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The Business of Giving Part I: The Donors' Perspective

By Sarwar A. Kashmeri

For the Valley News

One of the rules of sound business planning is to prepare for an economic downturn. Businesses make changes to their operating strategy on a regular basis to synchronize their projected revenues and expenses.

This can be hard for individuals to do. If one is elderly, poor or on a fixed income, it can be virtually impossible. Listen to Roberta Berner, executive director of the Grafton County Senior Citizen Center: "We supply 200,000 meals a year to a largely elderly population and ask for a voluntary contribution of \$2 from them," she told me.

"Four or five years ago, our clients were able to afford on average a donation of \$1.04, this year they can afford just 74 cents. That tells you what these people are going through."

Grafton County and its towns are being as generous as they can, according to Berner, but it is philanthropy that makes a difference to her organization because, as federal and state funds dwindle, it is private donations that are the biggest component of the organization's budget.

That does not come as a surprise to Samantha Pause, vice president-marketing at Mascoma Savings Bank. "We have seen a huge increase in the number of requests and the dollar amounts in the last couple of years," she told me.

"The amount people are asking for has gone up from a few hundred dollars to a few thousand, and we are hearing from a number of places we have never heard from before."

Mascoma Bank officials feel that donations are a part of the bank's organizational culture. "The bank was started in 1899 and has always been a community bank," Pause says. "We recognize that for us to be successful we need a successful community, and part of making a successful community is making these organizations thrive, be they in the arts, housing coalitions or community assistance groups."

Decisions on the size of the annual philanthropic budget are based on historical data and "what we feel is going on in the area," Pause says.

An employee committee reviews funding requests twice a month and makes decisions

based on whether they pertain to the bank's market area, how many people will be affected, and Mascoma's share of the total project, to gauge the kind of impact it will have. In the 15 years that Pause has been with the bank, she has not seen a year, no matter what the profitability of the bank, in which Mascoma did not make a contribution.

“We look at sharing the benefits of a good year in roughly equal proportions with the community and our employees,” Steven P. Voigt, president and CEO of King Arthur Flour Co., told me.

KAF is a 100 percent employee-owned company, which adds complexity to funding decisions.

“When you are a single-owner company, it is the owner's money and he or she can do with it what they want. But in this case we need to find a way to satisfy 160 employee-owners,” Voigt says. So KAF has developed a set of written guidelines to help in deciding how to distribute its charitable dollars and a three-employee group helps implement the policies.

KAF considers itself to be a nationwide direct merchant with a national customer base and its charitable donations are spread countrywide. The company does not scatter its charitable resources: “We focus on the idea of feeding people, not just giving to a softball team. You could bleed yourself dry by chasing all the opportunities that present themselves,” Voigt says.

To expand the impact of its charitable efforts, KAF also pays for employee time donated to charitable organizations.

“The American corporation, for all its publicized excesses, is one of the most effective creators of value, and we ought not to waste the opportunity of taking something as efficient as that and not apply it to societal needs,” Voigt says.

The societal needs theme is also a driving factor in the charitable giving by Woodstock-based First Community Bank of Vermont. FCB believes its role as a community bank requires it to be a contributor to the community around it through good as well as lean years.

“I would not foresee an instance where we would stop that support,” Charles Peterson, the bank's president, told me.

“We see it as critical to our success as a business, and integral to our role as a community bank.”

FCB focuses its activities in the geographic areas that encompass its customer base and concentrates on helping two specific causes, the arts and children. “They are the cornerstones of our philanthropic efforts,” Petersen told me, “and they drive the priorities we set up in our three-year strategic plan.

“At the end of day, we are a for-profit company with shareholders, but we recognize the need to serve the community and the amount we give has and will grow as we grow,” Petersen says.

This is a snapshot of the donor side of this important component of the Upper Valley's business climate. A future column will examine the perspective of some of the receiving organizations.

Sarwar A. Kashmeri of Reading, Vt., advises corporations on communications and marketing strategy and is a fellow of the Foreign Policy Association. This twice-monthly column explores the Upper Valley's "business climate," focusing on the issues and conditions affecting the region's economic health. Kashmeri can be reached at skashmeri@aol.com.

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