

**The Interactive Relationship between American Enterprises and NGOs**  
**Keynote address by Jeff Hoffman**  
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ni hao. Good morning! I am happy to join you this morning in Taipei at the Love from Taiwan NGO Conference. It is an honor to be with so many NGO, business and government leaders. In preparation for today, I have had the opportunity to meet with some of you as well as learn of the history of NGOs in Taiwan including how you once received support from foreign NGOs and now, many years later, you are in a position to give back past your borders and across the sea. Your work is critical for a healthy civil society.

People are inter-dependent. We rely on each other. This extends to our families, our neighbors, our workplaces and our communities. When we look at all of these components of what makes up a community, we begin to realize the importance of collaboration. I was asked to speak to you about the Interactive Relationship between American Enterprises and NGOs. And to fully understand this important relationship, we must first look broader to society as a whole. Businesses are made up of people, just like NGO's are made up of people. So are governments. If we take off the labels we wear for a moment, let's look at what we all strive for in life. Good health, education, safety, happiness, prosperity, a good family, friends. All of us share these aspirations. Unfortunately, not all of us are fortunate to have all of these components. Many people have built in safety nets... family and other resources to help fill the gaps. It's those that don't have the resources where we all share the opportunity to help people in need. And we also have the opportunity to help with the cultural, spiritual and environmental aspects of our life on earth. NGO's play a critical part. Governments do as well. So do businesses. And that sets the context for my remarks this morning.

Businesses provide needed products and services. Businesses provide jobs. Businesses provide for an economic engine. Businesses need suppliers. Businesses need good employees. Businesses need customers. A healthy ecosystem with everyone giving and taking is necessary for businesses to thrive. When there are elements of the community that are failing, work needs to be done to prop up the weak links for the betterment of society as a whole and specifically for businesses.

It has been in more recent years that this symbiotic relationship has been more fully explored and recognized by businesses. In parts of the world, corporate philanthropy is more than one hundred years old. Employee volunteerism is over 25 years old and then the notion of Corporate Social Responsibility came to the forefront in the 1990's. The world is becoming too interdependent, too complicated and too aware for businesses to operate without taking into consideration both their positive and negative

impacts. How a company operates, with integrity and responsibly, is proving to be profitable.

To be successful in business today, one must have more than a good product to sell and a willing customer. While businesses would not succeed without that critical relationship, in this complex world being a good corporate citizen is also an important factor. A corporate responsibility program can provide a competitive advantage that helps create markets for products, deepens affinity with current and potential customers and can be a “license to operate.” It can also be powerful in attracting, retaining and motivating employees. With an ever expanding middle class in many countries, global business potential is huge. As nations, businesses, NGOs and consumers become more aware of the world around them, and its many social and environmental challenges, the expectations of how a company conducts business, and gives back, are higher. Being a good corporate citizen does not have to be difficult, but you do need a strategy and good execution. In January, I was asked to write an article for Singapore’s Business Times titled *Doing Good Pays*. It gives a high level overview of some of the elements of a good CSR program. As our opportunities for international trade expand, we must do so responsibly, for the sake of society, the environment and the bottom line. This gives you, the NGO community a large opportunity to work more collaborative with businesses.

*Aligning profit with purpose to build trust and maximize the value of business*, the topic of a Los Angeles Chamber of Commerce seminar, gives further an idea of the reasons why businesses want to work with NGOs. Providing an overview of the 2011 Edelman Trust Barometer was Richard Edelman, President and CEO of the company that bears his name. He released the findings of this year’s survey at the World Economic Forum in Davos. The study gauges attitudes about the state of trust in business, government, NGOs and the media across 23 countries. He states: “Business must align profit and purpose for social benefit. The current media landscape, plus increased skepticism, requires multiple voices and channels. Demand for authority and accountability set new expectations for corporate leadership. Trust is a protective agent and leads to tangible benefits; lack of trust is a barrier to change.” After many public scandals in business and the resulting lack of trust by the consumer in general, Mr. Edelman says that trust in business may have stabilized globally. But that trust he says is “conditional, premised on what a company does and how it communicates.” Responses by different industries vary. It is a fascinating study and contains important concepts.

Let’s talk about NGO and Business Relationships, and we can also use the words partnerships and collaborations. Whichever word we use, the important point of these words is that they are two way. And we will talk about relationships that are positive for both the NGO and the business. For if there is not a mutually beneficial relationship, the partnership should not have been entered. And while I was asked to speak about these relationships in the United States, the principles are really universal and I have seen great examples all over the world.

Let’s look at several different types of NGO/Business relationships:

Corporate Grant Making  
Program Development and Support  
Employee Volunteering  
Cause Related Marketing  
Social Enterprises  
Shared Value

We'll talk about all of these and others as well.

There are more than one million NGOs in the United States. Last year businesses gave more than US\$15 Billion to NGOs, or nonprofit organizations as we tend to call them in the US. Some of the larger organizations received millions of dollars from business. Many of the nonprofits received no donations from businesses. But we do have to remember that private citizens that make donations earned that money through work and most of their employers are businesses. Grants come in a variety of forms. Unrestricted money for the organization, restricted for a particular scope of work, tickets to a fundraising event. Some larger grants come with naming opportunities. There are employee charitable contributions and volunteer hours that are sometimes matched by companies. For the most part, these types of corporate philanthropy does not provide for a deep relationship with the NGO.

Program development and support gets more interesting. This is when a company will work with an organization on a particular programmatic element of their work. Using Disney as an example, in Los Angeles, Disney worked with a Boys & Girls Club to help them develop an art program that specifically was to promote creativity. The same group that designs the attractions for the theme parks designed a curriculum for the staff at the Club to use with the children. Then the company, with help from the Imagineers, refurbished the club's art room into this new creativity center. This is an example of a small project with one Boys & Girls Club. A large US retailer, Target, refurbishes libraries in schools and donates new books. These are both large companies. It doesn't have to be the case. Small and medium size businesses often contribute to communities more, but because they are small you don't have their publicity departments issuing press releases! A local restaurant that serves meals, buffet style, every night packs up the leftovers and takes them to a homeless shelter. A local construction company supports a program to build housing for poor families. So be creative with your thinking as to what businesses to approach to support your NGO. Where is there a more natural connection?

The gift of good eye care is something that we in often take for granted. When we need more than glasses, the skills and facilities are available. This is not the case in much of the world. The World Health Organization estimates that close to 40 million people are blind and another 280 million people are visually impaired. Developing nations account for 90% of these individuals. It is estimated that 80% of the world's blindness can be cured. ORBIS provides a solution. I recently learned that you have an ORBIS chapter here in Taiwan. ORBIS has a DC 10 that has been converted into a Flying Eye

Hospital. I had an opportunity to tour this amazing plane at Los Angeles International Airport last month. It contains a laser treatment room, operating room, recovery room, classroom and other facilities. Not only does this plane deliver a needed surgical facility where ground based options don't exist, it is also a training hospital. One of its primary functions is to train local doctors, nurses and technicians so when the plane departs, affordable, accessible and sustainable quality eye care remains locally. Since 1982, the Flying Eye Hospital has traveled to 78 countries and last year alone trained 28,000 eye care professionals and provided care for more than 3 million people. ORBIS does amazing work saving sight worldwide. How does a NGO have the capability of flying a sophisticated airplane? It is their relationship with one of the world's largest airlines. That company is FedEx. You might not think of them as an airline, but their planes travel the globe delivering packages. FedEx is one of ORBIS's largest supporters. I met one of the plane's pilots and he is a FedEx employee volunteer. If it wasn't for a company such as FedEx, or another airline, it is doubtful that ORBIS would be able to have a flying hospital.

This next example is of cities working with businesses, but it could just as well be an NGO. I am sure you are seeing some of this here based on the environmental efforts in Taiwan. Businesses and cities are coming together to help make our communities cleaner and more energy efficient. This is well illustrated by the cities of Philadelphia, Pennsylvania and San Jose, California along with companies Dow and Siemens. Philadelphia Mayor Michael Nutter talks of how public/ private partnerships are helping conserve energy use and highlighted the "Coolest Block" program that his City did with Dow last year. The "Coolest Block" contest allowed residents of row homes to compete to win an energy-saving "cool roof" and other energy efficient products, such as air sealing and insulation, for their entire block. Jerome Peribere, President and CEO of Dow Advanced Materials articulated on the business of sustainability and how it is all of our business. He gave what I think is probably the best business case I have seen for investing in green technology and working for sustainable communalities. He told a story about the average home having a half mile of cracks and that these cracks let in up to two Goodyear blimps worth of air from the outside every day. That means more heating in the winter and cooling during summer. With new insulation technologies much of these "cracks" can be filled. He said that everything we do from replacing light bulbs with fluorescents or LEDs to replacing or upgrading buildings to LEED specifications will gradually help us better utilize our precious resources. Siemens gives out annual Sustainable Community Awards. San Jose won in the large city category for their Green Vision Plan. Siemens, like Dow and many other businesses, are making sustainability not only a business practice but a business driver. These same types of programs could be done between an NGO and a business.

We hear so much about Science, Technology, Engineering and Math (STEM) when we talk about education. When you look at true innovation, it usually requires a strong dose of creativity. Walt Disney knew this when he coined the term "Imagineering." The combination of imagination and engineering to create Disneyland. As critical as STEM is, and we do need to have a higher proportion of students focusing on STEM, we cannot overlook the arts. STEM alone will not create new technologies or solve some

of the more serious challenges facing us. Creativity is critical to the process. Arts education helps develop the creative side of the mind. My colleagues at Boeing invited me to a Sir Ken Robinson lecture that they sponsored with Arts Orange County and the Orange County Department of Education. Note: this is a business, nonprofit and government collaboration. Robinson has authored a report for the UK government titled "All Our Futures: Creativity, Culture and Education" plus he has written two books: "Out of Our Minds: Learning to be Creative" and "The Element: How Finding Your Passion Changes Everything." He also has the most downloaded video from the TED website. Robinson stressed to the group of educators that too often our school systems stifle creativity by not tapping into people's natural talents and passions. I feel this is one reason why we lose kids before they graduate as they don't fit into the prescribed box. I applaud Boeing for not only supporting STEM which certainly makes sense for their business, but also embracing arts education, knowing that they also need creativity to be successful as a global aerospace company.

Employee volunteering is a broad area and I know you will be hearing more about this specifically in the next session. I do want to mention the importance of employee volunteering as part of the total way a company gives back and gets engaged in the community. You have an excellent resource here with IAVE Taiwan. IAVE, the International Association for Volunteer Effort, through its Global Corporate Volunteer Council, have done much work to increase the amount of workplace volunteering as well as the quality. While money alone, or volunteering alone, does make an important contribution, think of the possibilities when a Business works with an NGO in an impactful way with cash donations, employee volunteers, in-kind support, product donations, pro-bono services, board of directors membership and to be discussed next, cause related marketing. A deep relationship brings meaningful rewards. These rewards are especially impactful when the product and values of the company relate in some way to the products and values of the NGO. We will continue to explore this.

Cause Related Marketing, cause marketing, cause branding is a good way to not only raise funding for your NGO but also raise awareness for your organization and your cause or issue. There are many examples of how this can be done. It can be simple such as for every loaf of bread sold at a local bakery on one day, a few Taiwan Dollars go to this cause. Or it can be a multimillion dollar campaign that is supported through advertising. The important point to remember with cause marketing is that it should be authentic and transparent. It should provide real value to the NGO and/or the cause. Let's take a look at a couple of large successful campaigns.

The first is for woman's cancer. The product is Yoplait Yogurt. For years they have had a campaign called Save Lids to Save Lives. This year, Yoplait will donate \$.10 to Susan G. Komen for the Cure® for each pink lid redeemed up to US\$2 million. The primary purchaser of yogurt is women. Yoplait's support of woman's cancer issues helps to endear the consumer to the brand. There are multiple brands of yogurt in a store but this initiative differentiates their product from the rest. For the organization, it receives a lot of exposure through advertising on package promotion that helps raise awareness for both the cause and their organization. Susan G. Komen has raised millions of

dollars directly from their Yoplait association, but has raised many more millions through the added awareness that the yogurt campaign initiated.

Timberland, the shoe maker, launched a Facebook campaign to encourage people to celebrate Arbor Day last April. The campaign asks users to take a quiz and discover their Inner Tree personality. Users can then plant trees using its recently re-launched Virtual Forest application, and for every virtual tree, Timberland will plant a real one in Haiti (up to one million trees). Most of the men surveyed turned out to be redwoods (strong and robust), while the majority of women are willows (caring, empathetic). They wanted to do something that was light and fun, but still underscored how serious they are about the issue. Timberland has vowed to plant five million trees in the next five years.

A more complex initiative that I led at Disney commenced in January, 2010 called Give A Day, Get A Disney Day. This multimillion dollar marketing initiative was built on the theme park's overarching "What Will You Celebrate" campaign. In the first year of "What Will You Celebrate", guests could get into a Disney Park free on their birthday. Due to the climate of the economic turndown, and believing they needed a more substantial promotion, the idea was developed that you would get a free theme park admission for a day of volunteering. The head of Park's Marketing reached out to me for my initial thoughts. My team and I then worked with Marketing and the Park's Public Affairs department to develop the plan. Potential nonprofit partners were sourced and then evaluated on the basis of ability to handle such a large program that not only needed to connect guests, or customers, with volunteer opportunities but that could also validate service in order to obtain the ticket. The Points of Light Institute's Hands On Network was selected. An internal Disney VoluntEARS component was developed to foster communication between employees and guests about shared volunteer experiences... deepening the guest experience. The program exceeded expectations with one million guests registering for projects in just 12 weeks. The program encouraged individuals and families to volunteer in the community, thanked and celebrated guests for their involvement, put a spotlight on the internal VoluntEARS Program and achieved the marketing objective for Disneyland and Walt Disney World. Subsequently a version of the program was conducted in Hong Kong.

Let's move onto the topic of Social Enterprises. The creation of TOMS Shoes is an amazing story. In 2006, Blake Mycoskie befriended children while traveling in Argentina and found they had no shoes to protect their feet. Wanting to help, he created TOMS, a company that would match every pair of shoes purchased with a pair of new shoes given to a child in need. One for One. Blake returned to Argentina later that year with 10,000 pairs of shoes. TOMS has now given over one million pairs of shoes to children in need around the world. TOMS is a for profit company. The one for one plan was built into their business model.

Homeboy Industries is the living example of its mission statement, "nothing stops a bullet like a job." This jobs program offers alternatives to gang violence in one of the toughest neighborhoods in Los Angeles. Homeboy assists at-risk, recently released,

and formerly gang involved youth to become contributing members of their communities through a variety of services in response to their multiple needs. They run six small businesses that serve as job-training sites. The most difficult to place individuals are hired in transitional jobs, thus giving them a safe, supportive environment in which to learn both concrete and soft job skills, while simultaneously building their CVs (resumes) and work experience. I had lunch at Homegirl Café just last week. And the Homeboys Bakery makes the best chocolate chip cookies in town! This is a non-profit organization whose enterprises support their mission of rehabilitating gang members.

Let's talk about Shared Value. The concept of Shared Value is becoming more popular as this truly is a way that society benefits as a whole from business. The concept was articulated by Michael Porter and Mark Kramer in their Harvard Business Review article that was published in January titled *The Big Idea: Creating Shared Value*. To quote them: "The concept of shared value—which focuses on the connections between societal and economic progress—has the power to unleash the next wave of global growth. An increasing number of companies known for their hard-nosed approach to business—such as Google, IBM, Intel, Johnson & Johnson, Nestlé, Unilever, and Wal-Mart—have begun to embark on important shared value initiatives. But our understanding of the potential of shared value is just beginning. The concept of Shared Value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress. Every firm should look at decisions and opportunities through the lens of shared value. This will lead to new approaches that generate greater innovation and growth for companies—and also greater benefits for society." I encourage you to read the article. The Shared Value concept has huge implications for NGOs and how businesses can further create positive impacts in society.

The benefits of NGOs and businesses working together are many. You as NGO leaders, collaborating with businesses, can be more effective furthering your cause. These relationships should be a win-win for both. The business and the NGO receiving equal value. And it's good for society in general. I have worked with NGOs, from the business side, for more than 25 years. I have been a member of NGO boards. You have an important opportunity. I have seen firsthand the success that both sides can gain from collaboration. Go out and do your research regarding businesses. See what businesses have products and /or services that have similar attributes. Be creative. What does your NGO offer that would make it appealing for a business to partner with you. And remember, there are more small and medium sized business than there are large corporations. So please do not ignore these potential partners and the resources they can provide.

Thank you again for inviting me to participate in this conference. You have a good agenda addressing important topics. I look forward to learning from you today in the various sessions. I appreciate your kind welcome and hospitality. As you leave here, I wish you much success with your important work. Thank you! xie xie