

growing local value

HOW TO BUILD BUSINESS PARTNERSHIPS
THAT STRENGTHEN YOUR COMMUNITY

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In **Growing Local Value**, Laury Hammel and Gun Denhart show you how you can leverage every aspect of your business – from product creation to employee recruitment, vendor selection, and raising capital – to benefit both the community and the bottom line.

The following excerpt is taken from **Chapter 5: "Creating Partnerships with Non-Profits,"** pages 101-106.

How do you go about partnering with nonprofits, and how do you develop a strategy for giving? Successful business-nonprofit partnerships can take many forms, from making financial and in-kind contributions to non-profits to "adopting" or creating a non-profit.

Developing your giving strategy involves studying examples of other businesses that have done this successfully. Never miss an opportunity to learn from others! The following excerpt shares Hanna Andersson's story of its innovative business-nonprofit partnerships. Their story illustrates ways a business can work to benefit not only the company but the community. This excerpt lists a variety of sources of capital that might fit your entrepreneurial venture.

Learn more and purchase the entire book at www.svnbooks.com.

How do you go about partnering with nonprofits, and how do you develop a strategy for giving? The first step is to answer questions such as these:

- What are the most pressing needs in your community?
- What unique qualities of your business can be leveraged to help you meet the community's needs?
- What activities and programs will encourage staff participation and team building and reflect company values?
- What giving strategy will have the most impact on customer loyalty, goodwill in the community, and increased sales?

The second step is to consider structural options. Successful business-nonprofit partnerships can take many forms, and most include one or more of the following:

- *Making financial contributions to a nonprofit.* The most common form of business-nonprofit partnership involves a business (or a related corporate foundation) making financial gifts to a nonprofit.
- *Making in-kind contributions.* Engaging a company's staff, vendors, and customers in providing ongoing assistance to a nonprofit in the form of noncash resources can have a profound effect on both organizations. For example, nonprofits might benefit from product donations, the use of a company's conference room, consulting time from a company's marketing staff, or the donation of used equipment.
- *Adopting a nonprofit.* Focusing financial and in-kind contributions on a specific nonprofit over a long period of time can have a transformational impact on your corporate culture and the nonprofit.

- *Creating a nonprofit.* Building a new nonprofit helps ensure a company remains engaged over the long run. Founding, guiding, and taking ownership of a compelling mission is highly energizing for the company's staff and other stakeholders and results in a strong and mutually beneficial relationship.
- *Starting a for-profit business that's owned by a nonprofit.* When a business is owned by a nonprofit organization, all of the business's practices, strategies, and profits serve the nonprofit mission rather than profit-driven shareholders.
- *Implementing cause-related marketing.* Using your product or service to promote a specific cause or nonprofit is known as cause-related marketing, or as Tom Chappell of Tom's of Maine refers to it, common good partnerships. While some companies selfishly use the name of a respected nonprofit to upgrade their own images (a tactic known as greenwashing), cause-related marketing can communicate an important message to thousands or even millions of people. Achieving similar exposure via purchasing advertisements would be well beyond the means of most nonprofits.

The final step in developing your giving strategy involves studying examples of other businesses that have done this successfully. Never miss an opportunity to learn from others! The following pages share the Hanna Andersson story and chronicle other inspiring accounts of business-nonprofit partnerships. Each one illustrates ways a business can work to benefit not only the company but the community.

Partnering with Nonprofits: Hanna Andersson, Portland, Oregon

Hanna Andersson is a \$95 million retail clothing business known for its high-quality products, family-friendly employee

policies, and innovative contributions to the community through nonprofit and school partnerships. Hanna's deep community involvement was not a part of its original road map. Rather, it evolved from the principle—a commitment to quality—on which Tom and Gun Denhart founded the company in 1983. In their quest to offer high-quality children's clothing, the Denharts listened to customers, staff, and other stakeholders. This feedback was crucial to the evolution of their business.

From the outset, the Denharts wanted to create a productive, positive, and healthy working environment where employees did not have to leave their values at the door. While Hanna could pay only minimum wage in the early years, it advertised jobs that offered “more than a paycheck.” As a result of genuinely listening to employees, the Denharts initiated many family-friendly programs and benefits, including

- Payment of a significant portion of their employees' child-care costs
- Flextime scheduling so staff members could create schedules that fit a variety of personal lifestyle needs
- Public transportation subsidies
- In-house yoga classes
- Paid time for volunteering in the community

At the time, these practices were quite unusual and they helped Hanna recruit and retain loyal employees. A great example of how these exceptional benefits were developed is the policy of subsidizing child care. Gun's original idea was to start a child-care center in the office. When speaking with employees, however, she found some wanted day care close to home, while others had children who were happy at their current day-care centers. Gun responded by designing a flexible program that allowed employees to more easily afford day-care programs that fit their needs. This program gave employees more peace of

mind, enabled them to focus on their work, and most importantly, gave their children a good start in life.

In Hanna's second merchandise catalog, the Denharts introduced a marketing strategy that eventually became the cornerstone of the company's community involvement—Hannadowns (a play on hand-me-downs). The idea was to show that the clothing was so well made it would last beyond one child. Through the Hannadowns Clothing Donation Program, customers could send used clothing to Hanna and receive a 20 percent credit toward their next purchase. Hanna donated these clothes to nonprofits that served children in need.

The program became extraordinarily popular and took on a life of its own. In fact, it became a major driver of Hanna's growth. As the company grew, so did Hannadowns. Over the fifteen years of the program, Hanna employees sorted through stacks of donation requests from nonprofits and donated more than one million pieces of clothing to dozens of organizations. Recycling Hanna clothing eliminated waste, helped children in need, increased employee fulfillment, and fostered customer loyalty.

Having witnessed how Hannadowns helped Hanna's national reputation and sales while assisting those in need, in 1992 the company began a program to share its financial and human resources that became known as Hannashare. Gun invited an intern from an MBA program focused on socially responsible summer jobs to develop a framework for the charitable giving. The framework included two components. First, Hanna joined a growing movement of socially responsible companies committed to donating 5 percent of pretax profits to nonprofit organizations. Hanna focused its giving on children and families in need. While some years Hanna made very little or even no money, it continued to provide whatever funds, clothing, and employee time it could offer.

The second component was encouraging employee financial and in-kind donations to nonprofits. Hanna instituted two employee benefits. The Volunteer benefit paid for up to sixteen hours of volunteer hours per year, and the Employee Match benefit donated up to \$500 annually per employee for his or her donations to any nonprofit of the employee's choosing. This giving framework was used for over a decade as Hanna became known for its commitment to the community and to local nonprofits through Hannashare and Hannadowns.

Eventually, the Hannadowns program grew too large to sustain. As you'll read below, Hanna made the agonizing decision to discontinue Hannadowns. Yet the program left its imprint on Hanna's mission, and the principle of pursuing the double bottom line—making a profit *and* giving back to the community—continued and flourished in new ways.

Apply Business Smarts to Your Giving

In 2001 Hanna formalized the Hannashare program by creating the Hanna Andersson Children's Foundation. With no experience in the formal grant-making process, however, the foundation made some mistakes along the way, the biggest of which was cramming too many nonprofit groups into the allocation process.

From the outset, the foundation aimed to involve employees deeply in its work. In an effort to appeal to as many employees as possible, the foundation funded a wide variety of children's groups—everything from early childhood learning, child care, and early intervention for children with disabilities to after-school programs, teen programs, and support for children affected by homelessness, substance abuse, child abuse, mental health issues, and AIDS and other medical conditions.

At a two-hour allocation meeting, employees were able to make a case for their favorite nonprofits. However, far too many

presentations were made and too much information was given for people to process. The large number of nonprofit organizations created another problem. With so many groups to visit in the first few grant cycles, the program did not have enough employees to ensure every organization received a fair review.

To rectify this problem, the foundation narrowed its focus to supporting children from birth to age ten. It also gradually reduced the number of major grants awarded from twenty-one to ten. Now that the number of nonprofits has been decreased, the foundation is usually able to send two or three people on each site visit to ensure it receives balanced feedback.

Through the Hannashare program and the Hanna Andersson Children's Foundation, the company is supporting local nonprofits in communities where it does business. Hanna's employees are integrally involved in shaping the foundation's giving priorities, which fosters pride in a company that gives its employees an opportunity to *engage in* and *help* the community.

SVN Book Series

SVN has partnered with [Berrett-Koehler Publishers](#) to publish a series of low-priced, down-to-earth paperback guides that walk readers through the practical steps of starting and growing a socially responsible business. We are pleased to present these titles from authors within our network, with a total of ten titles planned for release.

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In **Values-Driven Business**, Ben & Jerry's co-founder Ben Cohen and Social Venture Network chair Mal Warwick team up to provide you with a way to run your business for profit and personal satisfaction.

"Why does business have to be exclusively about making money? Who says so, anyway? Why can't work be pleasant and rewarding? Why can't it be fun?"

True to Yourself is an engaging, accessible guide to a critical component of socially responsible business: effective leadership.

"I often think of building a reputation as a marketing effort, an act of persuasion. Transparency builds your reputation as a leader and your business's reputation as a values-based company, too, but in a way that is stronger yet more delicate."

In **Marketing That Matters**, award-winning marketers Chip Conley and Eric Friedenwald-Fishman offer ten principles any business can use to engage new customers and strengthen relationships with current customers.

"Marketing is about creating relationships. Yet people don't want to be marketed to—they want to build a relationship with. A core question every company should ask itself is, 'What kind of relationship am I building with my customers?'"

Growing Local Value explores the full spectrum of ways in which a business can contribute to its community — and the benefits it receives when it does.

Chances are you've learned, as we have, that growing a successful business is about meeting the needs of customers — and, by extension, the needs of an entire community. By turning your business into a good citizen and weaving it into the fabric of your community, you can help ensure your company's profitability and long-term success.

In **Values Sell**, Nadine A. Thompson and Angela E. Soper draw on real-world examples to show how a values-driven business can flourish.

Vision. It's a simple word with huge connotations in the business world. Surely for anyone who has awakened in the middle of the night with a new business idea glowing like a 100-watt bulb in her head, the vision is sparkling clear, illuminating every fiber in her body.

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