

High-impact giving: Get more bang for your bucks

by LuAnne Speeter

Small businesses are notoriously generous and they often don't receive the credit. While large corporations tend to get the press for their philanthropy, they in fact contributed only 5% of the \$307 billion donated in 2008.* Individual donations amounted to 75% of total dollars donated, and much of that was from small business owners.

But large corporations are strategic in how much they give and who they give to – they have to be, in order to accommodate budgets, boards of directors, compliance parameters and more. Small companies, on the other hand, usually don't have a philanthropic mission and goals in place, making unplanned donations out of compassion to solicitors. And while those donations may not seem like a lot at the time, they can add up to a large percentage of your bottom line.

If you're a small business owner, would you be more strategic with your giving if you knew how profound of an impact you could have?

[The Center for High Impact Philanthropy](#), a department of the University of Pennsylvania's School of Social Policy & Practice, recently released a guide for donors who want to ensure their dollars produce maximum results. "[High Impact Philanthropy in the Downturn](#)" focuses on three areas of need that are most critically affected by the recession:

- Housing: preventing foreclosures
- Health: sustaining primary and preventive programs
- Hunger: ensuring access to food

This well-researched, evidence-based guide gives specific solutions to the need areas, the impact the donation amounts would have, and the real costs that are incurred by individuals and our society *without* the donations.

For example, one solution to the foreclosure problem is to provide homeowners with access to nonprofit housing counselors. In order to keep a client at risk of foreclosure in his or her home for at least 12 months, it would cost between \$300 and \$3,800 for effective counseling.

However, compare this to the costs of a single foreclosure: up to \$34,000 in municipal costs, a reduction of \$7,200 on average in property values of neighboring homes, and a rise in violent

crime at a rate of 2.33% per percentage point increase in the neighborhood's foreclosure rate. Add to that the direct costs to the individual and, indirectly, society – increased risk of homelessness, financial distress, stress and mental illness and loss of learning and development in children.

As you put together a giving strategy for 2010 – as a business or as an individual – think about those areas that can deliver the greatest impact. Where to put your money is as important as, if not more important than, how much you give.

*Source: www.givingusa.org

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