

Opportunities for Corporate Engagement with Five Talents.

Purpose of this Document

This paper is written to help companies explore the benefits of Corporate Social Responsibility (CSR) and the way these benefits can be realized through a partnership with Five Talents, a charitable microfinance organization currently working in 10 countries with plans for expansion.

The Case for Corporate Social Responsibility (CSR)

Sir Stuart Rose, Chairman of Marks & Spencer and Business in the Community (BITC) notes in his introduction to the 2008 BITC Annual Report that, *"Corporate Responsibility has real business advantages. It builds relationships, inspiring and motivating employees to perform at their peak, whilst demonstrating that business can add value - and be trusted - by the communities it serves."*

CSR is now well recognized and promoted in companies of all sizes. The BITC report, The Business Case for Corporate Responsibility¹ identifies and provides evidence for the six commonly recognised benefits that can be gained from an effective business-led CSR approach, summarized below:

1. Reputation management	Enhancing the relationship that a company has with its stakeholders.
2. Employee satisfaction	Key to attracting and retaining a talented workforce.
3. Innovation and learning	Stimulating creativity and innovation.
4. Access to capital	CSR can indicate corporate values and leadership quality.
5. Financial performance	A core purpose beyond making money actually enhances long term financial performance.
6. Risk management	Understanding and managing a wider range of risks.

The Report states that:

- In 1998, 28% of the British public believed that when buying a company's product it was very important that the company showed a high degree of social responsibility; by 2002 this had risen to 44%.
- A company's responsibilities to society, environmental and labour practices are all seen by the public across 20 countries as more important than its economic contribution.
- Nearly 70% of CEOs say that CSR is vital to profitability and 92% say it is their responsibility to drive this through the business.

The Department for International Development (DFID) also notes² that "More and more businesses and governments recognize the critical role of the private sector in international

¹ See BITC report here (http://www.bitc.org.uk/resources/publications/cr_business_case.html)

² See: <http://www.dfid.gov.uk/pubs/files/corporate-social-resp.pdf>

development.” Businesses that are committed to socially responsible practices can reinforce poverty reduction strategies adopted by governments and contribute to sustainable development.

About Five Talents

Five Talents is a microfinance charity helping entrepreneurs in developing countries to grow a business. The charity currently supports 13 microfinance partners in 10 countries, which together are now serving 20,506 people with business training, savings products and small loans (Oct 08). Five Talents intentionally targets programmes that are reaching out to poorer people unserved by commercial microfinance in rural, urban-fringe and post-conflict locations.

Five Talents has a Christian foundation although all of its microfinance services are accessible to the whole community irrespective of faith or tribe. The charity is 3 years old in the UK with a US office that is 9 years old.

Key Drivers for Corporate Engagement in Microfinance

Microfinance is an enterprise solution to poverty and as such lends itself to corporate engagement with businesses of all sizes. Microfinance powerfully demonstrates the role of business success – entrepreneurship, hard work, good practice – in lifting people out of poverty with dignity and in a sustainable way.

“Giving something back” by supporting microfinance means that funds are loaned and re-loaned many times over, multiplying their value and impact. Financial performance of the projects can be measured and social impacts directly observed. Microfinance is demand-driven by the clients and aligned with personal profit incentives. Investment risks are spread across many clients. The projects are locally managed and mature projects are self-sustaining.

Strategic Benefits of a Partnership with Five Talents - The Business Case

Five Talents is keen to engage companies in a variety of ways, always seeking mutual benefits. Some of the practical benefits to a company are listed below according to the BITC criteria:

Reputation	A partnership with Five Talents can help to build brand awareness, corporate image and profile with customers. It will indicate ethical investment values. Five Talents can acknowledge partnerships in its literature, events, website, newsletters etc.
Employee Satisfaction	Staff can build knowledge (which can accrue benefits to the business) in the following areas: microfinance, global poverty, the importance of credit, risk, entrepreneurship, the challenges of running a small business, business fundamentals, cross-cultural and international exposure. Staff involvement with Five Talents can improve morale, motivation and company loyalty. Volunteering and fundraising activities are fun and provide good opportunities for team building.
Innovation	Staff creativity can be stimulated by exposure to the charity environment, world poverty, and microfinance.
Access to Capital	Engagement with Five Talents will signal strong corporate values and leadership, which can enhance access to capital.

Financial Performance	Staff, customers, suppliers, investors can all respond favorably to a charitable partnership enhancing business success. The business-like model of microfinance reflects core values of entrepreneurship and hard work.
Risk Management	Involvement with Five Talents will strengthen and broaden the company's stakeholders.

Existing Corporate Supporters:

Examples of existing corporate relationships with Five Talents are listed below to illustrate the range of opportunities explored to date. There are many other ways to get involved to suit circumstances.

Goldman Sachs International	Corporate Partner programme: Staff volunteer days: teams of 10 staff help Five Talents for a day with business planning, marketing, brain storming etc. (2007, 2008 and 2009) Gift matching of staff donations. Use of London meeting rooms.
Simmons & Simmons	Pro Bono legal advice on charity governance and operations.
Digital Media Services	Helped produce promotional videos for Five Talents' programmes in Uganda and Tanzania. Sent Five Talents "Alternative Gifts" to their major clients at Christmas 2008. Directors visited Tanzania project in 2007 and 2008.
Parragon Publishing	Adopted Five Talents as their corporate partner for 3 years. Staff and client fundraising will initially support two microfinance programmes (Tanzania and Chennai). Parragon staff will visit the projects twice a year to participate in business training.
Media Edge CIA	Design and printed Five Talents Annual Review (2006 and 2007) Hosted Trustee meetings in central London Underwriting of employee fund-raising initiatives and matching individual donations. Staff member visited Peru project.
Fair Investment Company	Adopted Charity partner. Corporate donations. Director has visited Tanzania project.

Communications & Expectations

Expectations

Five Talents wishes to develop corporate relationships that are mutually beneficial and conducted in a professional manner. Five Talents and the Corporate partner will work hard to clarify expectations at the start of a relationship. These will include the items listed below:

Ownership & Commitment

Five Talents will "own", operate and be responsible for development and delivery of the microfinance projects. Our priority is to help the poor through the microfinance programmes and in line with our own Business Plan. The permanent staff and Trustees of Five Talents are responsible for setting direction and implementation, and advice and assistance in this context are gratefully received.

Funding

There are tax advantages of corporate donations. For example, a company can claim corporation tax relief on cash donations to Five Talents, as well as event sponsorship costs (marketing); gifts of equipment and stock, and relief on salary payments for staff seconded to Five Talents. See HMRC for more information³. There are also income tax advantages for staff to join a payroll giving scheme. Companies are encouraged to give unrestricted funding, although Five Talents recognizes the importance of corporate connections and designated funding.

Timing

Three to five year corporate partnerships are encouraged as a means of developing relationships, tracking performance and sustaining funding streams. However one-off engagements are also welcomed.

Communication

Five Talents is committed to providing regular feedback and updates to corporate partners by telephone, electronic and in person, photographic, case studies etc. Corporate partners are welcome to visit the microfinance projects to see for themselves. These visits will be coordinated by Five Talents staff who will provide suitable briefing, orientation etc.

Accountability

Five Talents is committed to providing fully transparent reports on how funds are used and the impact of the funding. Reports from each microfinance programme are available quarterly. There are also opportunities to visit the programmes in person. Five Talents is regulated by the Charity Commission and Companies House and provides annual Financial Accounts.

Impact

Five Talents will work with the corporate partner to identify the expected impacts of the partnership against which performance will be measured. These can be independently verified by external evaluators, as required.

Conclusion & Next Steps

Five Talents is ready to discuss ideas for corporate engagement and explore ways in which we can benefit each other. To find out more about previous examples or to discuss a new idea please contact:

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³ <http://www.hmrc.gov.uk/charities/giving-to-charities-bus.htm>