

CORPORATE CONSCIENCE

Charity Crunch Time.

As the recession bites, companies struggle to get more out of their philanthropic spending

BY VIVIANNE WALT

LIKE MOST MULTINATIONAL CORPORATIONS, Unilever, the Anglo-Dutch household-products giant, is feeling the sting of the global recession. But at least one part of Unilever's empire is doing fine. Several years ago, the company launched a corporate-social-responsibility (CSR) program, in which it hired thousands of Indian women to sell the company's soaps, detergents and other items in their home villages, most of them too small and remote to rate a visit from a Unilever sales representative. The program, called Shakti (Energy), was meant to aid some of the company's poorest customers, but it has accomplished more than that. The 40,000 or so women working for Shakti's network have proven to be reliable representatives—and their clients reliable consumers—even in a downturn. "Because of the financial crisis this project has become even more important for us," says Hemant

Bakshi, Unilever executive director for customer development in Mumbai. "If we want to continue to grow during difficult times, we will have to leverage this."

Programs like Shakti, which successfully mix philanthropy with the bottom line, may show the way forward for companies trying to preserve their CSR programs in the rocky economic climate. Although companies are loath to admit that they are cutting their spending on social programs, nonprofit organizations tell *TIME* that since the recession hit, several have canceled commitments to help fund projects. "We have had three or four partners pull out since October or November, after we had every expectation of the money," says the head of a small organization in London that runs youth programs in eight countries, mostly in Africa. (He did not want to be named for fear of angering donors.) Says Hildy Simmons, who runs a Wall Street philanthropic-advisory service: "There is no new money going

into corporate programs, plus whatever monies there were are diminishing."

Indeed, the recession is hastening changes already under way in corporate philanthropy. In the past, many CSR departments were run by public relations officials and were geared primarily to polish the company's image. "The p.r. people wanted to know, How prominent will our names be on this?" says Salvatore LaSpada, chief executive of the Institute of Philanthropy in New York. Now, however, partly due to pressure from shareholders and board members demanding tangible results, businesses are favoring programs like Unilever's Shakti that aim to improve the world while boosting

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profits—or at least aren't perceived to be wasting money. During the recession, "a lot of activities will be linked to how companies can do business differently rather than just philanthropic giving," says Penny Fowler, who heads Oxfam's private-sector-advocacy team. "And that could be a good thing."

That kind of change has been good for Marks & Spencer. In 2007 the British food and clothing chain launched an in-house environmental campaign called Plan A—"because there is no Plan B for the planet," explains Mark Barry, the company's sustainable-development manager. Scrapping traditional charitable donations, Marks & Spencer budgeted \$215 million for a five-year program that included cutting the company's fuel and electricity use, charging customers for plastic bags and sourcing merchandise from green factories and farms. Barry says Plan A is so far paying for itself because it has lowered the company's energy spending and other costs.

In a more frugal world, it's all about getting more bang for the buck. Consider Puaramita Acharji, a West Bengali woman who joined Unilever's Shakti program several years ago and now earns about \$14 a month selling items in her village door-to-door. Small as that sum might be, Acharji says it has changed her life. Instead of being dependent on her husband, Acharji says, she now commands respect in the village. "It is enough to stand on my own two feet," she says. Increasingly, CSR programs will have to do the same. ■

