



Return on investment

Confessions of an entrepreneurial philanthropist

There is a lot of pressure on companies to give something back to the communities in which they operate. We even have a term for it – it’s called Corporate Social Responsibility – a phrase that emphasizes the somewhat obligatory nature of corporate giving.

Despite the growing expectations, corporate executives are fairly divided over their role in the charitable sector. In a 2010 Compas Inc. poll of Canadian executives, forty-five per cent said that charitable giving should be left to individual shareholders. Only thirty-five per cent said that corporations should support charities – as long as their giving was consistent with corporate objectives and employees’ desires.¹

And while attitudes about corporate giving may be divided, when it comes to putting dollars on the table, we still have a long way to go. According to a 2008 Imagine Canada survey of corporate community investment, the median cash donation was \$2,000 (1.25 per cent of pre-tax profit), while twenty-five percent of businesses didn’t contribute at all.²

If mounting pressure doesn’t make companies beef up their charitable giving, what will? I believe that companies will increase their philanthropic efforts when they start seeing giving as an opportunity rather than an obligation. The best corporate philanthropy doesn’t just make a social impact – it also adds to a company’s bottom line.

At the highest level, the benefits of philanthropic giving are obvious. Businesses have a vested interest in creating better communities. Strong communities are able to attract new businesses, corporate head offices, and a more educated workforce, which in turn create an even stronger business climate. Employees want to live in communities with a strong economic *and* social fabric – places where they feel connected to each other and enjoy a great quality of life. Better than anyone else, nonprofit organizations know how to build these “sticky” communities. According to management guru Peter Drucker, the management of the social sector will largely determine the values, vision, cohesion, and performance of 21st century society. That’s an enormous responsibility – and one that we in the business world can help achieve.

As one of the co-founders of Calgary’s FirstEnergy Capital Corp., I’ve seen the enormous impact one company can have on its community. It would be nearly impossible to measure the

number of lives that have been dramatically improved by FirstEnergy’s philanthropic work. But FirstEnergy didn’t set out to be a leader in corporate philanthropy. We did set out to be a leader in investment banking. And we used charitable giving as a marketing tool. Every time we gave a contribution to a charity, we were very open about the fact that we expected something in return. What we gained in the form of public recognition, co-branding with larger companies, or recognition within the charity’s network helped us to dramatically increase our profile, develop new partnerships, and grow our client base.

What I didn’t expect when I started out is how much my philanthropic work would impact me personally. As many of you already know, financial success can be surprisingly hollow. So after spending many years focused on making money, I now spend as much – if not more – of my energy giving it away.

Over the years I have financed numerous events that have raised tens of millions for worthy causes. I have also invited groups of friends and their children with me to build houses for the homeless in Mexico. Yet it really is impossible to give without receiving much more in return. And one of my greatest rewards has come from connecting people to their own potential for doing good. As more people see how easy it is to make a big difference in the lives of others, they engage their friends in the experience, and the circle

of influence grows – multiplying the impact of all.

Whether you’re a student, a young business owner or a seasoned corporate executive – everyone can benefit from learning more about the opportunities that philanthropic investment can bring. Philanthropy can lead to a bigger business, a better community, and a much more meaningful life. So I hope you’ll join me regularly on these pages as I share what I’ve learned on my own entertaining – sometimes bumpy – but always rewarding, ride as a philanthropic entrepreneur.

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¹ *Canadian Business Magazine*, March 2010

² *Imagine Canada, Canada Survey of Business Contributions to Community 2008*, Hall, Ayer, Zarinpouh and Lasby.

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