

**Corporate Australia is driving community investment because they want outcomes.**  
**Phil Hayes-St Clair – Executive Chairman, HSC & Company**

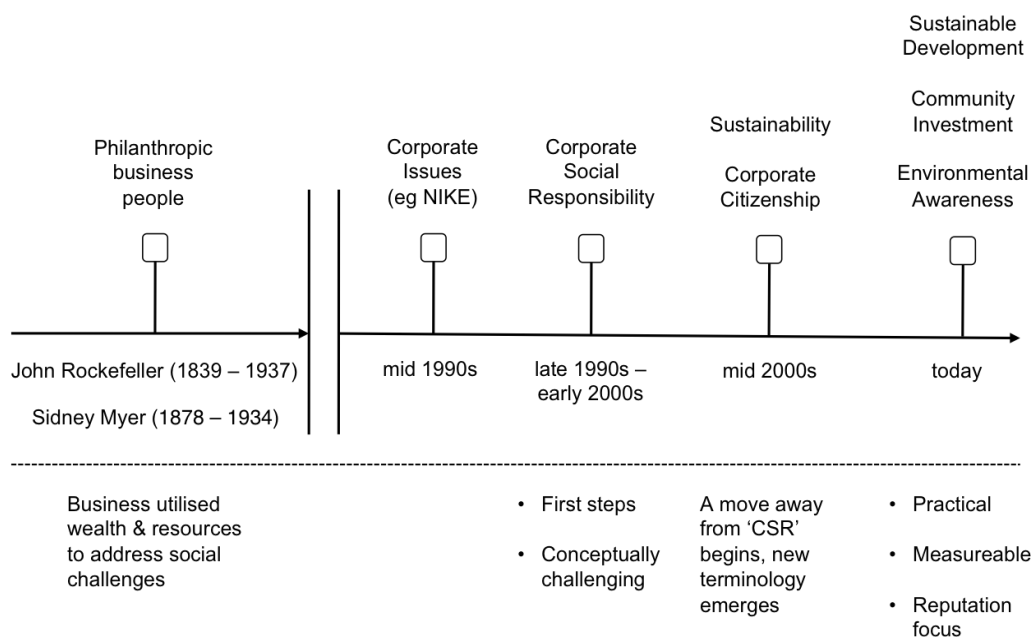
Corporate Australia is on a journey to deliver more to the community but they're not giving anything away, they're investing.

Did anyone really understand what corporate social responsibility (CSR) meant when it appeared on the scene in the mid 1990s? Arguably it still remains a mystery to many executives today. The concept itself is not necessarily difficult to grasp. The real difficulty for business leaders continues to be developing and practically implementing a CSR strategy.

Although companies have embraced CSR to varying degrees, another trend has emerged from the philosophical and somewhat titanic CSR movement. It's called community investment (CI).

We define CI as the authentic and strategic actions by a company to address specific social issues as a means to enhance reputation and increase social impact.

The notion of CI is practical, implementable and results oriented. When structured to complement a company's commercial focus, this concept helps to tangibly demonstrate their social responsibility to shareholders, customers, the market and the community. CI also complements two other high priority focus areas: sustainable development and environmental awareness.



**Getting real about community investment**

Paring away the altruistic intent of an organisation's leadership or its people, CI strategy can enhance reputation or help mitigate risk.

The term 'investment' correctly suggests a return - have you ever known a company to 'give away' anything? In the context of CI, a solid starting point for determining an appropriate return on investment is social outcomes. Social outcomes vary but can mean improved education for marginalised children, finding cures for health issues, addressing environmental challenges and indigenous issues or generally helping those less fortunate.

When woven into traditional marketing mechanisms and internal cultural initiatives, these outcomes help to enhance reputation (or manage risk).

The bottom line is that this adds value to a company, its shareholders and the community.

## The opportunity for companies is clear

The benefits of *authentic* CI are substantial. Organising resources strategically to create social outcomes that endure is the challenge.

The starting point is **NOT** selecting a charity to support or hosting an event, these come later. These independent and tactical activities, in the absence of a strategy, usually result in resource-intensive outcomes and people questioning the 'bang for buck'.

## Thinking for smaller organisations

The CI approach taken by these businesses relies on their appetite to explore new ways of leveraging resources to help enable social outcomes.

A conservative approach should initially focus on determining the logical fit of core capabilities (e.g. IT, construction, finance, professional services) with social challenges.

Innovative small businesses also undertake activities of their conservative peers and then look to collaborate with 'partner' organisations.

Partner organisations can be social enterprises, suppliers or customers.

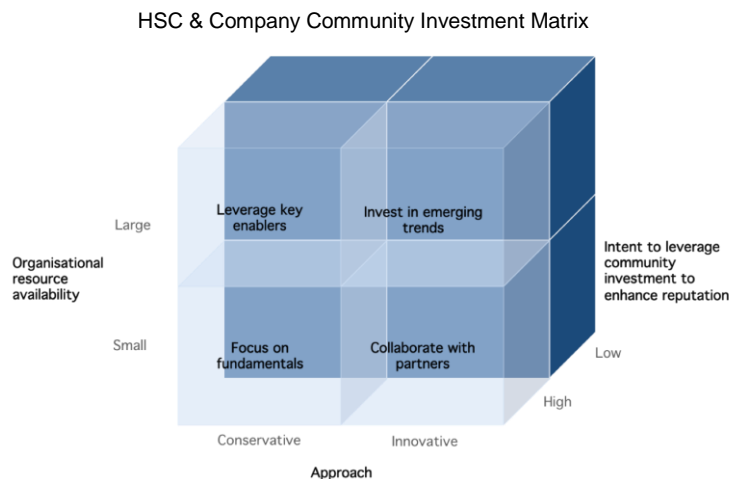
Practically, this can mean agreeing to combine respective skill-sets to tackle specific issues that one business cannot achieve by itself. The good news is that the appetite of small business to join forces in addressing social issues is increasing.

## Considerations for large organisations

The emphasis on aligning core capabilities with social challenges is amplified when dealing with larger organisational resources.

To be successful, an organisation with a conservative approach to CI should ensure that key strategy enablers are well established and operating effectively across the organisation. These enablers may include infrastructure like endorsed volunteer and pro bono programs, executive appointment programs, workplace (payroll) giving, online collaborative project environments, organisational mentoring and coordinated fundraising campaigns. The success of these enablers is dependent on a well-communicated, whole-of-organisation strategy that helps guide, refine and articulate (internally and externally) CI efforts.

Large innovation-focused organisations can begin exploring new ways of addressing social challenges through their CI strategy. Companies operating in this territory usually have a deep and well articulated community engagement history - usually but not exclusively 10 years or more. With well established and supported key enablers (as noted above), these companies invest in identifying and finding ways to support social enterprises that bring a strong innovation and entrepreneurial focus as a means to solving social challenges.



The key-differentiating factor for these large organisations is that they are often able to leverage or refine traditional systems to enable them to successfully support the start up and survival of younger social enterprises.

Westpac's leadership in the social enterprise space is a good example. A core tenet of Westpac's corporate strategy is sustainability. Westpac also believes that a sustainable social economy is underpinned by capable not-for-profit organisations (including social enterprises). Selected organisations benefit from financial and organisational mentoring support from Westpac and the Westpac Foundation. This support directly leverages the financial resources and professional skills of the Westpac Group. As a result, these organisations employ business principles to enhance their impact and sustainability while becoming less reliant on grants as their main source of income.

**In closing, a note to companies just starting or not sure how to proceed.**

A successful CI strategy is rewarding and beneficial. We understand that competing internal agendas can make implementing a CI strategy a challenge but keep in mind our definition of CI and reflect on the matrix (above).

A great source of insight is to talk to companies you consider to be a CI 'guiding light'. More often than not they will provide valuable thinking and learnings from their journey that will help advance your strategy.

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*HSC & Company is a specialist consulting firm that designs and implements community investment strategies for corporate organisations.*

*This firm includes HSC & Company Private Clients, a leading boutique philanthropy advisory business that supports individuals and families.*

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