

## Nonprofit/Corporate Collaborations: Corporate Relations Definitions

Read any business or marketing article these days and you'll see a number of terms referring to relationships between companies and nonprofit organizations like cause marketing, corporate sponsorship or corporate social responsibility. Lately, these terms seem to be commonplace, but what do they all mean? We've defined many of the common terms below and gathered definitions from industry experts.

**Cause Marketing** is the shortened and more popular term derived from cause-related marketing coined in 1983 by American Express with its campaign to raise money for The Statue of Liberty-Ellis Island Foundation for the restoration of the Statue of Liberty. It was the first official cause marketing project where a company and nonprofit organization partnered for the benefit of both organizations.

According to the Cause Marketing Forum, a company dedicated to providing practical information for both companies and nonprofit organizations toward mutual success, cause marketing under its Cause Marketing 101 is defined as "an umbrella term that covers a rich range of marketing activity. Central to its definition is the idea of a marketing partnership between a business and nonprofit entity for mutual benefit." The definition continues, "cause marketing is not 'Social Marketing,' the use by nonprofit and public organizations of marketing techniques to impact societal behavior (e.g. stop smoking, don't pollute, don't use drugs, don't drive drunk). Nor is it 'Corporate Philanthropy,' the giving (without expectation of direct corporate gain) of charitable financial and in-kind grants by companies or their corporate foundations."<sup>1</sup>

According to *Brand Spirit, How Cause Related Marketing Builds Brands*, cause marketing is "a strategic positioning and marketing tool that links a company or brand to a relevant social cause or issue, for mutual benefit."<sup>2</sup>

All of these definitions lead to a greater understanding of cause marketing. However, the main point of the strategy is that it is used to market a company's product or brand, therefore it is typically initiated by the company or marketing agent of the company. As a marketing strategy, a large commitment of marketing dollars will go into this type of campaign toward the cost of marketing. Quite often, the cost of marketing is larger than the financial support the nonprofit organization receives. But the nonprofit organization benefits from the marketing as well without having to incur the marketing costs. Overall, cause marketing programs are not sustainable. They are intended as a short term relationship.

**Cause Branding®** takes cause marketing a few steps further. By integrating the mission of the partnership between the company and organization, the mission becomes synonymous with the company brand. Avon's commitment to breast cancer research has become part of who Avon is. Breast cancer research is part of its brand. Cause branding is a trademarked term developed by Carol Cone, founder of Cone Inc., a firm most known for its cause-related marketing campaigns. Cause branding is a business strategy developed at the highest level of the corporation that combines social issues and causes into brand equity and organizational identity to support critical business objectives.<sup>3</sup>

<sup>1</sup> Cause Marketing Forum, <http://www.causemarketingforum.com>.

<sup>2</sup> Hamish Pringle and Marjorie Thompson, Wiley, 1999.

<sup>3</sup> Cone, Inc.



**Cause Product Sponsorship** is a term that describes the relationship a company has with a nonprofit organization, usually a cause related organization, when the company creates a product to sell supporting the organization's cause or mission. The company donates the proceeds to the cause. The company may market its relationship with the cause but often the company maintains a more subtle relationship, forgoing large marketing costs and reducing the cost of the overall program to the company. The company gets value through the association of its brand in relationship to the cause. A Cause Product Sponsorship is different from a Cause Marketing relationship because the company is not creating the product to increase sales or visibility for the company. The alignment of the product and cause must make sense for the company and shows a commitment on behalf of the company toward the cause. An example of a Cause Product relationship is the Go Red For Women Barbie® doll, created by designer Robert Best. The American Heart Association will receive \$100,000 from Mattel in support of its Go Red For Women movement focused on women and heart disease.<sup>4</sup>

**Corporate Sponsorship** is a mutually beneficial relationship between a company and another entity where the company pays for the value the relationship provides. In terms of nonprofit, "cause" or mission-driven relationships, these sponsorships are intended to increase resources for the nonprofit organization. While corporate sponsorship of nonprofit organizations is common and growing in popularity, commercial sponsorships, specifically sports sponsorships, are more popular. IEG, a leader in commercial sponsorships defines sponsorship as a "commercial relationship between a company and a property in which the company pays a fee in return for access to the exploitable commercial potential associated with the property. The payment is unrestricted and the amount is based on the value of the rights and benefits included in the sponsorship rather than on the budget or need of the rights holder."<sup>5</sup>

For example, NAPA Auto Parts' sponsorship of NASCAR is a Corporate Sponsorship but it is not "cause" or mission-driven. Intel's sponsorship of the Science Talent Search created by the nonprofit organization, Science Service is a mission-driven sponsorship that helps Science Service drive its mission forward. At the same time, it provides Intel an opportunity to increase visibility and drive a message about the importance of science education to our country's position as a technology leader.

While there is no clear standard for **Corporate Social Responsibility (CSR)**, some form of CSR has become common business practice for companies. According to CSRWire, a global source of Corporate Social Responsibility news, "the goal of CSR is to positively impact society while achieving business success"<sup>6</sup>, making CSR a sustainable approach for companies providing business incentive to pursue socially responsible practices. CSR has become popular within the last few years transforming the corporate climate to one more socially aware than in the days of the Milton Friedman philosophy. Friedman's philosophy, echoed by the culture of most Fortune 500 companies of the last generation, was that the role of the company is to increase profits, not to "play Santa Claus" by giving to charity. But a new generation of consumers and business leaders insist companies take on more responsibility for their policies and practices impacting employees, communities, and the environment. Companies are being held accountable by consumers for their actions and their impact which, in effect, has made socially responsible companies more profitable. *Fortune* Magazine has taken notice of CSR estimating about \$2.3 trillion out of \$24 trillion total dollars invested is being invested in socially responsible companies<sup>7</sup>, supporting the business world's belief that socially responsible practices are good for business. *Fortune* now considers CSR practices when ranking their top global companies.

<sup>4</sup> American Heart Association, Inc., Go Red For Women.

<sup>5</sup> IEG, LLC., <http://www.sponsorship.com>.

<sup>6</sup> CSRWire, <http://www.csrwire.com>.

<sup>7</sup> Demos, Telis. *Beyond The Bottom Line: Our Second Annual Ranking of Global 500 Companies*. *Fortune*, October 23 2006.



**Corporate Relations** is a term we use at Mosaik Strategies to simply mean any potentially sustainable relationship between a company and a nonprofit organization providing value to both. Corporate Relations is the umbrella term covering the descriptions above. Corporate Relationships are cause-related and mission-related. These relationships are often initiated by the nonprofit organization, but can also be initiated from the corporate side. A main purpose of corporate relations is to support the organization's mission.

Under this definition, Corporate Relations does not include corporate donations simply because donations are not generally sustainable or mutually beneficial. Nonprofit organizations that benefit from corporate donations that continue over time with no real benefit to the company is a lucky break. But unless the organization and the company can articulate value received by both parties, there is no way to measure success and maintain sustainable value. Corporate Relations is the basis of all profitable, mutually beneficial relationships between nonprofit organizations and companies. Each of the cause relationships above supports corporate relationships.

