



THE IMPORTANCE OF CORPORATE GIVING

"The highest use of capital is not to make more money but to make money to do more for the betterment of life." -- Henry Ford

The trend of corporate giving in Canada has been on the rise in recent decades, specifically as it relates to large-scale corporations. According to Imagine Canada's 2011 research findings, 97 percent of large corporations donate to charities, but that percentage drops to 76 percent when all businesses regardless of size are considered.

With this month's tragic wildfire events in Alberta however, there is a current need and an opportunity for any size of Canadian business to give back. So the good news is that you don't have to be a large corporation with millions to give. You can be a small mom and pop or mid-size operator who may donate any form or resource as it doesn't always have to be cash donations.

Here are some ways of giving back beyond cash donations:

- Donate goods and services
- Purchase goods and services from charities
- Organize employee volunteering
- Set up team fundraising

Why give back?

The reasons for giving back are vast, but we will name the top 4 in our view:

1. Build respect and good reputation.

Giving back to the community simply shows that you care. Not only is it the right thing to do, but it is also the smart thing to do because it can give you free exposure and potentially generate publicity for your organization.

2. Support the community by making it a better place to live.

Giving back has to do with both business-related and



altruistic grounds. Large corporations most often dedicate funds to charitable giving in order to contribute to a community. The idea is that healthy and strong communities are good for business, so corporate giving creates win-win scenarios from which everyone involved stands to benefit.

3. Develop connections and engage in networking.

When you connect with others in helping a cause, you might just discover a few introductions that can lead you to new clients. Networking is everything in business, and this is no different when it comes to organizational charitable giving.

4. Inspire your employees.

Employees who work for organizations that care can be motivated themselves to do good. Not to mention the fact that this helps them feel inspired and will usually lead to feelings of pride that they are part of such socially aware company.

At the end of the day, many businesses give back because it fits their business philosophy and tradition. According to Imagine Canada, 48% of all businesses donate with those reasons and 45% donated simply because it is a good thing to do, irrespective of the financial returns for the company.

HOW TO INCREASE PROFITABILITY

"In the end, all business operations can be reduced to three words: people, product, and profits." -- Lee Iacocca

Increasing the profitability of an enterprise takes some careful deliberation on how one strategy can affect the rest of the strategies and the overall goal. Popular methods generally deal with increasing sales, controlling and reducing costs, improving the product offer, increasing margins or reducing capital employed in the business. In the following text, we review steps for improving the profitability in your business or organization:

1. Perform a market analysis.

Different methods of market research such as focus groups, customer feedback, and other commercial market analyses are only some of the options. This process should reveal the market conditions from a number of perspectives: economic cycles, technological trends, consumer preferences, etc.

2. Consider increasing your sales volume.

- Increasing sales may at first seem like a straightforward approach to increasing profitability. However since sales do not equal profits, managers and owners also need to be proactive about controlling costs, monitoring prices, managing the amount of capital employed and the overall product mix.

- Hiring a sales representative to increase the geographical reach of your business is a great method as long as the increased sales produce increased profits.

- If you choose to increase sales by lowering margins, you need to achieve a substantial enough amount of sales to increase profits.

- If you decide to extend credit terms to your customers, you need to ensure that you can handle the financial pressure on your cash flow.

- Understand the impact and potential of different lines of products. Focusing on products that result in losses is bad business practice unless you use them to capture the market attention and switch the focus to products with better margins.

3. Look for ways to reduce your costs.

Knowing your costs and especially the hidden ones cannot be stressed enough. If you do decide to cut costs in order to increase profitability, be very cautious about the process. Consult with bankers, accountants, and auditors and know the impact of each adjustment instead of implementing arbitrary reductions.

4. Improve your product or service mix.

In light of the previous point about knowing and identifying loss-making products, it is just as important to know the upper and middle end of your product or service mix. This will help you adjust your supply accordingly, and will result in better-controlled costs and increased profitability.

5. Analyze your selling prices and profit margins.

This is a delicate strategy that needs to be approached with great care. Depending on the setup of the market you are in and the price sensitivity of your customers, this approach can either lead to great wins or disastrous profit plateaus.

6. Look at the capital employed in your business.

Capital has to provide a good return, and there are several methods to ensure this. Employing credit control, reducing inventory, outsourcing inefficiencies and making better use of physical spaces such as buildings and factories are just some of the options.

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