

# A New Role for Nonprofits

*When creating a cross-sector partnership with a company a nonprofit should:*

1.

**Seek business partners, not villains.** Nonprofits often have a lot of experience developing lists of companies that may have caused a particular social problem, in order to apply public pressure on those companies to change. By focusing instead on those companies that have the resources to help solve the problem, a nonprofit can come up with a different and greatly expanded list of potential corporate partners.

2.

**Help companies set affirmative goals.** Many companies are looking for ways to demonstrate their corporate responsibility by developing affirmative approaches to solving social problems. But they often lack the ability to understand fully the issues and to frame ambitious but realistic goals. Nonprofits often have a deeper understanding of the social problem, which enables them to help companies devise more comprehensive strategies and set more ambitious and attainable goals.

3.

**Ask companies for more than money.** It is relatively easy for a nonprofit to target a company for a grant or a donation. It is much more difficult for a nonprofit to understand the full complement of resources that a company can bring to bear on solving a social problem. To understand those capabilities and know how to ask for them requires that nonprofit managers learn a new set of skills. Mastering this new approach will not be easy, but the potential power that can be deployed when business and nonprofits work together dwarfs what money alone can buy.

4.

**Share the halo with business.** Many nonprofits are afraid to align themselves too closely with business partners because it may put their reputation at risk. Nonprofits need to overcome that fear, because the benefits that can be accrued from doing so far outweigh the risks. Nonprofits can look smart, creative, and efficient by tapping business capabilities, and companies can enhance their reputations by taking affirmative steps to solve social problems. It is a win-win solution, but only if nonprofits and businesses are willing to share with one another the halo effect that comes with success.

## Using the Entire Team

If shifting from defensive to offensive strategies is the first step of game-changing CSR, then using the full capabilities of the entire corporate team is the second. These resources can be applied wherever they are most relevant, even if it takes the company outside of its usual playing field.

Consider General Electric's healthcare initiative in Africa. Although Africa is not a primary market for the company's products, the devastating poverty and disease that prevail over much of the continent were of deep personal concern to the 4,000

employees in GE's African-American Forum. The company might have responded by sending a large check to any of dozens of international aid organizations, but instead CEO Jeffrey Immelt recognized the relevance of GE's capabilities to the problem. He knew that the local healthcare infrastructure depended not only on medicines and doctors, but on clean water, reliable energy, and state-of-the-art medical technology – all businesses in which GE had substantial expertise.

First, GE applied its highly disciplined six sigma problem-solving approach to develop a plan for effective intervention. To be successful, GE needed to find a situation where the level of need was manageable, the political environment stable, and the existing infrastructure sufficient to use and maintain the equipment that GE would provide. Senior executives began their research by conducting over 100 interviews with experts from UNICEF, Africare, the European Union, the U.S. Agency for International Development, and the U.S. Department of State. Ultimately GE selected Ghana, and a team of senior executives drawn from GE's energy, health, and water businesses traveled there in December 2003.

GE decided to begin work in one of Ghana's 110 districts. The district they chose had a population of 100,000, but no reliable power, clean water, or access to healthcare other than a single midwife. Realizing that any solution required local ownership and participation, GE developed a cross-sector partnership that included the state health ministry, local members of parliament, the mayor, tribal leaders, and nonprofit organizations working in the region. Each partner contributed to the project: The government waived import fees on the equipment that GE donated, the ministry agreed to assign a doctor to the region and to complete a half-finished, abandoned hospital building, and the nonprofits worked with tribal leaders and local residents to dig trenches for water pipes and to construct a building to house the generator. By October 2004, nine months after GE first selected the district, the hospital was complete, fully staffed, and functioning – a pace that few nonprofits could have matched.

GE now has eight other similar projects planned or under way in Ghana, and is committed to opening hospitals in all of the 22 districts that currently lack them. In addition, GE is con-