conference Board ESG Center's Corporate Social Responsibility (CSR) Council's tour of four US cities is an exemplar of this approach. The Council's tours of Newark, New Jersey; Los Angeles, California; Detroit, Michigan; and Baltimore, Maryland, afforded participants multiple opportunities to hear—firsthand—local corporate, university, nonprofit, government, law enforcement, faith-based, and community leaders' candid perspectives on social problems their communities are facing and suggestions for how to address them.

Those candid conversations need to be followed by close collaboration between a company and other stakeholders in defining the problem, identifying goals, and developing solutions.

The traditional top-down approach can fall short of solving cities' social problems and have other lasting negative effects. When corporate citizenship efforts do not adequately address community needs, the result can be feelings of disempowerment and distrust as community stakeholders believe there is not much they can do when companies are intent on realizing their own agenda. As succinctly summed up by B. Cole, founder of Dovecote Café in Baltimore, "[S]ometimes I feel like impact has been done to us."

By contrast, companies can have a much greater impact if they are willing to be led by other stakeholders in addressing the challenges their communities face. Doing so enables companies to tap into communities' expertise regarding both the nature of social problems—as they are living them—and approaches to addressing them. Willingness to be led, or to share a leadership role, can be challenging. One way to begin is by surveying

5 Stephen M.R. Covey, *The Speed of Trust: The One Thing That Changes Everything* (FranklinCovey, 2006).

grantees anonymously about company funding practices to get a candid assessment of how a company could shift its leadership style.[6]

Stakeholders say they are looking for companies to cooperate with the communities they support, engage with city and state lawmakers to initiate policy change, and leverage leaders' influence and connections to champion change. To collaborate effectively with communities, companies may consider: 1) coming to a common understanding of the problem being addressed; 2) mutually defining the objectives and goals of the collaboration; and 3) together deciding which steps to take to achieve the desired change.[7] In short, working collaboratively to adopt a joint plan with clear goals and assignment of responsibility.

The T. Rowe Price Foundation offers an example of a truly collaborative and effective approach. Part of the organization's impact grants process since 2015 involves working with its nonprofit partners to create a dashboard of mutual performance indicators and associated goals to which they hold each other accountable for the duration of the grant. According to John Brothers, the President of the Foundation, this collaboration makes it easier to adapt their programs based on lessons learned during their operation, which helps to optimize the efficiency and impact of their work with nonprofit partners.

Rocket Community Fund's Neighbor-to-Neighbor program is another example of this approach. It created a network of 30 community groups that hired Detroit residents to contact Detroit homeowners who are chronically behind on their property taxes and, working with the City of Detroit, provide them with funding and other resources to address their situation through the proper channels. To date, its program has produced close to 1,500 new homeowners and kept tens of thousands of families in their homes.

Companies can use new sources of data to define the cost of addressing social problems and measure the efficiency and effectiveness of their efforts, all while strengthening collaboration with other stakeholders.

As companies and communities alike are focused on programs that have a measurable and meaningful impact on addressing social problems, they also have new sources of data to improve their decision-making. For example, the Impact Genome Project® (IGP) Sentinel Outcomes Initiative is now quantifying and tracking Americans' unmet needs in the areas of financial health, social capital, food security, housing, employment, and education. The initiative will measure: determinants of need, the cost of addressing those needs, the gaps in access, and the number of nonprofits serving those needs.[8]

In addition to helping to define the cost of addressing social problems, there are now data sources to help companies better measure the efficiency of their efforts. IGP's Price of Impact Index provides the "cost per outcome" (CPO) for achieving over 100 different results in areas from arts to economic development, and education to public health. These data, derived from thousands of nonprofits in the US, enable funders to benchmark

6 "Solicit & Act on Feedback," Trust-Based Philanthropy Project.

7 "Collective Impact Principles of Practice," Collective Impact Forum, April 17, 2016.

8 "The Impact Genome Project® Announces a New Standard for Measuring Social Determinants of Health," PR Newswire, April 2, 2021.

the cost of their programs, estimate the impact of their programs given a funding amount, assess the efficiency of their programs, and inform budget decisions. Even more importantly, they provide unbiased empirical information for corporations, nonprofits, and government agencies to work together in addressing challenges.[9]

Companies should consider taking a longer-term approach in their financial and other commitments.

Council members acknowledge that corporate grants typically last for one year and are for restricted purposes.[10] This can make such grants easier to justify internally: a limited financial commitment, with a clear programmatic goal, and ability to assess impact relatively quickly.

Short-term grants can be useful for, among other things, funding research and establishing a relationship with new grantees. But if companies limit themselves to annual grants, they can also limit their ability to address the causes of large, complex, interconnected social problems. Adopting a long-term perspective, including making multiyear grants, can be better suited to fostering a deep understanding of the problems to be addressed, building a collaborative working relationship, and adjusting solutions based on experience.[11]

One example of this commitment to multiyear funding is JPMorgan Chase's *Advancing*Cities program: a $500 million, five-year initiative to help revitalize cities. Since its 2014 inception, in Detroit alone, the program has helped 14,000 residents participate in workforce training programs, created or preserved 2,000 units of affordable housing, created or preserved 3,000 jobs, and given 7,000 small businesses capital or technical assistance.

Companies can reduce risks associated with providing multiyear unrestricted grants by having honest, open, and collaborative discussions with grantees and other stakeholders up front, as well as by beginning with a one-year unrestricted grant that can be extended provided performance goals are met.

Companies can more aggressively use their corporate citizenship functions to leverage the company's broader business resources to address social issues in ways that also serve the company's business interests.

To be effective, corporate citizenship professionals need to understand both their company's capabilities and the needs of a variety of communities,[12] and help bring the broader suite of corporate capabilities to bear. A practical first step is for the corporate citizenship department to meet with its internal colleagues to determine ways the

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9 Parkinson, *Data-Driven Corporate Philanthropy.*

10 Kathleen Kelly Jamus, *Social Startup Success: How the Best Nonprofits Launch, Scale Up, and Make a Difference* (Boston: Da Capo Lifelong Books, 2018).

11 Parkinson, *Data-Driven Corporate Philanthropy.*

12 Jeff Hoffman, "Corporate Community Relations Done Right: One Foot in the Company, One Foot in the Community," *Corporate Citizenship & Philanthropy Blog*, The Conference Board, June 17, 2020.

business can address the issues communities have identified and establish opportunities for collaboration.[13]

Prudential Financial's work in Newark provides an example of a company leveraging its corporate citizenship and community knowledge to inform its broader business efforts. Business functions including sales, marketing, human resources, and procurement have called upon corporate citizenship to guide them in: 1) developing products and services for people of color; 2) addressing unconscious bias against people of color in hiring and promotion processes; and 3) developing equitable procurement qualifications and standards.

About This Report

This report is based on The Conference Board Corporate Social Responsibility Council's tours of four US cities: Newark, New Jersey; Los Angeles, California; Detroit, Michigan; and Baltimore, Maryland, as well as external research.

The Council, comprising corporate citizenship and philanthropy leaders from public and private companies with median revenues of more than US$28 billion, were seeking to learn more about cities' social problems from community leaders and how they can effect more enduring positive changes in communities they support. The Council chose these four cities because of the social problems they continue to face, their demographics and racial composition, and their position along their path of social change.

The report does not compare and contrast the cities visited, nor does it address all of the social problems they are facing. Rather, it includes and contextualizes information on social problems gathered from community stakeholders during panel discussions, site visits, and interviews with public, private, nonprofit, faith-based, government, and law enforcement organizations on the social problems their respective communities encounter. A summary account of the proceedings of these assemblies is presented in four city reports.

Some of the quoted material is taken from discussions wherein direct, candid, and unreserved language was used. *All such language and comments are views of the discussants, not of The Conference Board.* The material has been published this way so that companies and other readers can see the problems from stakeholders' point of view.

While the social problems discussed are present in varying degrees nationwide, including in suburban and rural areas, this report is based only on the experiences in these four cities. As such, companies can decide which opportunities apply to the communities they support and which align with their business, strategy, and resources.

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13 Robert Schwarz, *Navigating and Shaping the New Normal(s)*, The Conference Board, August 2020.

The Significance of Cities to Companies

With urban areas accounting for 82 percent of the US population and 88 percent of its jobs,[14] cities are centers of economic, political, cultural, and community life, they are also rife with social problems including: 1) income inequality; 2) underperforming K-12 education systems; 3) insufficient affordable housing; 4) race-related issues; and 5) unemployment, poverty, and crime.

Over the last 60 years, cities have become home to most corporate headquarters,[15] and the US economy is increasingly concentrated in large cities.[16] Despite some urban flight precipitated by COVID-19 and more companies allowing their employees to work remotely, the importance of cities is likely to remain.[17]

At the same time, employees and other stakeholders are calling on companies to do more to address social problems—and investors are keen to see companies' efforts, especially on racial equality, succeed.[18] It is in companies' long-term interest, therefore, both to understand community dynamics and to contribute to the social well-being of the cities in which they operate.

Social Problems Facing the Four Visited Cities

The following list summarizes the social problems present in each of the cities the Council visited. While they pre-date COVID-19, problems such as poverty and inequality have been brought into sharper relief or exacerbated by it.

- A history of racism, including: 1) policies, such as redlining, that contributed to the creation and persistence of disadvantaged neighborhoods; 2) inequitable criminal justice systems; and 3) absence of corporate investment in communities of people of color.
- Neighborhoods characterized by urban blight,[19] rundown parks, and few basic amenities such as grocery stores, pharmacies, restaurants, banks, and hardware stores; yet, an abundance of liquor stores, check-cashing facilities, and corner stores with a product mix of scratch-off lottery games, cigarettes, beer, junk food, and a few household items. These neighborhoods are often just outside more prosperous developed commercial areas replete with all the things the former neighborhoods lack, in addition to office towers and housing developments.
- Underfunded/underperforming K-12 schools with high dropout rates in low-income areas.[20] Students who stay in school often demonstrate low proficiency in

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14 "Urban Population (% of Total Population) - United States," The World Bank, 2018

15 Patrick Adler and Richard Florida, "Geography as Strategy: The Changing Geography of Corporate Headquarters in Post-Industrial Capitalism," *Regional Studies* 54, no. 5 (2020): 610–620.

16 Andre Tartar and Reade Pickert, "A Third of America's Economy Is Concentrated in Just 31 Counties," Bloomberg, December 16, 2019.

17 Ivo Daalder, Will Johnson, and Samuel Kling, "Why We Don't Believe the Big City Obituary," Bloomberg CityLab, February 2, 2021.

18 Washington and Spierings, *Insights for Investors and Companies.*

19 Urban blight is marked by dilapidated buildings, litter-strewn vacant lots with overgrown weeds, and abandoned cars.

20 While pre-K programs can play a significant role in setting children up for success in their K-12 school years and beyond, it is not a topic the Council touched on during their tours.

reading, writing, and STEM subjects, which leaves them unprepared for college or a job that will earn them more than minimum wage. The digital divide present in low-income areas has compounded these issues during the COVID-19 pandemic as schools have been required to conduct classes online.

- A lack of adequate public transportation, which makes it difficult for city residents—especially low-income residents—to get to and from work and school, run errands, and socialize.
- A lack of affordable housing, which is a contributing factor to homelessness. Moreover, struggling to pay rent can have a detrimental effect on adults' economic mobility as well as learning and earning potentials of their children.[21]
- High unemployment and/or underemployment in disadvantaged communities. This problem has many causes, among them a lack of career/job opportunities and underskilled and undereducated labor. Indicative of the interconnected nature of social problems, sustained unemployment and/or underemployment can lead to homelessness, poverty, and crime.
- High crime rates, including armed robbery, drug violence, and murder. Again, while these types of crimes have many causes, persistent high levels of crime depress the economic and social viability of communities, thus contributing to lack of investment, low property values, and low residency rates.
- Poverty, commonly caused by: 1) structural economic shifts; 2) racial and gender discrimination; 3) mental illness; 4) racial and income segregation; and 5) adverse consequences of public policy,[22] is disproportionately prevalent among minority communities and puts them at increased risk for mental illness, chronic disease, and lower-than-average life expectancy.[23]

Establishing Trust Through More Candid Conversations

Over the years, leading companies' corporate citizenship community-based efforts have had a positive impact on many individuals and organizations. But the approach has sometimes been limited by companies' practice of bringing their programs and solutions to communities without a full appreciation of community needs. In the words of Lisa Cleri Reale, Civic Leader and Board Member for United Way Los Angeles: "We used to go into communities and do studies and then tell them what needed to be done to fix their

21 "The Problem," National Low-Income Housing Coalition.

22 Michael B. Teitz and Karen Chapple, "The Causes of Inner-City Poverty: Eight Hypotheses in Search of Reality," *Cityscape: A Journal of Policy Development and Research* 3, no. 3 (1998): 33–70.

23 Gopal K. Singh and Mohammad Siahpush, "Widening Socioeconomic Inequalities in US Life Expectancy, 1980–2000," *International Journal of Epidemiology* 35, no. 4 (August 2006): 969–979; Nicolle A. Mode, Michele K. Evans, and Alan B. Zonderman, "Race, Neighborhood Economic Status, Income Inequality and Mortality," *PLoS One* 11, no. 5 (May 2016):1-14; Paula A. Braveman, Catherine Cubbin, Susan Egerter, David R. Williams, and Elsie Pamuk, "Socioeconomic Disparities in Health in the United States: What the Patterns Tell Us," *American Journal of Public Health* (April 2010): S188–S196; Deborah Belle and Joanne Doucet, "Poverty, Inequality, and Discrimination as Sources of Depression among US Women," *Psychology of Women Quarterly* 27, no. 2 (June 2003): 101–113; Margaret O'Brien Caughy, Patricia J. O'Campo, and Charles Muntaner, "When Being Alone Might Be Better: Neighborhood Poverty, Social Capital, and Child Mental Health," *Social Science & Medicine* 57, no. 2 (July 2003): 227–237; Peggy Ward-Smith, "The Effects of Poverty on *Urologic Health," Urologic Nursing* 27, no. 5 (October 2007): 445–446.

communities. And for years, they'd say, 'We don't need another study to tell us what we need. We know what we need. Instead, listen to us.'"

Grantees' reluctance to fully disclose their needs has also limited social programs' potential for success. Grantees often feel obligated to put their best foot forward, and are hesitant to present the full depth and breadth of the problems they are addressing out of concern that doing so will jeopardize their chances for funder support. For example, according to Robert Clark, CEO and Founding Executive Director of Newark Opportunity Youth Network, grantees tend to have difficulty communicating the need for their work without identifying the grantors themselves as contributors to the problems, thus souring the opportunity for the company to provide additional help. Clark therefore suggests companies help nonprofit organizations devise a communications strategy that clearly and succinctly describes their work and presents opportunities for corporate support.

Further complicating this matter, grantees often feel compelled to accept grantors' terms without negotiation out of fear of losing the opportunity, despite the risks posed to the program, such as mission creep for the grantee nonprofit, which can have a negative impact on grantees' other programs, thus their ability to achieve their goals.[24]

At the same time, companies have been willing to accept, largely without question, the information grantees provide about the social problems they are addressing and their need to do so, thus not obtaining a full grasp of the problem(s). In short, behavior from both sides limits the potential of their joint efforts.

Regardless of the shared responsibility, wasted resources and ineffective programs can lead to distrust of companies and skepticism about their level of commitment to communities. To be sure, Ronald Chaluisán Batlle, Executive Director, Newark Trust for Education, explains that despite good intentions, the support companies provide to schools is often ineffective because the school's staff is spread too thin to properly ensure the success of multiple, simultaneous programs that may not be addressing critical needs in the first place.

COVID-19 has highlighted long-standing social problems, and the death of George Floyd has made many companies and communities more open about discussing issues such as racism. Shané Harris, Vice President of Social Responsibility and Partnerships, President, The Prudential Foundation at Prudential Financial, tells us that the mutual level of respect generated through honest conversations about what grantors can provide and what grantees need leads to better outcomes.

The Conference Board ESG Center's Corporate Social Responsibility (CSR) Council set out to have just these types of direct, open, and honest conversations between companies and communities. The Council's tours of Newark, New Jersey; Los Angeles, California; Detroit, Michigan, and Baltimore, Maryland, afforded participants multiple opportunities to hear—firsthand—local corporate, university, nonprofit, government, law enforcement, faith-based, and community leaders' candid perspective on social problems their communities are facing and hear their suggestions for how to address them.

24 Eric Burger, "Nonprofit Mission Creep: What Is It? How to Prevent It," VolunteerHub, 2021.

CSR Council companies have found that open and honest conversations with community stakeholders to understand their point of view on their problems and how they can best be addressed: 1) builds trust essential to open communication; 2) provides a more complete understanding of the problem; and 3) helps ensure companies' efforts have a positive, sustained outcome.

To adopt this approach, companies may consider sustained and systematic community outreach and meeting with a variety of people representing different aspects of the community. During these meetings, it is important for the corporate representatives to be open to hearing things that are uncomfortable and that do not jibe with their own life experiences.

Community Collaboration

A side effect of companies' conventional approach to corporate citizenship has been that even communities that have been served by programs often do not feel that their needs have been met. Another common refrain from stakeholders was concern that companies' vision of positive change for their community does not align with their own. Feelings of disempowerment accompanied concern, as community stakeholders believe there is not much they can do when companies are intent on realizing their own particular agenda.

Although the Council heard some praise for companies' efforts to address social problems, they were often accompanied by an admonition, which rang true for Council members, including: "You're issuing a message about how important you think social justice is, but you're not backing it up by showing us what social justice is; the community is saying, the time for talk is over," exclaimed Lisa Cleri Reale, Civic Leader and Board Member for United Way Los Angeles.

Ryan P. Haygood, Esq., President and CEO of New Jersey Institute for Social Justice, bemoaned companies' relative lack of involvement at the policy level, "despite many discussions about doing so during power lunches, meetings, conferences, and the like." He also suggested companies' legal counsel assist nonprofits in pursuing legislative opportunities.

Commenting on community stakeholders not being given an opportunity to have a hand in company-supported programs, B. Cole, founder of Dovecote Café in Baltimore, flatly stated, "[S]ometimes I feel like impact has been done to us."

More fruitful collaboration involves willingness to be led by stakeholders who may not be considered peers. Stakeholders who live the social problems being addressed have invaluable insight into those problems and new perspectives on ways to address them. Deferring to them fosters a working relationship that encourages a feedback loop conducive to continuous improvement. Indeed, according to retired US Marine Corps four-star general and former US Secretary of Defense Jim Mattis, George Washington's idea of leadership was to do so only after first listening, learning, and helping.[25]

Aware of the potential problems stemming from the power differential between corporations and nonprofit grantees, such as missed opportunities to use new ideas to address

25 Jeffrey Goldberg, "The Man Who Couldn't Take It Anymore," *The Atlantic*, October 2019.

social problems and lack of clarity on mutual needs and expectations, Shané Harris, Vice President of Social Responsibility and Partnerships, President, The Prudential Foundation at Prudential Financial, refers to her nonprofit partners as colleagues since they work together as equals—the nonprofits leading the work form the front lines.

Willingness to be led typically involves a shift in perspective—some would say an attitude adjustment. Processing grantee feedback received through an anonymous survey on company funding practices can provide a candid assessment of how a company could shift its leadership style, according to the Trust-Based Philanthropy Project, a coalition of philanthropic foundations. Such an initiative can also provide an opportunity for companies' social programs to be more inclusive and equitable.[26] At the same time, listening does not automatically lead to a commitment to act: companies need to be willing to say no to opportunities that are not the right fit.

Overall, stakeholders say they are looking for companies to cooperate with the communities they support, engage with city and state lawmakers to initiate policy change, and leverage leaders' influence and connections to champion change. The benefits of such collaboration include the transparency intended beneficiaries often seek, a sense of empowerment (not disempowerment) from corporate intervention, and a greater chance of achieving beneficial outcomes.

To collaborate effectively, companies should focus on:[27]

1. coming to a common understanding of the social problem being addressed;
2. mutually defining the objectives and goals of the collaboration; and
3. together deciding which steps to take to achieve the desired change.

In line with what community members are seeking, Rocket Community Fund's Neighbor-to-Neighbor program affords community members the opportunity to have a hand in addressing a social problem. The program created a network of 30 different community groups that hired Detroit residents to connect with local families that are chronically behind on their property taxes. "This outreach process puts the human experience at the center," notes Laura Grannemann, Vice President of the Rocket Community Fund. "By hiring neighbors to reach out to their neighbors, we introduced a trusted partner to the process."

Neighbor-to-Neighbor also works with the City of Detroit and a local housing nonprofit to prevent homeowners behind on their property taxes from going into foreclosure by providing them with funding and other resources to address their situation through the proper channels. "Our work has produced nearly 1,500 new homeowners and kept tens of thousands of families in their homes. None of this would have been possible without the network of trusted, grassroots partners across the city," Grannemann notes.

The T. Rowe Price Foundation, led by President John Brothers, has likewise been employing this approach for its impact grants since 2015. The Foundation conducts a monthslong process involving stakeholders and experts to help it understand an issue.

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26 "Solicit & Act on Feedback" and "Trust-Based Philanthropy: An Overview," Trust-Based Philanthropy Project.

27 "Collective Impact Principles of Practice."

Following this learning period, the Foundation team works with its nonprofit partners to create a dashboard of mutual performance indicators and associated goals to which they hold each other accountable for the duration of the grant. The major advantage of being led in this regard, Brothers says, is adaptation of the program based on lessons learned during its operation, which helps to optimize the efficiency and impact of their collaborative efforts to address a social problem.

Making Both Near-Term and Long-Term Investments

Companies often favor making short-term grants of typically one year, with three-year grants often being considered long term. This practice has several benefits: it mitigates the risk of losing program funding, reflects budget limitations, and aligns with companies' tendency to adjust the focus of their social programs based on trending issues. Short-term grants can also be particularly well suited to funding initial research and establishing a relationship with grantees.

But as Robert Clark, CEO and Founding Executive Director of Newark Opportunity Youth Network, observes, short-term grants can limit programs to addressing symptoms of social problems. He suggests that companies fund the development of theories of change[28] and devise 10- to 15-year investment strategies on how to achieve goals such as reducing reliance on public housing and increasing homeownership among disadvantaged demographics.

In addition to treating symptoms rather than causes of social problems, a short-term approach typically limits which social problems can realistically be tackled and the types of outcomes that can be achieved,[29] all of which are important considerations when it comes to addressing large, complex, interconnected, deeply entrenched, long-standing social problems. As discussed in a recent ESG Center report, *Data-Driven Corporate Philanthropy: The Revolutionary Potential to Change Lives*, the cost of addressing social problems on a per-person basis can be very high. Thus, achieving the desired impact may need to take place over multiple years.

Much as companies accept that returns on capital investments will be realized after multiple years, addressing social problems requires accepting a longer payback period than a year. Benefits of multiyear grants include enabling strategy and planning changes as new information comes to light, collaborations mature, and social and public policy dynamics unfold. With multiyear grants, however, it is important to incorporate agility and flexibility to adapt to changes. It also helps to ensure a thoughtful balance of short- and long-term goals can be reached, as there are both short-term needs (feeding hungry children) as well as long-term ones (eradicating childhood hunger).

JPMorgan Chase's *AdvancingCities*—a $500 million, five-year initiative to invest in solutions that bolster the long-term vitality of the world's cities and the communities within them that have not benefited from economic growth—is a step in the right direction. The program

28 "What Is Theory of Change?" Center for Theory of Change.

29 While there are one-year grants intended to address root causes, they are rarely extended over enough years to effect significant enduring change. This is due to fluctuations in annual philanthropy budget levels and changes in corporate funding priorities.

comprises the *AdvancingCities* Challenge and large-scale investments in Detroit; Chicago; Washington, DC; and Paris. In addition to funding, the cities have access to a wide array of JPMorgan Chase resources, including data and research, employee expertise, and a global network to: 1) tackle barriers to economic opportunity and upward mobility; 2) make measurable progress to solve challenges related to inclusive growth; and 3) initiate collaborations between high-capacity nonprofits, government entities, and the business community to create sustainable solutions. Since its 2014 inception, in Detroit alone, the program has helped 14,000 residents participate in workforce training programs, created or preserved 2,000 units of affordable housing, created or preserved 3,000 jobs, and given 7,000 small businesses capital or technical assistance.

In addition to keeping grant durations short, many companies understandably designate how the funds they provide can be used. While a case can always be made to restrict grants, if the grantee has been properly vetted and mutual trust established, and grantor and grantee agree on the nature of the problem to address, the goal to attain, and the strategy for doing so, companies may wish to consider unrestricted grants. Such grants inherently allow grantees greater flexibility[30] and potentially improve their effectiveness.[31] Furthermore. unrestricted grants offer financial security in times of crisis; throughout COVID-19, multiple surveys The Conference Board ESG Center conducted have shown that companies are unrestricting existing grants to enable their nonprofit partners to endure funding losses, in some cases while facing increased demand for services.

Providing unrestricted grants can also expand the pool of potential partners. As companies look to address root causes of social problems, they are seeking community-based programs run by people of color because of their expert knowledge of the problem and inclusive, equity-focused approach to solving it. As these organizations often operate a single program, which means that all their costs are program related, company requirements to restrict grants may preclude them from working with organizations most capable of effecting long-term change.

To reduce risks associated with providing unrestricted grants, companies can: 1) have their prospective nonprofit partners' performance assessed by organizations such as the Impact Genome Project;[32] and 2) begin with a one-year unrestricted grant that can be extended provided performance goals are met.

Bringing the Whole Company to Communities

Historically, corporate citizenship, philanthropy, and community relations were responsible for managing community stakeholder relationships for their company. The majority of their work and programs were designed to benefit outside organizations, such as funding nonprofits that address social problems and sponsoring civic and arts events.

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30 While programmatic grants may allow for a small percentage of the grant to cover administrative costs, this is not a universal practice, and to efficiently and effectively operate a social program, a grantee may have to cover many costs that do not fall under administrative costs, such as IT hardware and software.

31 Rick Moyers, "General Operating Support: A Guide for Trustees," Grantmakers for Effective Organizations, April 2018.

32 Impact Genome Project enables companies to invite their nonprofit partners to take a survey that IGP processes into a performance report, which companies and their nonprofits can use as the basis for open, honest conversations about mutual needs, expectations, and capabilities.

To successfully run programs that benefit communities and organizations in a manner aligned with the company's brand and that efficiently use company resources—including cash, volunteers, and in-kind donations—corporate citizenship professionals must understand their company and the needs of a variety of communities, including those that may not be their customers.[33]

But the work of addressing social issues is not limited to corporate citizenship functions at companies; other functions and senior leadership can call on corporate citizenship to guide their own more comprehensive attempts at addressing social problems.

Prudential Financial's work on this front includes addressing the racial wealth gap by having corporate citizenship guide sales, marketing, human resources, and procurement functions—for example, by developing products and services for people of color, addressing unconscious bias against people of color in hiring and promotion processes, and developing equitable procurement qualifications and standards.[34]

In addition to corporate citizenship functions helping their companies open new markets and diversify their workforce and supply chain, they can help them avoid errors when issuing statements/announcements on social issues. For instance, one corporate citizenship executive recommended that a colleague in corporate communications acknowledge the company's prior ignorance about Juneteenth in its press release announcing that the firm would add Juneteenth to its employee holidays. This guidance helped the company avoid the appearance of inauthenticity—a misstep that could have been damaging to both their credibility and their reputation.

To help develop a company-wide strategy to address social problems, The Conference Board report *Navigating and Shaping the New Normal(s)* suggests that companies can: 1) formally make sure that the entire company is aware of the corporate citizenship department; 2) require separate meetings between business functions and corporate citizenship to explore opportunities for how the former can address social issues; and 3) increase the level of skills within the corporate citizenship function to facilitate such collaborations.

Additional opportunities for companies to bring their whole company to communities gleaned from the Council's tour include:

- Alfa Demmellash, CEO and Co-founder of Rising Tide Capital, a Newark-based nonprofit that works with entrepreneurs from marginalized communities, suggests:
  - Providing research that can help small, minority-owned businesses identify market opportunities; and
  - Event planning and coordination for minority-owned small-business owner and entrepreneur networking events.
- Rev. Alvin Hathaway, Sr., Pastor at Union Baptist Church in Baltimore, suggests companies organize and provide neutrally located, climate-controlled spaces for events focused on improving relations between the police and the communities they serve.[35]

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33 Hoffman, "Corporate Community Relations Done Right."

34 Kriston McIntosh, Emily Moss, Ryan Nunn, and Jay Shambaugh, "Examining the Black-White Wealth Gap," Brookings, February 27, 2020.

35 "The Principles of Policing and Recommendations to Achieve Them," The United States Conference of Mayors, August 2020.

- Michael S. Harrison, Commissioner of the Baltimore Police Department, disclosed that computer hardware and software donations are desperately needed throughout the department.
- Ronald Chaluisán Batlle, Executive Director, Newark Trust for Education, would like to see qualified students paired with a mentor during a 10-week stint working an entry-level corporate job. According to Batlle, such a program would expose disadvantaged youth to the world of work and the types of jobs that exist in corporate America—something they are not typically aware of.

The Listening-to-Learn Tour: Community and Corporate Voices Heard

The four companion pieces to this report, organized by city, recount the many interactions the Council had during its tours. Members met with individual community members, civic leaders, nonprofit leaders, the business community, and social entrepreneurs, as well as city, state, and law enforcement officials, while attending panel discussions and visiting a variety of sites including but not limited to: homeless encampments, community centers, corporate headquarters, locally produced art exhibits, music and spoken word performances, public schools, universities, rehabilitation centers, and neighborhood eateries.

For each of the four cities (Newark, Detroit, Baltimore, Los Angeles), basic demographic figures are followed by a brief description of the city that leads into a recounting of what the Council heard from stakeholders about the social problems facing each city, as well as the positive changes the Council saw companies have made in collaboration with stakeholders to address social problems. Along the way, opportunities are identified for how companies can get involved in addressing the described problems.

Conclusion

While over the years many corporate-supported programs to address social problems at the local level have been effective, widespread adoption of the approach outlined in this report can facilitate overcoming the corrosive social problems communities have been coping with for generations. As noted by a Council member, "boots-on-the-ground" work to understand communities' perspectives will lead to identifying viable opportunities to address social problems that can lead to sustained positive changes in people's lives. Indeed, companies taking this approach view communities as resources rather than stakeholders to be managed and recognize that social change is difficult yet rewarding work that requires courageous leadership and perseverance to meet the challenge of its typically nonlinear progress.[36] Driven by the forces and phenomena of social change in play, themselves born of the revelatory nature of COVID-19 and racism, companies' corporate citizenship and philanthropy efforts to address social problems can be different this time.

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36 Schwarz, *The New Normal(s)*; Nocera, "CEOs Can't Stay on Society's Sidelines."

Letter from the Late US Congressman Elijah Cummings

US Representative Elijah Cummings was scheduled to share his thoughts both on public policy changes that need to be made and on companies' resources and flexibility to address them in a speech to the CSR Council on Wednesday, October 16, 2019. The evening before Cummings was scheduled to meet with the CSR Council, his office sent word that he was sick and would be unable to attend the meeting. Cummings' Chief of Staff came instead and read the following letter—a call to action. The following day, the Council learned that Cummings had passed away the previous night.

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

ELIJAH E. CUMMINGS
SEVENTH DISTRICT
MARYLAND

October 16, 2019

Mr. John Brothers, President
T. Rowe Price Foundation
100 East Pratt Street
Baltimore, MD 21202

Dear President Brothers (John),

Thank you for your kind words as I recover. Please know that I remain optimistic that I will be fully back in the saddle soon. I also welcome this opportunity to convey my appreciation to you and the other Conference Board Members. You exemplify the maxim that we all can – and should -- do good while also doing well.

I would welcome receiving a summary of your organizations' thoughts on how the corporate community can play a pivotal role in changing American cities, including Baltimore, for the better. As you are aware, this has been a subject of great interest to me during my entire professional career -- as a practicing attorney for many years, a Maryland legislator, and, more recently, as a Member of the Congress. Here, for your Board's consideration, are a couple of thoughts that I had planned to share in person.

First, for American government and business alike, we live and work in an "urbanizing" nation that is changing more rapidly than at any time since the Industrial Revolution. Consider just two facts that illustrate this transformation: (1) The 1960 U.S. Census was the last time that a majority of Americans lived either on farms or in small towns; and (2) today, 133 million Americans (fully 41 percent of our population) live in our 23 largest metropolitan areas, including the Baltimore Region.

Second, for all the economic, educational, public health and other benefits that this urbanization offers, we are at a stage in which our nation, for want of a better term, is "unevenly developed." Just consider the disparities in income, education, health outcomes and even life expectancy that we are confronting in the Baltimore Region.

Third, your Conference Board Members are far more than business leaders. They are parents, citizens, and leaders in the communities in which they live. I give you and each of your colleagues credit for recognizing and "owning" this truth -- and for working to assure that your actions live up to our ideals.

Fourth, and finally, I commend to your attention the well-reasoned and achievable blueprint for change created by the Opportunity Collaborative of the Baltimore Metropolitan Council. This Plan is a menu of serious, practical and effective steps to reduce the extensive pockets of generational poverty that beleaguer our region. By pursuing concrete steps that reduce the pockets of poverty in our region, we can assure that everyone gains.

It is available at https://ihiusa.org/wp-content/uploads/Baltimore_Regional_Plan_for_Sustainable_Development-June_2015.pdf

John, thank you again for inviting me. I look forward to meeting with you and your Board in what, hopefully, will be the very near future.

Sincerely,

Elijah E. Cummings
Member of Congress

About the Author

Robert Schwarz is a Senior Researcher for Corporate Citizenship & Philanthropy at The Conference Board. His work focuses on developing and disseminating fact-based, non-partisan content on how businesses can both strengthen their viability and promote the welfare of society through corporate contributions, employee volunteering, community engagement, and other endeavors.

Robert holds a BA and an MBA from Stony Brook University as well as an MS in Sustainability Management from Columbia University.

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About the Corporate Social Responsibility Council

The Corporate Social Responsibility (CSR) Council is part of the Corporate Citizenship & Philanthropy area of The Conference Board ESG Center. Established in 1950, the Council is a peer network of over 60 senior-level CSR and corporate citizenship leaders at companies across a wide range of industries with median annual revenues of US$28 billion. Council members share the common belief that business initiatives implemented for societal benefit strengthen and create value for communities, employees, and their respective organizations.

The ESG Center's Corporate Citizenship & Philanthropy area provides world-class knowledge on corporate contributions, employee volunteering, community engagement, and broader corporate citizenship issues through convenings, expert research, and publications to help companies optimize the efficiency and impact of the social programs they support.

THE CONFERENCE BOARD is the member-driven think tank that delivers trusted insights for what's ahead. Founded in 1916, we are a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

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