

WORKING WITH THE BUSINESS SECTOR

How can grant makers find common ground with partners in the business world? What does it take to bridge the cultural divide?

IN THIS GUIDE

Grant makers have plenty of reasons to engage the private sector – and plenty of reasons to be cautious. This guide looks at motivations that bring grant makers and business people together, how they handle the tensions that arise, and what some of their partnerships have accomplished. Separate sections cover issues for people working inside and outside the business sector.

HIGHLIGHTS

- Seeking common ground
- Building the case in your organization
- Designing a partnership



“We’ve got all these caricatures of each other, based on little fragments of experience.”

–Grant maker on bridging the cultural divide

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A sample from the guide:

TO CONFRONT OR TO COLLABORATE?

Grant makers and grantees point out that there are three principal motivators for companies to take up a social agenda: values, strategy, and the pressure of regulation or litigation, either actual or threatened. “If you get all three of those running at the same time,” says one, “then you’ve got a chance to get something that lasts from one business cycle to the next. If it’s only one, first, it’s hard to make the move happen and, second, when it does happen, it’s not clear it’s going to be sustained over time. And it’s probably not going to get to scale.”

Yet grant makers who have used a mix of strategies say that finding the right balance is likely to be an iterative process. “By building best practice, to some extent we begin to change our idea of the possible,” suggests one experienced grant maker. “Hopefully we establish what can be done profitably and thereby, through practice, identify what needs to be regulated, or what needs to be subsidized, in order to induce the desired business behavior.”

The certification approach, explained on page 13, is one example of striking a balance. Another is grant makers’ follow-up to the passage of the Community Reinvestment Act in 1977, described on page 11. It included, among other things, funding for community activism and underwriting loans to reduce the risk of lending in low-income communities.

THINKING IT THROUGH: ONE GRANT MAKER’S TYPOLOGY

“In my mind,” writes a grant maker who has worked extensively with business, “foundations engage business in the following ways”:

- *Double indirect advocacy*: a foundation > funds a nonprofit > to inform government policy > that regulates or shapes business practice.
- *Indirect advocacy*: a foundation > funds a nonprofit > to advocate to business that it change its practice.
- *Indirect engagement*: a foundation > funds a nonprofit > to engage business in a project.
- *Direct relationship*: a foundation > works directly with business—for example, through joint funding for a project.
- *Direct funding*: a foundation > funds certain social elements of business—a “rare but sometimes helpful approach.”

The typology, he explains, puts him in a position to ask “a bunch of questions,” such as:

- Which approach is my foundation in the best position to pursue?
- What prerequisites should I look for in business partners?
- What public message will my foundation communicate with each of these alternatives?
- Which approach is likely to achieve results more quickly?
- Which approach is likely to lead to sustainable change and impact?