

Creating a Policy to Manage Donations

Why it's important to set standards before considering "industry" contributions from businesses, their affiliates and associated individuals.

By David Sherman, M.Ed.

Introduction

Cigarette and beer ads are a familiar site at popular events like auto racing, professional sports, and rodeos. This form of advertising has been an industry standard for decades allowing alcohol, tobacco and pharmaceutical companies to get their messages out to consumers by becoming sponsors of public events. However, just as public health officials voiced concern over the appropriateness of tobacco advertising on TV and radio in the early '70s (resulting in an advertising ban in 1971), we are again seeing a new wave of unease with industry ads displayed at local, community events such as fairs, fundraisers and festivals, especially where children and families are in attendance. In light of these concerns, government bodies and community-based organizations are taking a second look at how they raise funds to pay for such events. The decision to accept or not accept industry sponsorships does not come easily, especially in these hard economic times. This Prevention Tactic outlines a process that will help organizations reflect, plan and document their decisions.

Industries' attempt to influence public consumption of their products does not end with sponsorships; companies also offer competitive grants, and donations of cash, materials, and professional advice and services. These donation scenarios are more subtle and complex, and that makes it harder for organizations to decide if accepting the grant or donation conflicts with their mission. This Tactic will also discuss the different types of industry donations to consider and proposes a process for deciding if and when donations from tobacco, alcohol or pharmaceutical entities will be accepted.

Consider These Examples

For those doing the work of non-profit and government organizations, the reality of reduced budgets and

State Takes a Stance against Tobacco: California's Policy on Accepting Funds from Tobacco Companies

The State of California's Department of Public Health requires organizations applying for California Tobacco Control Program funds to sign the *Certification of Non-Acceptance of Tobacco Funds* form, which requires a funded organization to not accept funding from nor have an affiliation or contractual relationship with a tobacco company, any of its subsidiaries, or parent company during the term of the contract.

charitable contributions is a daily concern. As programs struggle to replace traditional sources of income, substance abuse prevention providers may be under pressure to accept funds from less-traditional sources. Consider these fictitious scenarios:

Scenario #1

Paul's Bar and Grill sponsors Thursday night two-dollar-a-pitcher beer for students who can display their college ID card. Paul's Bar and Grill has offered to purchase new uniforms for a local youth basketball team, as long as the team will display the pub's logo on the jerseys and certain publicity material. The team is operated by a large non-profit organization associated with a church whose formal mission includes the promotion of sportsmanship, attitude and responsibility. This same organization states their afterschool sports program helps keep kids out of trouble and free of drug and alcohol use. The organization's board of directors has received complaints from parents who feel there is a conflict with the sponsorship and the organization's mission. The board is also getting pressure from Paul, the owner, who is a respected and long-serving volunteer coach.

Scenario #2

A pharmaceutical company that produces a well-known prescription drug used for addiction treatment has offered a prevention provider \$10,000 as a no-strings-attached donation. The pharmaceutical company creates a \$200,000

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Tactics (Tak'tiks) n. 1. a plan for promoting a desired end. 2. the art of the possible.

statewide media campaign touting the benefits of its drug as part of a holistic treatment regimen and, to promote its image, mentions its donation to the prevention provider.

Scenario #3

A prevention provider that supports and staffs student assistance programs throughout a large school district hosts an annual fundraising event that includes a dinner and auction. Since one of the long standing board members is a local vintner, the event is held at his winery where two free glasses of wine come with each ticket. In addition, wine is among the auction items. The event is for adults, however youth volunteers help set-up the event.

During the same month as the event, the organization is also updating its brochure featuring its many youth oriented programs and services. The brochure has in the past received the endorsement (use of logo) of the local office of education and the Mayor's Office. This year, however, both entities are questioning their support due to the youth development focus of the programs and the use of alcohol at the fundraising event.

Note: for the purposes of this Tactic, the terms *donor* and *donation* are used broadly and inclusively. For a complete glossary of important terms, please see page 4.

Maintaining Organizational Values

An organization's credibility is its greatest asset. But without a policy to guide decisions about funding offers, an organization might inadvertently damage its reputation or compromise its fundamental values. A formalized process for developing a policy will help organizations avoid such conflicts.

Organization's the provide substance abuse prevention programs and services may encounter unusual and unexpected donation and sponsorship scenarios. The alcohol, tobacco, and pharmaceutical industries view donations and sponsorships as marketing opportunities to enhance their reputation and further their business objectives. They may use subtle tactics that influence a prevention program's strategy and reputation. For example, an alcohol industry donation might require that their marketing tag line of "drink responsibly" be used, thus omitting

the message that one could choose not to drink and enforcing the perception that drinking is only the responsibility of the individual and not an issue to be addressed at the broader public health level. The process of developing a donor policy will add depth to your organization's understanding of the influences that industry donations might exert.

Rather than debating the merits a donation offers in a reactive way or on a case-by-case basis, a donor policy can help an organization avoid creating controversy or making poor funding decisions. The process of reasoning out and adopting a written donor policy can provide unexpected benefits to an organization. Developing such a policy encourages your organization to:

- Thoughtfully evaluate donor offers in light of the organization's overall mission, values and funding strategy.
- Ensure a given funding strategy supports the organization's overall mission.
- Facilitate a discussion and foster understanding about the issue of accepting donations from potentially controversial sources.
- Create an opportunity to identify a wide range of potential donors.
- Provide clear expectations and guidelines for program staff and volunteers.
- Document and institutionalize your decisions, encouraging a thoughtful and efficient process.
- Avoid confusion and provide a basis to review funding strategies when new board members, staff, and volunteers join the organization.

Effective policies do not happen by chance. They are developed by carefully assessing policy statements, judging how those statements reflect the organization's culture, and considering the potential circumstances where the policy will be implemented. Instead of suggesting specific policy language, the remainder of this Prevention Tactic outlines a step-by-step process to help your organization create a practical donor policy tailored to its needs and circumstances. These steps are:

1. Build a Foundation
2. Assess Your Organization's Needs and Resources
3. Educate the Team
4. Set Goals and Objectives
5. Develop the Written Policy
6. Implement the Policy
7. Evaluate the Policy

Involving External Stakeholders in the Policy Development Process

In addition to the core group, consider including individuals and groups who offer a unique perspective and understanding of the many factors involved in thinking through a policy. Think about including: program participants, affiliated organizations and/or volunteers who are familiar with the programs and services offered.

First, decide how their input will be used and clarify their role. You may choose to invite someone to advise the writing team, or you might limit their participation to commenting on policy drafts. If you decide to rely exclusively on the organization's internal staff and board, consider how to gather feedback from a broader audience who can contribute various perspectives on the policy.

To guide the process of writing an effective donor policy, this Tactic presents two components. The first is a conceptual guide for writing a policy, described in seven steps, including important points to consider at each step. The second component is a matrix employed at Step 5 that encourages systematic thinking through the details of six key issues. The matrix, along with the step-by-step guidelines, will guide your organization to develop a policy that affirms its goals, mission, and values.

Seven Steps to Develop a Donor Policy

Step 1: Build a Foundation

Before diving into the process of developing a donation policy, set aside time to build a foundation for a writing process that leads to an effective, useful, and sustainable policy.

Begin by affirming your organization's underlying strengths. Be clear about the goals, mission, and key values underlying your organization's activities. These will serve as a compass to guide you during the policy writing process. They will also steer your decisions when you apply your policy to specific donor offers.

Next, identify members of a committee and form a task-oriented team to draft the policy. Bear in mind that the responsibility to establish and apply the policy rests solely with the organization, its board, and management. Determine who is legally responsible for creating a policy and ensuring its implementation. These are the people who should guarantee that the final policy is aligned with the organization's goals,

mission and key values. They should also form the core of the committee.

It is important that committee members are people who will take an interest in the issues, make meaningful contributions to the process, and support the implementation of the final policy. Listening to many voices will improve the transparency and credibility of your final policy, but you may not appease everyone who plays a role in your organization, its funding, or its functions.

Step 2: Assess Your Organization's Needs and Resources

As noted above, not all members of your committee will share the same opinions about an industry donation/ sponsorship policy. Even within your organization, there may be varying degrees of support for such a policy. Early in the process, your committee should assess the degree of support for a policy, as well as the resources and capacity for its implementation.

Some questions to consider:

- How will your organization achieve its donor policy objectives without compromising current or future financial or human resources?
- How will you leverage the commitment and energy of your organization and the people responsible for developing and implementing the policy?
- What is your organization's overall funding strategy? Is it consistent with its goals, mission, and key values?
- How will a donation policy help support that funding strategy?
- How will the policy help your organization remain true to its goals, mission, and key values?

Step 3: Educate the Team

Not all committee members will be equally versed in the details of donation/sponsorship policies. Some might question the need for such a policy, while others may ask how the organization could have done without one for so long.

Before diving into the detailed task of writing a policy, build a consensus of understanding around the key issues related to donation/sponsorship. Ask the committee members to collect and analyze information about issues faced by other organizations and the policies they use. (The resources listed on page 7 provide a sample of policy documents and other resources related to industry donations and sponsorship.) Provide time for

Glossary of Key Terms

Donation– A gift or contribution. Donations can take many forms, including:

- **Direct cash donation** – A cash grant, or cash offered as part of a sponsorship agreement.
- **Indirect donation** – When a donor gives indirectly to a coalition, membership group or persons that can influence decisions or actions of your organization.
- **In-kind donation** – A donation or gift of time, resources, expertise, use of facilities, sponsorship, equipment, products, or advertising. Generally, any non-cash donation is an in-kind donation.

Donor – A donor is any source that provides money, goods, or services to an organization. A donation may come from an individual, a non-profit foundation, government entity or a business. *In the context of this Prevention Tactic, “industry” refers to a donor with a financial interest in alcohol, tobacco, and other drug production, distribution, advertising/marketing, and sales. It can include points of sale such as entertainment and sports venues, public relations firms involved with producers or distributors, as well as foundations or membership organizations in which these producers or distributors have a vested interest.*

Grant – A gift of funds for a specified purpose.

Sponsor – An agency or organization that finances or performs certain responsibilities for a project or event carried out by another organization.

Sponsorship – A business relationship between a provider of cash, resources, or services and an event or organization which offers in return rights that may be used for commercial or public relations advantage. An offer of support in exchange for tangible benefits to the sponsor.

the policy team to review these resources and discuss their applicability to your context.

It might be useful for the committee to discuss various donation scenarios. These might be real donation or sponsorship offers the organization has received in the past, or they might be hypothetical situations that are likely to emerge in the future. The following questions will help your committee identify individuals or organizations that might be affected by a donor policy, and serve as initial discussion points:

- What relationship does your organization, board members, participants or other donors currently have with industry members?
- From what sources has your organization previously accepted donations?
- Have any issues arisen from these relationships? How did the community view these issues?
- What are some reasons why some stakeholders might object to a donor policy? What would be the likely effect of their opposition?

Step 4: Set Goals and Objectives

After your policy committee has an understanding of the issues related to donations and sponsorships, and they have considered the implications for your organization, discuss the parameters for your policy. Keep in mind the discussions about your organization’s central purpose conducted in the previous steps as the team considers these questions:

- What is the overall goal of the policy? Is it a guide, or is it a directive?
- What should it accomplish? Is it intended to guide specific staff decisions, or will it serve as a broader strategic directive encompassing all aspects of the organization’s funding strategy?
- What will be the scope of your policy? Will it be effective for different activities and situations? For example, will it apply to different situations such as sponsorship of an educational program, or paying for staff to attend a conference?

Step 5: Develop the Written Policy

Establish criteria and guidelines that will enable your organization to decide whether, and under what circumstances, to accept donations/sponsorship. The policy should be broad enough to apply to the various activities your organization is involved in. It should be specific enough to provide clear guidance to decision makers. Finally, it should be clearly written and user-friendly so that it is effective and helpful.

To make it easier to systematically assess an offer and apply your policy, consider creating a decision-making matrix to help determine when and under what conditions to accept donations or sponsorships. A sample matrix appears on the next page. As part of your policy development strategy, you might first adapt these questions to align with your organization’s specific mission and unique circumstances.

Sample Decision Making Matrix for Assessing Individual Donations/Sponsorships

Critical to mission
<ul style="list-style-type: none"> • What are the expectations for how the donation will be used and how does it help our participants or affiliates?
<ul style="list-style-type: none"> • How well does our organization's goals, mission and values align with the donor's and will a donation compromise these?
<ul style="list-style-type: none"> • Will it sustain operations or fund a specific program. Or, will it only allow emergency "life support" for the organization that should actually reassess its capacity, structure or viability? Will it allow us to achieve critical objectives otherwise unattainable?
<ul style="list-style-type: none"> • What impact will the donation have on the organization's financial or human resources during and after the funding period and will it alter our long-term funding strategy?
<ul style="list-style-type: none"> • Does the size of the donation relative to the organization's normal funding create an undue influence or dependency?
Nature of the donor/sponsor
<ul style="list-style-type: none"> • Why does the donor want to work with or fund us and how will the donor's interests be advanced if we accept the donation/sponsorship?
<ul style="list-style-type: none"> • Are the donor's/sponsor's ethical standards and business practices consistent with our own standards and practices?
<ul style="list-style-type: none"> • Has the donor/sponsor engaged in harmful or unethical practices in the past, and can we confirm that it is no longer involved in those practices (if relevant)?
<ul style="list-style-type: none"> • Is the donor a subsidiary or affiliate of an entity we have decided not to accept funds from? Is the donor related to or have a history of representing or advancing the interests of an entity with whom we would not partner directly? If so, will this indirect relationship harm our interests?
Relationship
<ul style="list-style-type: none"> • Will accepting a donation/sponsorship conflict with parameters or rules that exist with current contracts, grants, or agreements w/partner organizations?
<ul style="list-style-type: none"> • Does agreeing to a particular industry donation/sponsorship open a door to other donors/sponsors? If a donation/sponsorship leads to offers from other industry members, will it become more difficult to judge those offers in an unbiased manner?
<ul style="list-style-type: none"> • Will this relationship cause current or future desired donors to avoid supporting our organization?
Role of the potential donor
<ul style="list-style-type: none"> • What role will the proposed donor play in the relationship, for example, has the donor requested input or authority over our program or materials?
<ul style="list-style-type: none"> • Has the donor imposed any guidelines or restrictions on our organization that may limit our freedom to conduct operations at our discretion?
<ul style="list-style-type: none"> • Has the donor imposed criteria that challenge, weaken, or omit public health messages? (E.g., we want no alcohol served, donor wants "responsible drinking" message.)
<ul style="list-style-type: none"> • Will our organization accept restricted donations? If so, under what conditions?
<ul style="list-style-type: none"> • How can our organization guard against altering its message (self-censorship), actions or relationships with other affiliated organizations to please or to avoid offending the donor/sponsor?
<ul style="list-style-type: none"> • Does our organization or does the donor/sponsor require a written agreement? If the latter, are the terms and conditions expressed in it ones our organization accepts fully?
Public relation cost and benefits
<ul style="list-style-type: none"> • Will our organization's name or logo be used in industry promotional campaigns?
<ul style="list-style-type: none"> • Will the donor's/sponsor's name or logo be included in the organizations materials?
<ul style="list-style-type: none"> • If the name or logo of either party is used, are there implications for how they are viewed by individuals, the community, or policy makers?
<ul style="list-style-type: none"> • Will our organization's reputation be enhanced by the donation/sponsorship offer?
<ul style="list-style-type: none"> • Will our organization's reputation be invoked to promote the donor's/sponsor's image?
<ul style="list-style-type: none"> • Could the donation be used by the donor/sponsor in public relations and/or advertising campaigns in a manner that misleads the public?
<ul style="list-style-type: none"> • Will this relationship help attract people to our organization and its mission?
<ul style="list-style-type: none"> • What <i>perceived</i> conflicts of interest could arise from a relationship between our organization and the donor?
Limiting industry influence within the organization
<ul style="list-style-type: none"> • Does the donor/sponsor clearly understand the purposes to which our organization will apply the donation or sponsorship?
<ul style="list-style-type: none"> • Can we protect our organization's independence by building a "fire wall" between the donor/sponsor and our programs?
<ul style="list-style-type: none"> • How will we manage the relationship between our organization and the donor/sponsor? Who will act as liaison between our organization and the donor? Who will act with final authority for the donor/sponsor in business interactions with our organization?
<ul style="list-style-type: none"> • Does our organization's staff or board members have a relationship with the donor/sponsor? If so, is there a risk that such a relationship may alter our program's operations?
<ul style="list-style-type: none"> • Are there guidelines that cover industry gifts to individuals or volunteers in our organization?

Once your committee drafts a decision matrix, they may want to test it. Imagine different scenarios. These may be actual donations your organization has accepted or declined in the past, or future funding opportunities that may arise. Once you test the decision matrix, adjust it as appropriate.

One consequence of using the matrix to discuss hypothetical (or real) scenarios, is that your committee may conclude that a matrix may not be needed for every decision. Your organization may know exactly what is appropriate in certain situations. For example, it may hold that a school should never accept funding from the alcohol industry for events involving children, but it might accept a donation of wine for an adults-only event like a fundraising auction. Building these “obvious” scenarios into your policy will clarify when it is essential to utilize the Decision Making Matrix.

Many policies evolve after organizations experience successes and respond to new challenges; don't expect to create a perfect policy that can be etched in stone. Begin the process with an open approach that honors the inputs of your committee members and stakeholders.

Step 6: Implement and Sustain the Policy

Just because a policy has been written, it does not automatically become part of the organization's culture. As part of its work, the committee should consider issues around how the policy will be incorporated into the everyday operations of the organization. Consider, for example, how the organization will address these questions:

- How will your policy be positively conveyed to staff, affiliates, stakeholders, prior donors, and new donors?
- Will the policy be shared in annual reports to publicly present your policy so it is common knowledge to possible donors?
- What procedure will be used to apply the policy? What will trigger its application?
- Which staff members will implement the policy? Will an individual or committee be involved?
- Who in the organization will review offers and make decisions about whether, and under what circumstances, to accept them?
- Will the full board of directors, or designated individual board members (or committee), oversee the application of the policy?

Tips for Designing a Policy Evaluation

- Review the goals and objectives of your policy in relation to your organization's mission and key values.
- Don't wait until it has been in place for a long time; collect data as soon as you implement your policy.
- Collect the data you need using simple and straightforward methods, such as questionnaires, interviews, and focus groups.
- Collect a broad range of information to fully understand the impact of your policy. Pose key questions such as:
 - Were the terms and conditions met by the donor?
 - Did the donation or sponsorship serve the organization as intended?
 - What feedback was provided by staff and affiliated organizations?
- Review your evaluation results on an ongoing basis to guide modifications to your policy.

Adapted from *Let's Take Action on Alcohol Sponsorship*. A practical guide to policy development for organizations on the issue of alcohol sponsorship. Alcohol Policy Network, Ontario Public Health Association, March 2005.

Step 7: Evaluate the Policy

Evaluation enables your organization to measure if your policy is being implemented as intended, with consistency and if there are any changes or additions that need to be made to make it more effective and practical for the organization.

You may want to articulate an evaluation process within the policy document. Some questions to consider:

- What methods will be used to evaluate the policy?
- How often will your organization evaluate the policy?
- What roles will staff and board members play in evaluating the policy?
- How will your organization ensure that the evaluation process is objective, and not left only to those most committed to maintaining donor relations?
- How will the organization assure the policy's stability and avoid revisions based on temporary situational factors?
- If changes to the policy are indicated, what is the process for proposing and approving those changes?

Conclusion

All formal organizations rely on written policies to guide choices that benefit the organization and the people they serve. Funding decisions are no different. A comprehensive donor policy should consider the directness of the donation, the terms under which the donation is offered, and the public perception of such a donation. The seven steps outlined in this Prevention Tactic will guide your organization through a reflective, solution-generating process to emerge with a policy that will help it achieve its mission.

Resources

Buck Tobacco Sponsorship Project website contains useful information related to sponsorship issues. Although the focus is on tobacco company sponsorship of rodeos, the principles and examples presented throughout the site are applicable to many organizations grappling with the issue of industry sponsorship. In particular, the *Policy Materials* section and *Tip Sheets on Tobacco Sponsorship or Rodeos* offer examples of materials that can be adapted for use by other organizations. The website address is <http://www.bucktobacco.org/index.html>

Ethical Funding: The Ethics of Tobacco, Alcohol, & Pharmaceutical Funding—A Practical Guide for LGBT Organizations. Coalition of Lavender Americans on Smoking and Health & Progressive Research and Training for Action, 2001.

Available at <http://www.gaysmokeout.net/docs/EthicalFundingForLGBTOrganizations.pdf>

This extensive guide describes funding considerations for lesbian, gay, bi-sexual and transgender organizations, and includes a number of sample policies, guidelines and concepts that your team may find useful in general applications.

Guidance for Collaboration with the Private Sector. Centers for Disease Control and Prevention. Manual Guide, General Administration CDC-81, 2/18/97. Accessed on August 3, 2009. Available at

<http://www.cdc.gov/od/foia/policies/collabor.htm>

This Centers for Disease Control policy document is designed for its employees to evaluate collaborations with the private sector. While the policy may not be directly applicable to your organization's situation, the criteria for assessing collaborators may stimulate useful discussion among your committee members.

Let's Take Action on Alcohol Sponsorship—A practical guide to policy development for organizations on the issue of alcohol sponsorship. Alcohol Policy Network, Ontario Public Health Association, March 2005.

As the subtitle indicates, this is a detailed guide for organizations developing sponsorship policies. It includes a section detailing the alcohol industry's sponsorship of organizations and events as well as a number of case studies that provide lessons from the field.

Partner or Foe? The Alcohol Industry, Youth Alcohol Problems, and Alcohol Policy Strategies. (2002). American Medical Association. Available at http://www.amaassn.org/ama1/pub/upload/mm/388/partner_foe_brief.pdf

This briefing paper offers a guide for understanding and responding to the alcohol industry's public awareness and education initiatives. It includes recommendations for negotiating with and responding to industry prevention strategies.

White, William L., and Tonai, Elizabeth. *The Ethics of Affiliation: The Relationship between Alcohol, Tobacco and Other Drug Prevention Agencies and the Alcohol, Tobacco and Pharmaceutical Industries.* Prevention First, Inc. (1998).

Available at www.facesandvoicesofrecovery.org/pdf/White/ea_executive.pdf

This paper summarizes the work of more than thirty prevention professionals who debated the ethical issues involved in the question of whether it is ethically appropriate for alcohol, tobacco and other drug (ATOD) abuse prevention agencies to accept funds from or otherwise collaborate with the alcohol, tobacco, and pharmaceutical industries.



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