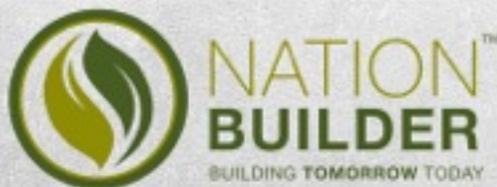




# **GIVING DIRECTION**

**USING CORPORATE SOCIAL INVESTMENT TO  
BUILD OUR NATION**

**COMPILED BY**



# INTRODUCTION TO THE NATION BUILDER REGISTRATION GUIDE

Through the registration process, our intention is to understand your company and strategy, and to offer you any immediate assistance by providing thought-provoking questions, hints and “Top Tips”.

This guide will give you some insight into corporate social investment (CSI) best practice and will guide you to areas where increased impact could be achieved through your social investment .

There are no right or wrong answers in determining the best CSI strategy that a company might follow. The nature of this work means that different approaches may work best in different circumstances, and each company and CSI strategy is likely to differ one from the other.



1

## How do you see your company's role(s) and responsibility in building our nation?

How your company's decision-makers view the business' role and contribution to building our nation will determine the nature of your commitment, the resources committed and the potential impact you have in the community i.e. if your company only sees it as a marketing exercise, then the chances of the social investment having a genuine, lasting impact may be limited.

### **Top Tip**

*If done strategically and thoughtfully, using your business as a force for good is not only good for society, but can be very good for your brand and business.*



2

## What is your current CSI budget for the year?

It is not only about how much you're giving in direct monetary terms, but should include all-in contributions. Thus, time, resources, experience, skills and products given or used in your social investment work all form part of your corporate giving.

### **Question**

*Are you getting the best return for your company from your social investments? The best case is when social investments work well for your company as much as it works for the community or charity that you're investing in.*



# 3

## How are your CSI commitments, initiatives and approach decided and managed?

Do you have a dedicated CSI practitioner (and potentially, as one grows, a CSI department) with executive management buy-in and support who will focus solely on the company's socio-economic development portfolio? If so, does he/she have a mandate from top management to carry out this work across company functions, including those that deal with reputational and brand management, staff morale, stakeholder relations and consumer loyalty?

### **Top Tip**

*If you are serious about having a positive impact on the future of our country (and your business), then social investment should be added to other parts of your core business strategy. For this to happen, social investments that bring social returns should be taken as seriously as financial investments that bring financial and other business returns.*



# 4

## Managing a CSI budget requires committed resources such as time, people and internal budgets. How are your CSI resources funded?

Depending on where your CSI function sits within your company, company size and profitability, and the intentions of your CSI strategy, the budget and allocated spend will vary and be influenced by various factors. Often, companies dedicate a certain part of their net profit after tax, say 1%, for CSI purposes, while others may decide an amount based on commitments the company may have made in their BEE transactions to broad-based community development. Yet others will determine a set amount and put that aside for CSI every year. The important thing, of course, is to know the likely size of the CSI budget for at least the next three years, no matter what other business changes may take place. This allows for effective planning and for consistency in supporting project partners.

### **Top Tip**

*If your social investments are aimed in part at meeting the requirements of an industry sector charter or the national B-BBEE scorecard and to reclaim tax, then it is best to understand the legislative minimum requirements needed to qualify, as well as to identify appropriate non-profit organisation (NPO) projects that are Section 18A tax exempt in order to claim on these contributions. For more information about the latest legislation or for referrals to B-BBEE specialist agencies and credible, verified NPO projects with Section 18A certification, please contact the Nation Builder team.*



# 5

## How do you decide what your involvement or contribution to a partner NPO or project is going to be?

Determining the scope of your involvement and commitment influences your interaction with the partner NPO or project from the outset. For some companies, this is done reactively rather than strategically, with once-off contributions made to NPOs that apply for assistance. Ad-hoc or once-off contributions have their place (i.e.: when responding to disaster relief), they can seriously undermine the long-term objectives and needs that community development work requires for more sustainable and lasting impact. Once-off donations can also leave partner NPOs unsure of where they'll stand in budgeting terms in the following year, unwittingly discouraging them from undertaking work that is necessary for longer-term success. It can however be a good idea to ring-fence a portion of one's CSI budget (say 10%) for once-off expenses (such as vehicle, IT upgrades, disaster relief, etc) that are just as important to meet short-term needs.

Mostly, effective CSI involves an ongoing commitment over time in partnership with NPO stakeholders for longer term impact and nation building.



### Top Tip

*We believe that the best forms of partnership are long-term relationships, understanding that real and lasting change does not happen quickly. It is important to identify and consult with your main CSI stakeholders to identify relevant areas of need (matched with potential solutions) and potential areas of synergy. Hence you can go beyond financial support to offer other relevant expertise or resources your company may have. Conversations like this often result in a win-win situation where your business can use a service, product or enterprise offered by your partner NPO or project, benefiting you as well as creating a market for their services.*



# 6

## How is your annual CSI strategy planned or structured?

This question goes back to your overall CSI strategy and company's social purpose. It is about your CSI intentions and the level of impact that you want to achieve over the short- to long-term. It also indicates what your capacity as a company is to be - and remain - involved in CSI projects. So, consider determining the parameters of your vision and mandate for CSI before you make any decisions or policies or develop strategies. This will determine everything that you build from and on in the future. It is worth being mindful from the outset that community development or upliftment takes time. There are usually many partners involved in a project that you support, and these might include an NPO, a community and sometimes government agencies. No one partner is usually able to dictate the pace and intense consultation in project design and implementation is sometimes required. Be patient without being a walkover. Most of all, know that a social return on your CSI, the results that you're looking for, may take a long time. Plan to be involved in a project for an extended period.



### Top Tip

*It helps to bear in mind that the extent of need in South Africa can be overwhelming and the demand for CSI support will almost always exceed available funding.*

# 7

## Do you have a specific focus area(s) of development that you fund?

It is impossible to make an impact on every development cause or to respond to every need. However, when you are able to identify particular focus areas, you are able to direct your resources and energies into making a targeted impact. Focus areas are typically things like education, lifeskills, health, childcare, care of the aged, etc. The alternative is a "shotgun" approach with results that are often meaningless over the long term.



### Top Tip

*Clearly define your scope/focus. Without a specific focus or strategy thought-out mandate, trying to be "all things to all people" can easily overwhelm a company.*





## How do you determine what organisations you will fund and which causes you will partner with?

Some companies use a list of funding criteria to guide their CSI commitments, while others base their funding on causes close to their employee's hearts. Sometimes companies find themselves responding to specific urgent issues, such as natural disasters or unexpected crises, and all of these have value, albeit for the short-term.

It is a good rule of thumb to remember that the positive effects of social investment can be undermined when based purely on emotion or reactive giving (or one employee's 'pet project'), rather than be proactive, focused and directed by a clearly set out mandate, guidelines and criteria that is in line with your company's vision and mission – otherwise your involvement is unlikely to be sustainable or effective in real and lasting upliftment.



### Top Tip

*Because you are dealing with people, poverty, and human needs, CSI can be a very emotive terrain, and it is advisable to set clear criteria and boundaries from the outset. The most crucial question to consider is: "Does this fit with our CSI mandate, focus and mission?" This will assist you to be strategic and proactive (rather than be reactive and to "flip flop" between NPOs supported) and to have boundaries when saying "yes" or "no" to funding requests.*

*Real and lasting change does not happen overnight. Therefore, in considering your involvement with, or support for, social upliftment initiatives, avoid reactive/short-term responses to requests for funding or partnerships. Rather select initiatives that are consistent and focused on long term impact, with which you will be able to grow with and see the benefits of your involvement.*



# 9

## How well do you know the social investment projects that you fund?

Transparent, deep, practical and accountable relationships with social investment or community partners are key. It is good practice to be actively engaged with social investment/ community partners in order to understand their day-to-day lives, challenges, vulnerabilities as well as their resources, successes and influence.

Not only is this vital to a good working relationship, but it is also important that you know who you are partnering, their credibility, track record and the impact of their work as it will impact your own company's reputation and brand credibility.



### **Top Tip**

*Project site visits and one-on-one conversations with stakeholders give the best indication of the impact of your investment, rather than just through receiving written reports. Successful social upliftment involves deep stakeholder engagement and patience, and the best way to evaluate this is to be fully involved throughout the process.*

# 10

## How well established is your company's CSI involvement?

Regardless of where you stand in the CSI spectrum – small or big budget, new or longstanding – you'll need to work out what lies at the heart of your CSI approach, and thus whether this needs improvement, adjustment or even a turnaround. Even if your social investment has spanned many years, is it time to relook at the way you do CSI?



### **Top Tip**

*The Nation Builder team is here to support your company – through various resources and tools, but also through free, personalised CSI advice from our partner Muthobi Foundation.*



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### Do you find it challenging to identify or assess reputable, relevant and useful NPOs and projects?

Most CSI practitioners and consultancies are flooded with support applications from organisations big and small, impressive and less impressive. How do you determine which organisations are going to be the best match for your business as well as achieve best possible impact in your communities/ areas of interest?



#### **Top Tip**

*Nation Builder encourages investment into long-term partnerships with development NPOs, communities and businesses – so if you have existing relationships that work well and are mutually beneficial, then we encourage you to stick with those, grow with them, and also look at how you can improve or leverage these partnerships in ways that are good for both the beneficiaries and for your business..*

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### What kind of NPO partners do you typically look to invest in?

While there is no specific right answer here, it is usually advisable to have a combination of different types of NPO partners if you can afford to. The main drawback is that companies tend to prefer funding only well-established organisations with long and strong track records and associated research and evidence of impact. Sometimes, however, we need to take some measured risks and provide seed funding for an initiative that could grow and be replicated over the years.



#### **Top Tip**

*We would recommend partnering with a mix of organisations where you are able to benefit in terms of B-BBEE and tax benefits, but also to fund organisations or causes where you might not necessarily gain B-BBEE points (such as old age homes or start-ups). Having said that, it is still important to have an idea of the validity and track record of each charity you consider funding. Always ask for proof of their NPO/PBO registration, audited financial statements and other requisite documentation in advance of considering any commitment.*



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**When you make financial contributions, what parameters do you set on how that funding should be used?**

Restrictive funding or funding dedicated only to NPO programmatic costs (rather than allowing for general operating costs) can sometimes limit the level of service than an NPO can deliver to their beneficiaries. Also, bear in mind that funding that demands extremely detailed reporting requirements places a heavy admin burden on staff. All businesses have overhead and operational costs and for an NPO they are just as essential. Much of the work delivered by NPOs is dependent on their personnel and volunteers, and so supporting human resource costs often delivers the best social value. Similarly, it can be very useful for an NPO to have its internal capacity strengthened by upskilling – which can strengthen an organisation’s capacity and effective, but which they most often do not have the budget for. Capacity-building is thus often a very worthwhile part of an NPOs work for a company to support.



**Top Tip**

*Be clear about where your funding is to be spent, and also about the level of reporting and monitoring and evaluation (M&E) expected. Take into consideration your NPOs’ levels of skill and resources, and offer holistic support where possible.*

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**Do you undertake any monitoring or evaluation of the work of the organisations that you partner with: i.e.: measuring effect of work being done, the use of your funding, governance and reporting standards, fit-for-contractual-purpose work undertaken, etc?**

Do you undertake any monitoring or evaluation (M&E) of the work of the organizations that you partner with: ie: measuring the impact or effectiveness of the work being done, the use of your funding, governance and reporting standards, fit-for-contractual purpose work undertaken, etc. Your business side of socio-economic development and social investment is largely relational but it is critical that you develop a sense of how your social investment funding is working. For many companies, this is a journey. Moving from ad-hoc donations to developing a better understanding of the impact of your giving, and being able to determine whether your social investment contributions are indeed having a positive impact (or not).



**Thought**

*Do you have any systems or processes in place to assess or evaluate your funding impact? If not, Nation Builder can assist you with some basic guidelines, if required.*



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### When (and if) you do undertake evaluations or assessments of the impact of your social investments, what sort of metrics do you use?

The clearer you are in the measurements you're going to use to evaluate the effectiveness of your CSI spend, the greater clarity you are likely to have on the effectiveness of this. This will bring a greater understanding of what has worked well, what hasn't, or what could be done better in the future.



#### Top Tip

*Can you provide forms and measures to assist your partner NPO in their M&E? In this way, they know exactly what is expected from them, and can allocate resources accordingly. Just remember to ask for only what you need, unnecessary requirements can waste everyone's time, including yours. It is best to have yourself and the NPO agree together at the beginning of the funding relationship on the appropriate things to be measured and reported on.*

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### What is the extent of your involvement with your CSI partners?

The level of a company's involvement and participation in a social upliftment initiative differs greatly according to the resources and buy-in of that company, and the needs, requirements (and resources) of its partner NPOs. Whatever the level, basic communication around these needs and objectives are paramount in making sure the relationship grows from strength to strength and that all expectations are understood and met from both sides.



#### Top Tip

*Encouraging your employees to assist with a community project can deepen their appreciation of societal realities, provide genuine and much-needed support for a community project, and work wonders for a company's reputation as well as boost employee motivation. But make sure that staff volunteer programmes are focused and useful/ actually contribute to the NPO (rather than create more work for them or create irrelevancies to their work!). Be clear about what level of staff commitment is possible so that you may be consistent in your contribution, and not just ad-hoc or halfhearted. Consistency, and continuity, of involvement is important so that the NPO can incorporate it into their own planning and allocation of resources, which sets the tone for effective partnerships and a greater positive impact for both the beneficiaries of the NPO as well as your staff.*



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## How dependent are your CSI partners on your funding?

It's important to know what percentage of a partner NPO's budget your funding/investment constitutes. This is one of the most basic, and often more tricky, considerations. Allowing or perpetuating donor dependency can be harmful to the NPO and to your company's reputation should funding circumstances change.

### **Top Tip**



*Try minimise sudden shifts in your funding policy, fluctuating grant values from year-to-year, lengthy decision and payment processes — all of which can undermine an NPO's sustainability. Encourage your NPO partners to diversify their support sources. It is advisable to formalise one's commitment by setting out contracts or MOUs outlining the duration and scope of the commitment, any specific conditions as well as any expectations. This will help manage expectations, mitigate risks and avoid donor dependency, protect everyone involved and set a solid foundation for the way forward ensuring that everyone is on the same page, working towards the same end goal.*

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## We have found this to be true

CSI can sometimes seem like a burdensome and frustrating process, filled with admin and red tape when all you have are the best intentions. Doing it properly takes effort, time and energy to nurture in this continually changing environment and will likely involve people of varying commitment. Yet CSI that works well is not only the right thing to do, but is a rewarding and rich experience. With a well thought-through CSI strategy and tools to accomplish what you want to, this is work second-to-none in its positive and life-changing effects.

### **Top Tip**



*At Nation Builder, we have the tools to assist you in building sound relationships with NPOs for long-term partnerships that get the desired results. We will help you to leave a lasting positive legacy by providing you with guidelines, tips, forums, and knowledge-sharing platforms.*



# 19

## How do you communicate your social upliftment and nation building commitments?

CSI is not just about doing good; it's also about being seen to be doing good. And that means using available platforms and, yes, media in all its diverse forms, to put your message across. CSI communication is an exercise in relationship building, and binds you to your various audiences, both inside and outside the company. It also helps beneficiary projects to attract other support, and give them exposure they might not otherwise get. It allows others to learn from your own lessons and so to replicate best practice, and avoid common mistakes.



### **Top Tip**

*Talk when you have something to say and speak simply, with truth and sincerity. To gain credibility in the mind of your audiences, consider telling the story of your community (NPO) partners, and add your supportive role in ways that maximise advantage for communities and demonstrate respect for partners.*

# 20

## In your CSI/nation building, do you work in partnerships?

We hear a lot about collaboration, but many companies are still wary of CSI collaboration. Yet successful inter-business CSI partnerships can minimise NPO dependence on you and therefore project risk, while increasing positive social investment effects. This can be done when relationships are built on the collective strength of all stakeholders without anyone needing to lose their identity or distinctiveness.



### **Thought**

*With your knowledge, skills, budget and resources, would it be in the project's best interests to share your support with others who can assist in achieving greater result, even where this means sharing in the success of the project?*



# 21

**What value do you believe your company adds to the social upliftment organisation(s) that you partner with and to the wider community? And what value does your NPO/project partner adds to your business and your company's broader nation building?**

What value do you believe your company adds to the social upliftment organisation(s) that you partner with and to the wider community? And what value does your NPO/project partner add to your business and the company's broader nation building?

### ***Top Tip***



*At Nation Builder, we believe in social investing in ways that bring positive social returns, and thus create value for the business, communities and the nation at large. Sometimes this requires a hard look at current CSI investments and the courage to sharpen practices, shift focus or even to walk away from things that aren't working. Sometimes it requires determination to continue. Getting the best possible results from CSI is why Nation Builder offers businesses and NPOs ongoing practical support in this important work, and encouragement to see it through to inter-generational improvement in our country.*





NATION<sup>™</sup>  
**BUILDER**  
BUILDING TOMORROW TODAY

BUSINESSES  
COMMITTED  
TO RESPONSIBLE  
**SOCIAL**  
**INVESTMENT**

Nation Builder is a community of like-minded business leaders who strive to use business as force for social good. Leaders who realise that building sustainable, successful businesses and a robust economy will require more than profit making and compliance. These future-minded businesses are committed to going beyond social compliance to social leadership.

Nation Builder members are resourced with thought provoking perspectives and practical tools to maximise the impact of their giving, and are publicly recognised for their commitment to investing in the future of our country through displaying the Nation Builder icon on products and corporate publications.

**To join the ranks of leaders using  
business as a force for good,  
contact [keri-leigh@muthobi.co.za](mailto:keri-leigh@muthobi.co.za)  
or register at  
[www.proudnationbuilder.co.za](http://www.proudnationbuilder.co.za).**