



Product Philanthropy - Good for Business

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Businesses could benefit significantly by donating products to charities, according to new research in the U.S.

The research, from Indiana University, concludes that 'product philanthropy' – the donation of business goods to charitable organisations – can actually help corporate bottom lines, reduce waste in landfills and provide relief for people in need.

Lead researcher for the study, Assistant Professor Justin Ross, said that the research demonstrates that donating products can result in substantial financial and social benefits to an organisation for minimal cost and risk.

"Additionally, working with a non profit that can match companies with charities lowers corporate costs associated with product philanthropy," Ross said.

The report also found that product donation is superior to liquidation in most circumstances and provides a rule of thumb for companies wishing to make quick cost comparisons.

The report also provides managers with a framework for analysing the costs, benefits, risks, and opportunities of implementing a product philanthropy program.

Good360, a U.S.-based Not for Profit organisation, approached the School of Public and Environmental Affairs at Indiana University to undertake the study last year.

The study is the first of its kind in the area of product philanthropy, providing detailed examination of the return on investment for donating merchandise as opposed to liquidating or destroying it.

Good360 says that with a record number of Americans living in poverty, product donations allow people to use their limited resources to pay for food, health care, prescription drugs, utilities and other vital needs.

"We hope that the report will inspire more companies to consider product donation as a viable alternative to liquidation or disposal," said Cindy Hallberlin, president and chief executive of Good360.

"For many there is an untapped strategic opportunity to use product giving to advance the business and have substantial social impact on the communities and causes about which they care deeply. Rarely is there such a win-win between business and social good."

In Australia, Wesley Mission Victoria saw a rapid growth in business donations to the charity last year, receiving 43 tonnes of non-perishable food and toiletries.

A spokeswoman for Wesley Mission, Paula Gething, said that product philanthropy could definitely benefit charities providing the donations were needed.

“We don’t want to be seen as a dumping ground,” Gething said. “When businesses donate in large quantities there’s always the issue of storage, sorting and disposal.”

“We have to bear the cost of storage of goods which can be difficult at times, so people need to be mindful of that.”