

Entrepreneurs & Philanthropy: Investing in the Future

Executive Summary

Introduction & Study Methodology

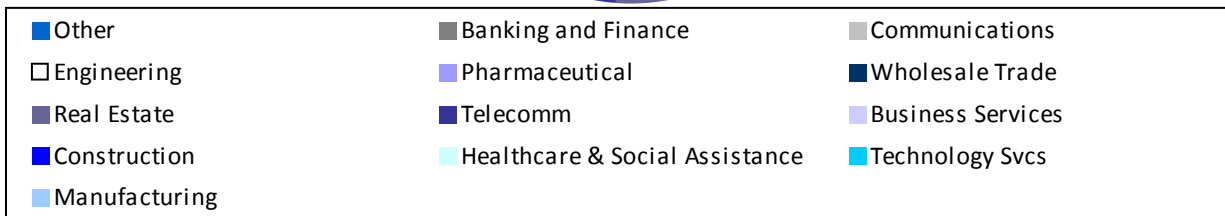
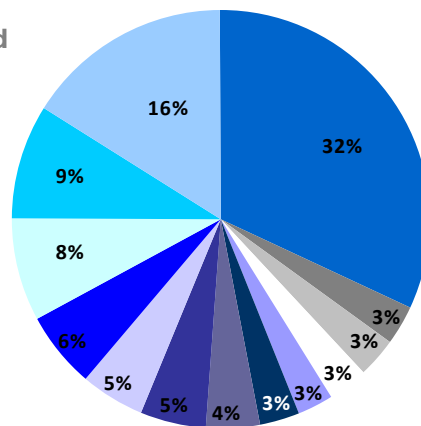
Entrepreneurs & Philanthropy: Investing in the Future was designed to explore the personal and corporate giving philosophies of entrepreneurs. The study was compiled from an online survey of 146 entrepreneurs by Harris Interactive between September 17th and October 6th, 2010. The study was conducted in cooperation with Ernst & Young, which invited their Entrepreneur Of The Year® Award Winners Network to participate in the survey. Award winners must be the CEO/Founder, and his or her company must be at least 3 years old.

Respondent Profile

Respondents are CEOs and/or Founders of well established businesses. The majority of respondents' companies have been in business for 10 years or more with the average in business for just over 27 years.

- Eight-in-10 companies are privately held
- 90% Male; 10% Female
- On average, 58 years old
- Company revenue averages nearly \$325 million; median totals \$100 million
- Median number of charities supported by company: 10
- Median percentage of company profits donated: 3%

Industries Represented



Key Findings: Entrepreneurs & the Companies They Lead are More Inclined to Give to Charity

- The majority (61%) of respondents say that being an entrepreneur makes them more inclined to give to charity.
- Companies led by entrepreneurs allocate more than twice the percentage of profits to charity than many of America's largest companies¹.
- Nine-in-10 entrepreneurs donate money, both personally and through their companies, to support charitable causes, while 70% also donate their time.

Many Entrepreneurs Believe Philanthropy Makes their Company More Successful

With six-in-10 (62%) entrepreneurs reporting that giving back makes their company more successful in the long run, one-quarter (26%) also say that corporate philanthropy was built into the original business plans for their companies.

- Nearly 70% did not wait for "success" to give back, noting they believed in supporting charities while building out the business.
- The majority (62%) of entrepreneurs report that they want their company to be recognized for its work with charities.
- More than four-in-10 (43%) believe corporate philanthropy helps attract and retain employee talent.
- Nearly three-in-10 (29%) indicate that they made grants to specific charities based on how the cause aligns with their company's business mission.

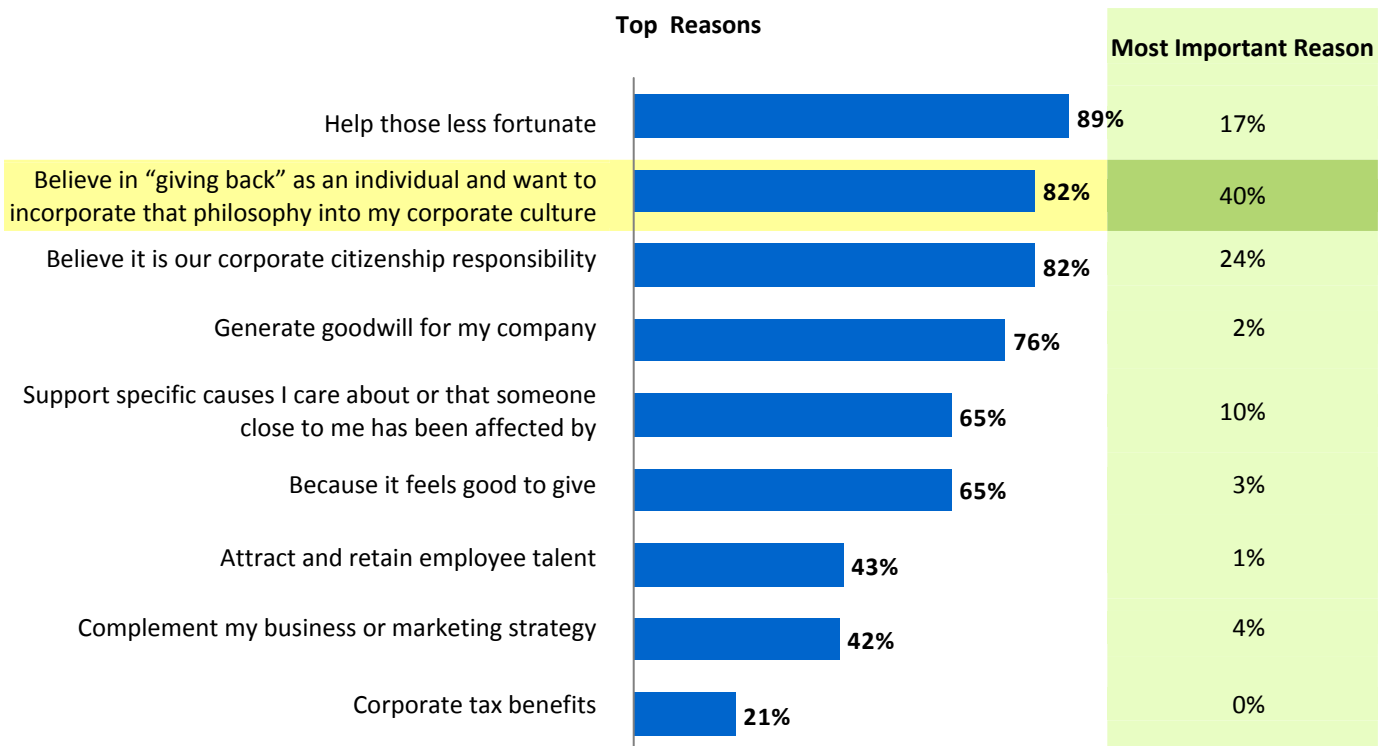
Almost three-quarters (73%) of the entrepreneurs surveyed say that their company's policies actively encourage their employees to volunteer their time and/or expertise to charitable causes, and more than half (53%) offer programs that encourage employees to financially support charitable causes.

¹ Entrepreneurs reported that their companies allocate a median of 3% of their company profits to charitable causes; this compares to a median 1.2% cited by the *Chronicle of Philanthropy's* annual corporate giving survey of America's largest companies. August 7, 2010.

Reasons for Supporting Charitable Organizations on a Corporate Level

- The most important reason entrepreneurs cite for corporate giving is that it enables them to integrate their personal philosophies for giving into their corporate cultures.
- Other reasons cited for giving back include helping those less fortunate (89%) and the belief that it is part of a company's corporate citizenship responsibility (82%).
- Three-fourths (76%) of entrepreneurs support charities because it generates goodwill for their company and two-thirds donate because it feels good to give (65%) and to support causes that they or someone close to them has been affected by (65%).

Reasons Why Entrepreneurs' Companies Give Back

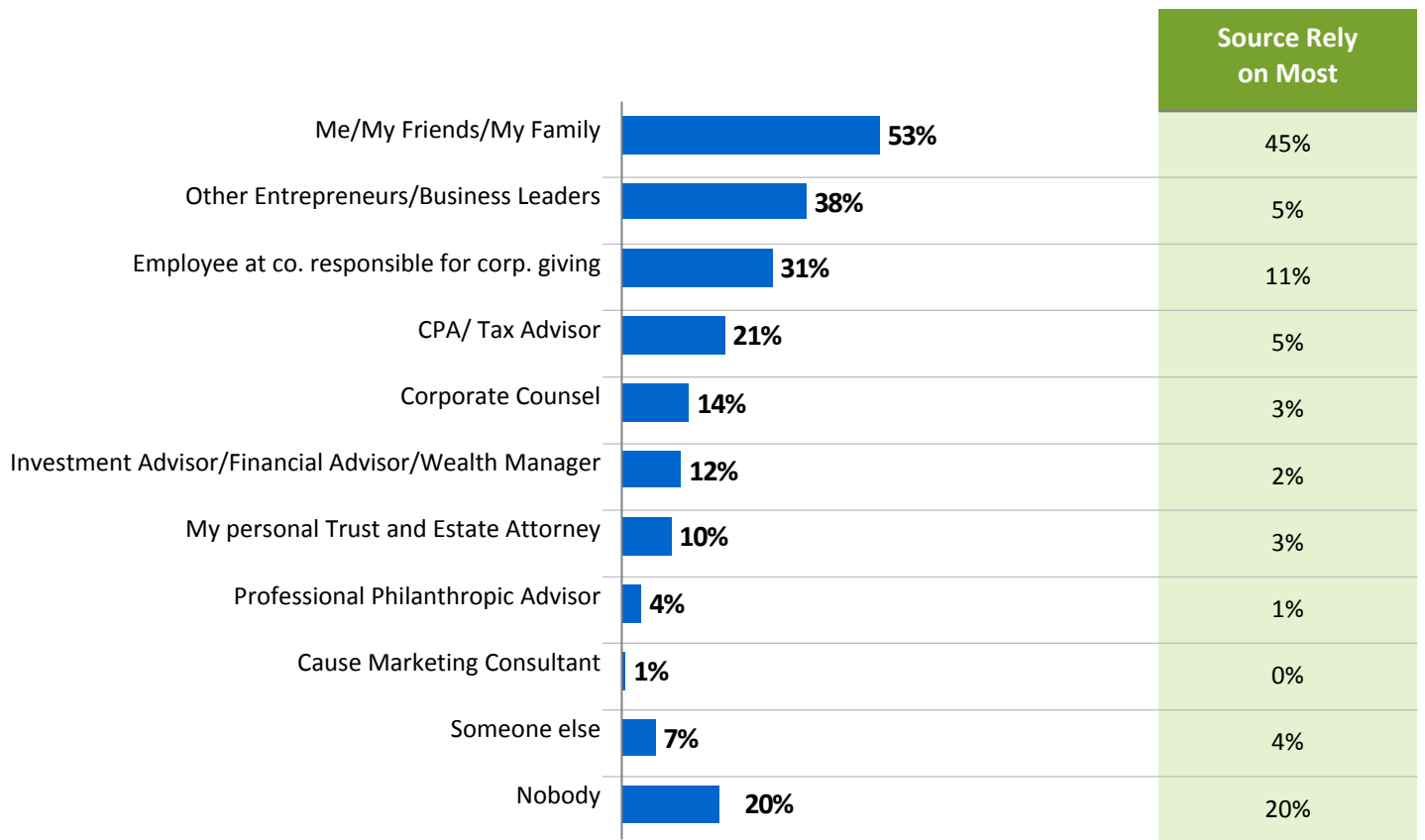


Entrepreneurs Largely Rely on Their Own Judgment

More than one-half of entrepreneurs rely on their own judgment or the advice of those closest to them about corporate giving, including best practices.

- In fact, the majority of entrepreneurs (55%) personally choose the charities their company supports.
- Nearly 40% rely on other entrepreneurs/business leaders.

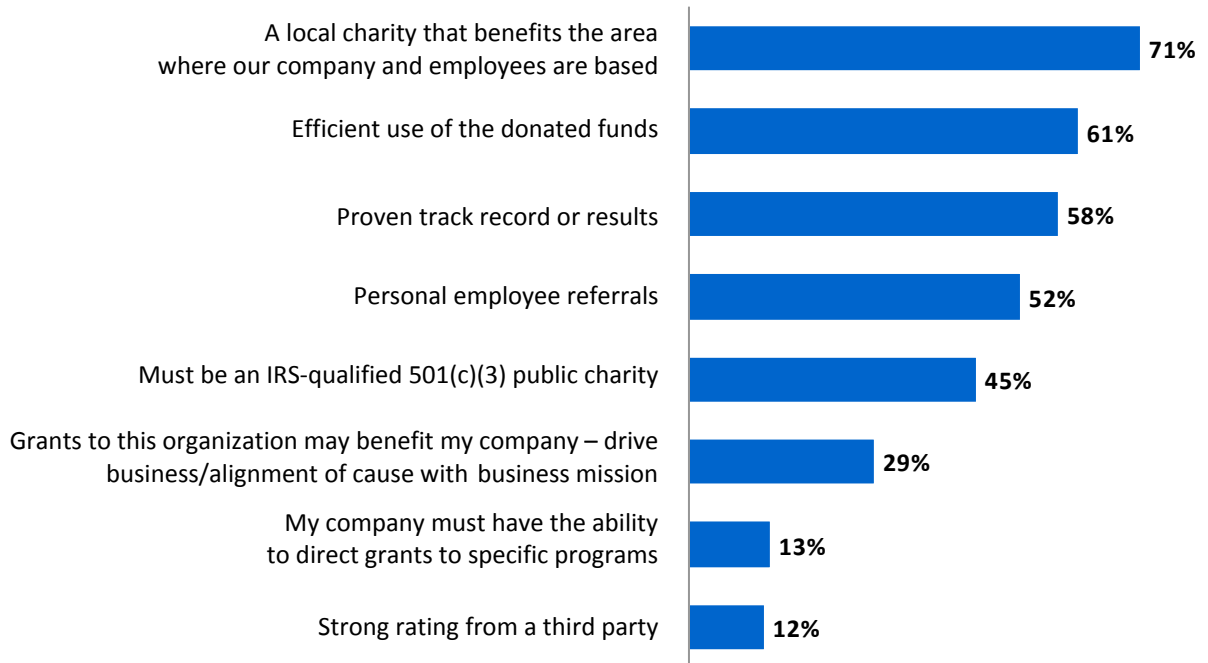
Who Do Entrepreneurs Rely On for Advice about Philanthropy?



Local Impact is Key

The majority of entrepreneurs indicate supporting local charities is a key criterion for selecting which charity and/or foundations to support. Also high on the list of criteria were efficient use of the donated funds (61%) and proven track record of results (58%).

Criteria Used for Select Charitable Organizations

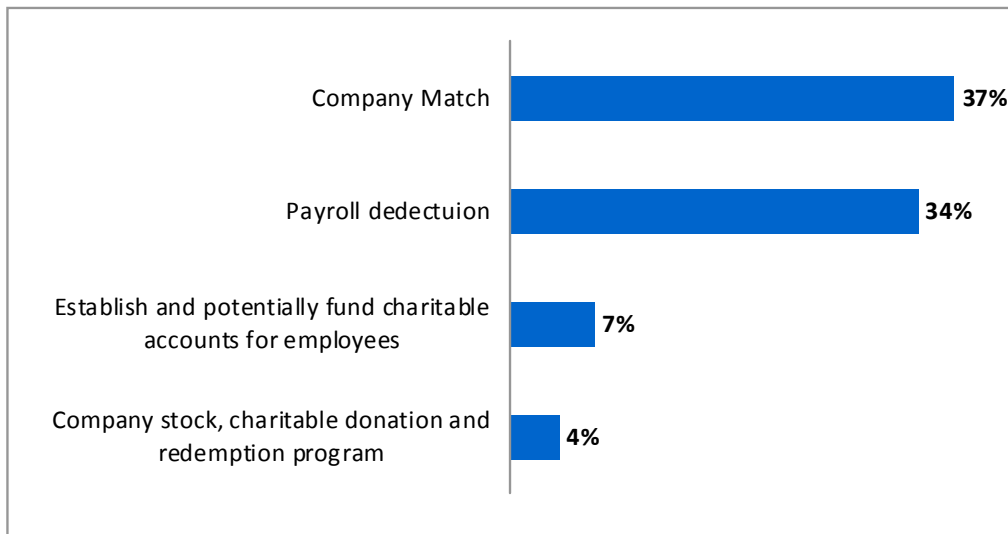


Entrepreneurs Tend to be Early Adopters of Strategic Giving Vehicles

Sixteen percent of entrepreneurs report that they use donor-advised funds for their personal giving and in addition, are finding creative ways to further employees' giving:

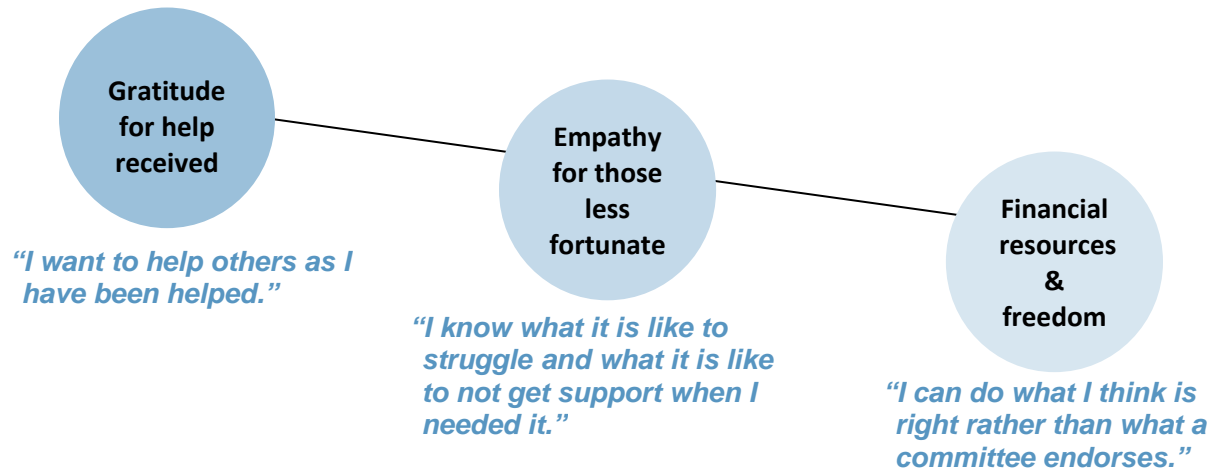
- More than a third **currently facilitate** employee charitable giving through a company match (37%) or a payroll deduction (34%).
- About three in 10 **would consider** establishing a company match (33%), a payroll deduction (29%) or establish and potentially fund charitable accounts for employees (29%).

Encouraging Employee Charitable Giving



Why Entrepreneurs Believe They are More Likely to Give Back

More than half (53%) of entrepreneurs report that charitable giving is a key component of their overall financial plan. When asked why entrepreneurs are more inclined to give to charity, there were three key factors.



Reasons for Supporting Charitable Organizations on a Personal Level

- Two-thirds of respondents (66%) agree that their road to philanthropy has followed a path from earning to returning.
- Nearly one-half (48%) agree that charitable giving was part of their upbringing.
- More than four-in-10 (42%) entrepreneurs say that they have personally benefited from the charity of others.

Personal Attitudes and Philosophy Toward Philanthropy



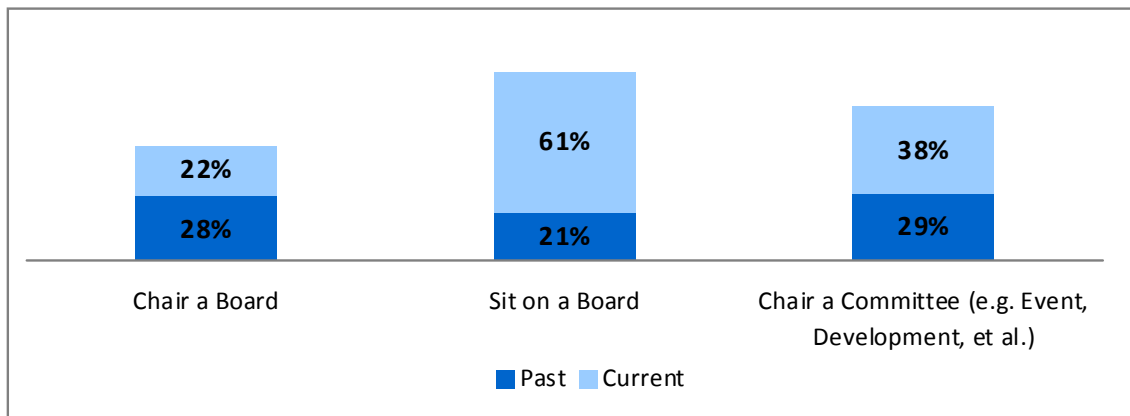
Most Entrepreneurs Are Not Overt in their Philanthropic Giving though Many Sit on or Chair Boards they Support

The majority of entrepreneurs (66%) describe their personal giving style as “quiet/passive” – they are known for donations of money/financial support but not overtly recognized.

About three-in-10 (28%) would describe themselves as “active donors” – with a high profile/public awareness of giving behavior and active involvement in the organizations they support.

- Most entrepreneurs (61%) currently sit on the board of a non-profit, and half (50%) currently chair a board or have chaired a board in the past.
- Just as they’ve started their own businesses, more than four in 10 entrepreneurs (43%) have formed their own charity.

Non-Profit Involvement: Past and Present



Philanthropic Advice from Entrepreneurs to Others

1) Get personally involved

“Being involved (board membership, event participation, fundraising, etc.) gives you insights into the specific needs that are being met.”

2) Support the local community

“It only makes sense to give back to the community that you work in.”

3) Build giving into your corporate mission statement and culture

“Start early and build it into your enterprise mission and culture.”

4) Involve your employees

“Make it a core value of the company and encourage all employees in supporting it actively.”

5) Give from the heart

“Making a difference in the lives of others is as rewarding as anything you will accomplish.”

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