



NATIONAL COALITION *for* HOMELESS VETERANS

The Business Case for Product Philanthropy

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Quick Takeaways

- A well-managed philanthropy program can enhance a corporation's public image, which in turn encourages employee engagement and motivation, attracts customers, and cultivates a friendlier regulatory environment.
- Stockholders value philanthropy programs due to their positive impact on the company's bottom line, particularly when businesses communicate the financial and employee performance value of philanthropy programs.
- Philanthropic programs can serve as “team building” activities that can offer employees the opportunity to meet some of their psychosocial needs in the workplace as well as gain functional skills through taking on extra responsibility.

Purpose of Report

This report evaluates the business case for product philanthropy and provides managers a framework for analyzing the costs, benefits, risks, and opportunities of implementing a product philanthropy program in their own operations. The report goes into detail on how product donations can help businesses. Tools include a cost-benefit analysis based on three donation options: liquidating, disposing or donating inventory. A return-on-investment analysis explores the differences between comparable cash and product donations.

Benefits of Donation

If your organization is seeking to partner with a local business for in-kind donations, benefits highlighted in this report can support your case. Product donations provide a greater financial return compared to cash donations due to special corporate tax benefits elaborated in the report. Donation programs can also enhance a business's corporate image, increase employee engagement, and attract new talent, customers, and investors. Additionally, media coverage of product donation programs is an affordable method to complement current marketing strategies.

Corporate philanthropy also has a risk management benefit. As businesses invest in philanthropic programs, the goodwill created in the community for these programs can assist in other important business areas, including regulations concerning zoning, building plans, and Environmental Protection Agency and Occupational Safety and Health Administration rules.

Stronger Employer-Employee Relationships

Research repeatedly shows that employees demonstrate greater commitment to employers they view as socially responsible. Employees who have a positive view of their company tend to have more trust in their employer, which can lead to higher attendance, longer tenures, more business loyalty, and higher workplace performance. These impacts are so strong that differences in management styles, reward programs, and compensation do not have measurable impacts on the relationship between employee performance and company image.

Philanthropic programs can also serve as “team building” activities, e.g., [Team Depot](#) of The Home Depot. Team Depot is The Home Depot's associate-led volunteer program that combines volunteerism, technical expertise, product donations and monetary grants as a way to support the communities where the associates live and work. These programs offer employees the opportunity to meet some of their psychosocial needs in the workplace as well as gain functional skills through taking on extra responsibility and engage with their communities.

Studies also demonstrate that job seekers see socially responsible companies as more attractive employers, and are more likely to apply and accept offers from these businesses. Strong “corporate social responsibility” programs have been shown to be particularly advantageous in recruiting talent in limited and highly competitive markets.