

# Business and the Third Sector



*As more businesses finally understand their social responsibilities, many charities are also seeing that they can make a greater impact if they harness resources and talent from the private sector. Criticaleye reports*

More businesses are making a positive and powerful social impact by bringing their considerable resources to bear on good causes. Through activities such as pro bono work, the sharing of supply chains and logistics, to improving skills and knowledge, executive and non-executive directors are waking up to how businesses and the third sector can make a real difference to people's lives.

Professor **Chip Pitts**, Criticaleye Thought Leader and lecturer at Stanford Law School in the US, says: "Businesses and their executives and managers these days are belatedly recalling that they are part of

society... This leads corporations to consider what they can do to help ameliorate social and environmental problems, especially using corporate brainpower, technology, and other resources to do so."

It's about companies deciding on their strengths and where collaboration with the right partners will lead to meaningful results. **Sir Tim Smit KBE**, Co-founder and CEO of the Eden Project, says: "Companies should work more with the third sector, teaching them how to run their operations, market their products and how to chair meetings that don't make you lose the will to live..."

"By working with sectors of society they don't naturally brush up against they will lose some of their preconceptions and also suggest ways forward that [make] economic [sense]. However, the biggest gift that corporates could make would be to buy into the notion and help the third sector create a monetised framework of benefits out of social action."

According to **Sir Tim**, better cohesion among many charities is needed as too many are doing the same thing without asking the right questions about delivery in the social marketplace: "I have met

more vain, self-absorbed, self-righteous incompetents in the charitable world than I ever have in business...

“I have spent so much time in the company of people... pleading for the cause they espouse and who expect support because the cause is good, rather than whether they can actually deliver the best results for the identified need.”

### SENSE OF PURPOSE

There are examples where the private and third sectors combine very successfully. Take The Pennies Foundation, since launching in 2010, it has raised £1 million for charity from four million consumer donations. Essentially, it’s reinvented the traditional donation coin-box in shops by providing customers using credit and debit cards with the option of rounding up their purchases to the nearest pound so the loose change can go to a diverse range of UK causes.

**Alison Hutchinson**, CEO of Pennies, says: “All we do in a nutshell is give retailers a chance to join in and support the charities and community engagements that they want to get behind... Pennies is one of those easy tools they can use as a part of their portfolio.”

Effective collaboration has many specific knock-on benefits. **Neil Braithwaite**, Trustee at children’s charity Barnardo’s which recently completed a partnership with global audit, tax and advisory firm KPMG, says: “Both [organisations] worked really well together... KPMG did the usual fundraising tasks but they also did a lot of pro bono work for the charity in a number of areas to support its development and a bit of work on strategy. That was really useful.”

The charity was also able to open up development opportunities for the employees of the Big Four firm. **Neil** says: “This included either volunteering or on the other side of the pro bono work, getting [KPMG] people involved in tasks that would help them develop as individuals. It’s all about a good opening dialogue and both sides working to understand the objectives of the other and how they can work towards those collectively.”

Those companies that just see these initiatives as box-ticking exercises for CSR reports are playing a dangerous game. In an age where bad news spreads globally in seconds, it’s their corporate reputations on the line.

“There’s got to be shared value. If it’s a straight cash transfer from one entity to another then there’s no shared value between the charity and the business,” says **Mike Kelly**, Head of Corporate Social Responsibility at KPMG, who adds that a good example of this can be seen in the collaboration between the furniture store IKEA and the United Nations High Commissioner for Refugees (UNHCR).

The two work together when the UNHCR needs to get tents and emergency release materials to far-flung parts of the world at short notice. **Mike** explains: “IKEA has a world-class logistics programme to move their products all over the world. So the partnership isn’t about money, it’s about how you can tap into IKEA’s skills and improve what UNHCR does.”

One of the best ways to get a business behind a scheme is to support a cause where there is alignment with its own goals and values. Barclays, for instance, supports causes that relate to financial

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awareness and education, as can be seen by two separate initiatives. The first is with The Association of British Credit Unions, and the second is an apprenticeship scheme that trains young people in business entrepreneurship and then places them in companies.

**Tim Kiy**, Corporate Affairs Director, Barclays Global Retail Banking, comments: “I think there’s been a change from it being about funding and money... to businesses getting involved and playing a part in society as a whole. That’s not just about funding but about volunteering and making the programmes that you’re engaged in relevant to your business.”

This helps make a business more appealing to potential employees, too. **Mike** says: “In any war for talent it gives you a competitive advantage. It also makes for greater employee engagement which means you have a happier and more productive workforce. Why wouldn’t a business do this?”

**Luke Wilde**, CEO of consulting firm, Twenty Fifty, adds: “There are things that a business does that can have an impact

on vulnerable people in society... there is an opportunity to find out ways they can make positive contributions. One example in terms of positives is how the National Grid has worked to help those coming out of prison to learn skills that enables them to work towards becoming gas fitters.”

## RIGHT MESSAGE

The important thing to remember within all of this is for a company to avoid making the mistake of trying to be something it is not. **Jane Furniss CBE** is a Criticaleye Board Mentor and Deputy Chair of Crisis, a charity for single homeless people which has a partnership arrangement with tobacco company JTI, which she acknowledges is unashamedly in the tobacco business.

“[It] strives to be the best, but it also supports staff to contribute to important charitable projects,” says Jane. “The benefit for the company is that the young staff learn a whole set of other skills because of their interaction with these charitable organisations that they wouldn’t have learnt in the business, and their loyalty to the company increases.”

**Robin Paxton**, Criticaleye Board Mentor and Chairman of Tourettes Action, says: “All kinds of spare capacity within a business could often make a big difference to a small charity, for example unused office space, storage, running the payroll, legal and HR services and so on.

“Smaller charities spend a disproportionate percentage of their income on basic core services, which could be taken on at tiny or nil marginal cost by a supportive local business.”

**Jane** says: “Some companies get this and do a lot and others do very, very little,

if anything. For some, letting their staff dress up in silly outfits on Red Nose Day is enough and that’s their contribution.

“My general answer is that there is a lot more that business and companies could contribute to support the work of charities and community groups.”

After the financial crash, countless scandals and the public’s subsequent loss of trust, it’s time for the private sector to step up.

**Brian Stevenson**, Chairman of the trustees of Pancreatic Cancer Action and a Non-executive Director of the Agricultural Bank of China, says: “Businesses do need to be doing more after government cuts to the third sector. Particularly those organisations that need to rehabilitate their public image.”

A similar point is made by **Richard Laing**, Criticaleye Board Mentor and a trustee and board member of Plan UK, an international children’s charity: “I absolutely agree they must be socially responsible and that means they must work closely with the communities in which they operate.”

**Angus Fraser**, Criticaleye Board Mentor and trustee of children’s charity, The Caldecott Foundation, comments: “Enlightened self-interest should be enough to encourage any business to look for a strategically valid way of participating in these causes. The odds are that when they do they will derive immense satisfaction from the obvious boost they have given to the beneficiaries of their charity.”

The priority for businesses will always be on generating returns for shareholders, but there is certainly greater scope to work with the third sector for the common good. ■

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### Featuring Commentary From:



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