GOOD BUSINESS

Cause marketing can boost your brand perception, but cross-sector partnerships can elevate your business

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Cause marketing—the partnership of a for-profit company and a nonprofit organization intended to increase sales, donations and brand awareness—has proven to be a highly successful marketing tactic for companies such as General Mills, Pepsi, and Procter & Gamble, to name just a few, but it's starting to wear a little thin with consumers. When every can of soup or box of cereal is printed with a "Box Tops for Education" logo, the effect becomes progressively diluted.

But cause marketing is just the proverbial tip of the iceberg. There's a much larger opportunity for altruistic and philanthropic brand alignments with cross-sector partnerships in which multiple linkages are developed between nonprofit and for-profit organizations. The for-profit organization may provide the nonprofit with volunteers, in-kind donations, paid advisers with specialized skills, event sponsorships, board members, knowledge and best practices, office space and more. The nonprofit organization, meanwhile, may provide volunteer opportunities to enhance the for-profit employees' job satisfaction and a deeper understanding of the needs of those employees' community, as well as coaching and leadership experience, tax-deductible donation opportunities and much more.

Cross-sector partnerships may or may not include a cause marketing aspect, but the marketing benefit of these partnerships can be significant and multifaceted.

Setting the Bar—or the Piton

Patagonia Inc., the Ventura, Calif.-based retailer of outdoor clothing and gear, is a model of successful cross-sector partnerships. The company's very fiber—literally—is fully planted in social and environmental consciousness, as reflected in its mission statement: "Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."

Patagonia became an industry leader by partnering with a number of nonprofits, using only organic cotton, redefining corporate transparency, introducing Fair Trade-certified garments, and—gasp—providing incentives for its customers to repair and

reuse their clothing. Remember Patagonia's enormously successful "Don't Buy This Jacket" Black Friday ad in 2011? The company's environmental internship program provides that after one year of service, Patagonia employees may volunteer up to two months for an environmental nonprofit of their choosing—and earn their regular salary.

From its inception, Patagonia has made giving back to society an integral part of its business plan. This is not just good corporate social responsibility. This is a sound business strategy. When a company provides staff with paid time off for participating in doing good for society, it sees the results come streaming back in, with benefits including boosts in loyalty, productivity, customer relationships and the bottom line.

Patagonia gets its pick of 15,000 résumés each year for about 100 open positions. Treat your employees well, and they'll stay with you—and you'll attract the best as you grow.

The key takeaway here is that Patagonia does well because it's focused on doing good. Donating a portion of your sales to a nonprofit and then printing a corresponding throwaway flyer isn't cutting it anymore with customers. Worse yet, doing it without involving your employees, improving corporate transparency and looking for multiple linkages to support a nonprofit will come off as tinny and insincere. Brand poison. A strategic partnership between any combination of the nonprofit, for-profit, education and government sectors, when they are focused on the greater good, can provide economic and social benefits, on many levels, to many stakeholders.

Changing Times, Changing Mindsets

In his 2001 book *Good to Great*, author Jim Collins describes a "great" company as one whose financial performance achieves several multiples better than the stock market average over a sustained period. Collins identifies 11 companies that go from "good to great" by providing returns at least three times greater than the stock market, including Gillette, Kroger, Walgreens, Wells Fargo, Phillip Morris and others.

Fast-forward to 2007's *Firms of Endearment*, which challenges this traditional definition of success. Authors Raj Sisodia, Jag Sheth and David B. Wolfe discuss the need for a "new capitalism of caring" focusing on customers, employees, partners, communities and shareholders, rather than on shareholders alone. The companies that they selected for this analysis include Amazon, BMW, The Container Store, eBay, Google, Patagonia, Southwest Airlines, Starbucks, Whole Foods and others, and they reviewed these organizations' business success from 1996 to 2006. What they found was eye-opening: Over three years, *Firms of Endearment* companies performed on par with *Good to Great* companies, with their growth rate of 73% nearly identical to Collins' 11 companies' growth rate of 75%. But over 10 years, the *Firms of Endearment* companies far outperformed the *Good to Great* companies, with their growth rate of 1,026% topping the *Good to Great* set's 331%. By focusing on the benefits to all stakeholders, the *Firms of Endearment* companies met or greatly outperformed companies that focused primarily on stock performance and return to investors.

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Much has changed since the *Good to Great* years, driven by a fast-rising tide of consumer concern, and a demand for the business community to be more focused on sustainability, on being good citizens and on giving back to their communities.

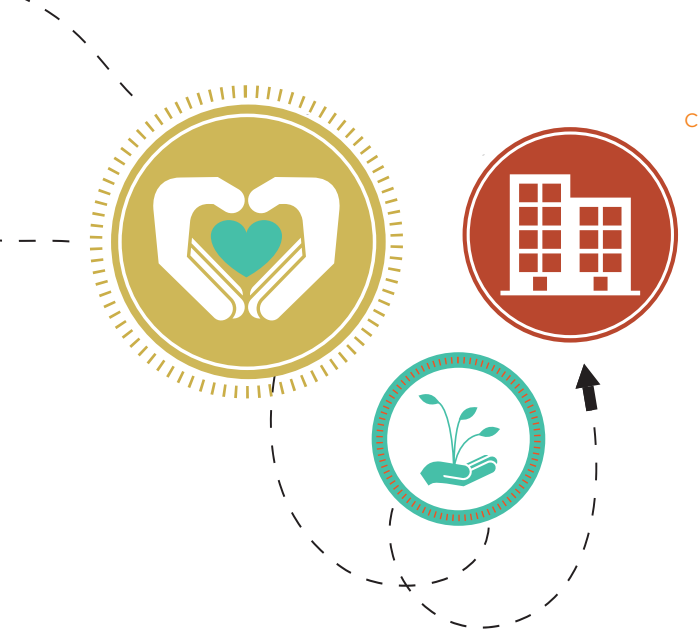
Doing Good Makes Good Business Sense

Nonprofits obviously gain when partnered with for-profit companies, but my research has shown that for-profits could gain even more.

Increased sales: Cross-sector partnerships provide an opportunity to generate goodwill and help those in need while also stimulating sales of your products and services. According to the 2013 Cone Communications/Echo Global CSR Study, 87% of the 10,000-plus respondents said that they make purchases based on what they know about an organization's social, environmental and cause-related engagement.

Salesforce.com was founded on a policy of donating 1% of its product, 1% of its revenue and 1% of its employees' time to nonprofit causes. That policy has helped the company to become a leader in the CRM field and to generate more than $3 billion in annual sales. Today, Salesforce.com continues to give free software to nonprofits that apply to its foundation—and the company now offers a CRM solution tailored specifically to nonprofits' needs.

Increased employee engagement and job satisfaction, and reduced turnover: When employees are allowed to engage in their community under the sponsorship of their employers, their morale increases significantly. Richard Steckel and Robin Simons' book, *Doing Best by Doing Good*, published a study of 188 companies that found employee morale to be three times higher in firms that are heavily involved in their communities. And when morale is high, so is employee retention.



Increased customer and brand loyalty: Customer loyalty reward programs may be good, but the "glow" that your company develops in a well-aligned cross-sector partnership can be even better. Studies by Cone have shown that 92% of the public has a more positive image of a company that supports a cause that they care about; 85% of the general public (and 92% of moms) want to buy a product that supports a cause; 80% of the general public (and 93% of moms) are likely to switch from one product or service to another if the latter is associated with a good cause; and 50% of the public would try a new brand if it's connected to a cause.

Attract the best employees: Andy Ball, former CEO of construction company Webcor Builders, found that Webcor's employee volunteerism helps attract high-caliber employees. "It started as a desire by a small group of individuals and it has become who we are," he told me. "It defines how we act and defines the kind of people who are attracted to us, and we, in turn, find that those are the best people to do the work. They perform the best, they are great people, they are responsible and they take the leadership roles."

He's not alone. The 2009 PR Week/Barkley PR Cause Survey offers this quote from Chris Mann, associate integrated marketing manager at New Balance, regarding his company's 20-year association with Susan G. Komen for the Cure: "HR would tell you that it's big for recruitment and retention. It's been brought up in people's interviews as one of the reasons they respect the company."

Free media coverage: Chevron, a frequent target of negative publicity, and its Richmond, Calif., refinery formed a partnership with Catholic Charities of the East Bay. Together they developed a program called Project B-Mat to support and train low-income residents who spoke limited English to secure employment as clinical medical assistants in high-demand occupations in the Bay area. The favorable media coverage from such a partnership can range from coverage in a local paper to global publicity, building community goodwill, improving brand image and helping to counter existing negative publicity.

Increased employee skill development, team building and leadership: A study by the National Survey of Giving, Volunteering and Participating found that 79% of volunteers said that their volunteer activities helped them with interpersonal skills such as motivating others and dealing with difficult situations; and 68% of volunteers said that volunteering helped them to develop better communication skills.

New markets and new customer demographics: Millennials, in particular, are likely to pay attention to companies that are doing good. In the past year, 81% of millennial respondents have volunteered in some way and 87% consider a company's cause commitments when deciding where to work, according to research by Cone.

The key to maximizing the benefits of your cross-sector partnership is finding a partner or partners with the best alignment with your organization. Your brand aligns with their brands and your values with their values so that these partnerships are intellectually, emotionally and practically compatible. The alignment simply should make sense—to you, to your organization, to your partners, to the mediaand to the public.

A Foundational Commitment

A foundational commitment is what creates the long-term success experienced by companies like Patagonia and Salesforce.com. These companies don't simply support causes and develop cross-sector partnerships; they embed cause consciousness into the very fabric of their corporate culture and business practices. Any company can go from good to great to virtually glowing when it meaningfully and systematically commits to being a proactively social or environmentally focused company; focuses all business decisions on the greater good, rather than solely on profits; creates partnerships with other sectors and aids their mission; includes all internal and external stakeholders in this cause-consciousness culture; and commits to a future in which success is directly related to the benefit that it provides for others.

Customers and business relations notice this change, and are attracted to the company. The company starts to stand out favorably against the competition. Brand loyalty improves and sales increase. The media, seeking positive stories about a cause, provide positive coverage. The public starts to talk about the company and its importance to the community. All stakeholders can have an emotional involvement with the company because supporting the company means supporting the cause.

Success comes through a step-by-step approach, leveraging what you already have with the right partners in a combined effort to create a greater good. A well-aligned, well-planned cross-sector partnership can change not only the company itself, along with its long-term financial stability, but also the environment, the lives of those served and the world we live in. **m**

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To learn more about Patagonia's Black Friday campaign, read "Walking the Talk" in the March 2012 issue of *Marketing News* at ama.org/MarketingNews.