



Meeting Diversity and Inclusion Goals with Philanthropy

Philanthropy has historically been associated with private giving. Rooted in a desire to show a love for humanity or serve one's fellow human being, traditional philanthropists were often associated with large charitable drives for museums, orphanages, or libraries. However, at its core philanthropy, is not charity, and the distinction between charity and philanthropy allows modern corporate philanthropists to use the idea in the pursuit of their diversity and inclusion goals.

Charity is the proverbial handout – in other words, the one thing not wanted from big business or governments. Minority and women business owners (MWBEs) are fiercely competitive, driven to excellence, and desirous of a fair shake. Charity undermines MWBE achievements, but philanthropy helps to build and amplify the effects of those achievements in the world.

Modern Corporate and Private Philanthropy

In the modern age, and particularly in the last few years, philanthropic organizations and corporate responsibility teams have taken a second look at what their efforts are doing. The goal of modern corporate philanthropy programs is generally to improve a state of affairs or a given cause with operational support, training, strategic grant funding, education, or awareness building. However, it has become clear to boards and leadership teams that their organizations no longer mirror the causes they served, to the point this discontinuity was making them less effective developers of human potential.

Out of this realization came Diversity in Philanthropy, a nationwide voluntary effort by philanthropic foundation executives, government groups, and corporations to increase diversity and inclusive practices in the philanthropic space. The project lasted three years and was reborn as D5 (www.D5coalition.org), a five year initiative, supported by Imagine Philanthropy 2027.

The point of the project was to take the fact that society is diversifying rapidly and build it into ongoing philanthropic practice. What did new population demographics mean for development efforts? How was a lack of diverse perspectives or diverse understanding undermining efforts at giving back? Where did check-writing or lip service stop and give way to real, positive change in the world? Deeper reflection on these issues mirrored the similar concerns of the supplier diversity space, creating a natural union between two groups that had not always been aligned in the past. Under the emerging philosophical framework, the two areas have come together to honestly and proactively address diversity and inclusion on multiple fronts.

Creating the Right Culture to Give Back



One of the first areas of concern was creating the right culture for “giving back,” a somewhat nebulous term that can mean anything from funding softball teams for underprivileged youth to helping more diverse suppliers achieve NMSDC certification. Rather than one-off events, how could organizations make their efforts more inter-connected and targeted toward achieving key strategic initiatives for both the corporation and the community?

One critical first step has been breaking a short-term outlook. Effective philanthropy is often a long-term investment, just like minority supplier programs is a long-term investment at many firms. Thus, the two can work together for the greater outcome, which is a more educated, capable, and effective supplier base.

Strong minority suppliers come from environments where opportunity and possibility are discussed and the pathways for success are clearly outlined. The right ‘giving back’ culture would therefore pass on short-term ‘photo-op’ projects and focus on things that develop creative and entrepreneurial potential, such as BNY Mellon’s Global Workforce Development Initiative, which teaches work skills to foster care children aging out of the system. As program graduates started to achieve success in the world, it creates a building cycle and positive energy to continue a healthy environment for smart giving back activities.

Lessons for MWBEs

In terms of what MWBEs can learn from these developments in philanthropy, it is important to take a holistic view. Instead of focusing on a single silo of activity, how can things be linked across platforms or processes? Corporate philanthropy and social responsibility groups are increasingly looking for connection points, so MWBEs that can shed light on those points will be in a position to start influencing corporate actions.

Just as in the supply chain, philanthropic efforts are looking for that extra value add for their programming. Corporate leaders are expecting strong returns on philanthropic investments, just as procurement managers are for products and services. Painting a clear picture of the possibilities can steer attention and desperately needed funding to community development efforts that truly move the bar on key issues from skills training to awareness of opportunities.

For example, a community that struggles with youth unemployment now will later struggle with a talent pool that lacks key work experience. Programs that create internships, job shadowing, or even just one-day behind the scenes events, help build connections between the talent pool of today and the jobs of tomorrow. Both large and small businesses could benefit, and targeting historically underrepresented youth for these programs would help meet diversity and inclusion goals now while also providing for long-term payoffs in future supply chains.

Future Trends



Moving forward, MWBEs can expect to see more targeted diversity efforts coming out of corporate philanthropy organizations, and more tools designed to help philanthropists reach key populations. Examples of this include the D5 listing of more than 400 population-focused funds for grants and projects, The Conference Board training on diversity in philanthropy, and the annual State of the Work report by the Diversity in Philanthropy Coalition.

Future philanthropy has to be practical and measurable. Metrics for measuring the impact of efforts to link diversity strategies with philanthropic activities are continually improved, and this also helps build awareness of the possibilities. While some of the metrics that drive supplier diversity programming, such as second tier spending, don't readily translate to the philanthropy space, year to year spend, and ROI for program investments do.

With more desire for accountability and results in moving forward on corporate diversity efforts in both philanthropy and supplier diversity, vague initiatives and empty words are becoming rarer. While philanthropy once meant charity, and often mindless charity at that, in the current world progress on real issues is being demanded. Corporations and minority businesses, driven by D5-style initiatives or their own stakeholder demands, can't afford to waste their resources giving back inefficiently. Targeted, mission-focused, and linked to other areas of work, future philanthropic efforts will be expected to deliver more progress and more results in the diversity and inclusion space.