



Bob Coughlan in the Capstone Literacy Center at the company's headquarters in North Mankato.

Doing well by doing good

Corporate philanthropy requires planning,
employee involvement

By Tim Krohn | Photos by John Cross

Bob Coughlan has seen many of the substantial rewards the community has received from the donations given by his family's company over the decades.

But it is the individual stories of inspiration he remembers most, such as from those – mostly kids – who go through an innovative literacy program housed in the basement of Capstone, the company's book-publishing business in North Mankato.

"There was a 28-year-old guy who never read and book and he came through our program. He did lawn mowing for a living, a great guy," said the 60-year-old Coughlan.

"His mom wrote us a letter telling of how much it changed his life that he could read. That's very rewarding."

The scope of corporate philanthropy in the Mankato area has helped launch everything from the wildly popular

Kiwanis Holiday Lights to the Children's Museum of Southern Minnesota.

"This is an incredibly generous community for corporate giving," said Nancy Zallek, executive director of the Mankato Area Foundation. "I have a broad array of peer community foundations, and

when we get together, I'm constantly impressed by the level of corporate giving in this community."

Denny Dotson, retired chairman of Dotson Iron Castings and a longtime leader in community giving, thinks the potential is even greater.

"There's a huge generational shift of money happening right now. The more we talk to younger leaders about charities and the good they do, the better. I think the philanthropy in Mankato could be doubled," Dotson said.

While approaches to charitable giving by business

Cover Story



Capstone produces a wide variety of books for children and donates many around the world.

owners and leaders varies, those experienced in corporate philanthropy said there are a few keys to getting the most bang for the buck and leveraging time and talent to produce results.

Where to focus philanthropy

Whether a business chooses to focus its giving on a specific area, such as youth literacy or helping the aged, or whether it evaluates requests from the full spectrum of charities, the important thing is to ensure the giving is effective, say corporate philanthropists.

"Some organizations decide corporately what's the meaning of their giving," Zallek said.

"They pick what they want to focus on. Sometimes that makes it easier for them and for the groups looking for places to get support," she said.

"Others stay more fluid and wait for the latest initiative that can be supported. The Kiwanis Holiday Lights, the sculpture walk, the VINE program, the Children's Museum — those are things you couldn't have predicted happening — so it's nice to have those corporations who keep their dollars available for the latest and greatest needs in the community," Zallek said. "Both styles are valuable."

The Mankato Foundation is 40 years old but has been revitalized in recent years when a full-time director was brought on and major businesses rallied to support a permanent endowment fund for it.

"We have over \$4 million in assets. It's doubled in size," Zallek said. "A good stock market certainly helps, too."

Coughlan said no matter the causes, a business needs to understand what it's trying to do with its philanthropic program.

"You have to have a mission. A lot of people approach you to give, but you have to have a mission and a strategy. There has to be enough substance behind it to make it meaningful."

While Capstone's mission is literacy, a new Coughlan business — Jordan Sands, a silica sand plant — is focusing on a sustainability mission.

"With Jordan we want to have the lowest impact on the environment and the safest work environment." They are working with a prevention and remediation company to guide them. "They're working with us on what to do and what not to do."

He said reclaiming the site the best way possible after portions of it are mined out also will be a major part of doing the right thing as a corporate citizen.

When a company decides how it wants to target giving, evaluating who to support becomes the major decision. Where to give can involve a formal board serving as a company's foundation or be decided by the sole owner of the business.

"The hard part is analyzing. They all need money and all have a good cause," said Tony Frentz, who is involved in several businesses, including construction, property management, a bagel shop and a startup telecom business.

Unlike the older, formal foundations in many corporations, Frentz uses his experience on several charitable boards and a gut instinct to make philanthropic decisions.

"You have to decide how good of a cause it is. I want to hear what their goal is and how they're going to spend their money. Are they going to hire a person to accomplish a specific thing that's missing in the community? They



Denny and Carole Dotson, owners of the Dotson Company, have donated \$500,000 to the construction of the Southern Minnesota Children's Museum. Free Press file photo

need a well-purposed reason," Frentz said.

Employee engagement key

Local business leaders say that while the size of corporate financial giving is in itself powerful, harnessing the power of employee involvement is the key to leveraging the most from philanthropy.

That employee involvement plays out in three ways for most businesses: Businesses often match financial donations of employees up to a certain amount; employees can be given paid time to do volunteer work; and employees with a passion toward a certain cause can lead the company to throw added resources behind it.

"When things are brought forward by someone in the company who gets excited about it and gets behind it, that is powerful," Coughlan said.

Enventis, formerly HickoryTech, recently celebrated the 50th year of its corporate foundation, which gives traditional grants to local causes but also supports an active employee program.

"The foundation has an employee matching gift program," said Jennifer Spaude, director of investor relations, public relations and marketing for Enventis. "Employees can double their gift to a nonprofit organization."

Enventis matches any employee gifts of more than \$25, up to a total of \$1,000 per year. The foundation spends about \$20,000 annually on employee matching gifts.

The company also hosts a volunteer time match. When employees volunteer 40 hours to a nonprofit, Enventis Foundation gives that group a \$250 donation.

"Through our foundation and corporate giving as well as employee volunteerism and our matching gift program, we are making a difference in our communities and the lives of others," said John Finke, president and CEO of Enventis.

The telecommunications company that traces its roots to the local phone company, is a Minnesota Keystone business, a program that recognizes businesses that donate at least 2 percent of their pre-tax earnings.

Since its founding in 1963, the Enventis Foundation has given millions of dollars to local charities. This year, the foundation announced 40 grants totaling \$131,000.

At Coughlan Cos., a zeal for community involvement is part of the corporate culture, Coughlan said.

He said they learned from their parents' generosity, which included donating Kasota stone from the family quarry to places such as St. Thomas University in St. Paul.

"They gave us the idea that you could do very well by doing good," Coughlan said.

Largest Minnesota donors

- 1) Target \$146.1 million
- 2) General Mills \$102.7 million
- 3) Cargil \$63 million
- 4) UnitedHealth Group \$58.4 million
- 5) Medtronic \$55.2 million

Source: Minn. Council on Foundations (2013)



Tony Frentz outside the Twin Rivers Center for the Arts, a building he purchased to provide a home for artists and art groups.

He said he and other family member leaders in the company use a quote a friend offered to direct their approach: "I don't want a family business, I want a business family."

"It's fun to collaborate with ambitious and creative colleagues. We want everyone in our group to have a sense of giving, that's just the type of people we want to work with. It's the pay-it-forward idea," Coughlan said.

He points to a program, spearheaded by Andrew Johnson, which created an innovative literacy center in the Capstone basement.

"Our employees volunteer to use materials to work one on one with students who want to work on their reading abilities. And MSU and Gustavus education students come in to help," Coughlan said.

There have been about two dozen kids in the program at any given time with their reading progress measured through a data-driven system. The company is rolling out a larger communitywide version of the program, using e-readers to allow students to read material they are interested in. The e-readers feed information back to instructors who can use it to determine when students are struggling and when they mastered something and can move on.

Dotson said he and Dotson's President and CEO Jean Bye have increasingly focused on employee engagement as part of the company's charitable strategy.

"We're moving more and more toward encouraging employees' charitable giving, whether it's direct giving or matching their time," Dotson said.

On the Friday after Thanksgiving the plant is closed and if an employee wants to work at one of four or five charitable activities, the company has arranged they can

volunteer and the company will cover their wages for the day.

"Our guys helped tear down walls at the new VINE building. And they make things (a charity) might need. Our employees are very talented, so there's almost nothing they can't make," he said.

"We have a lot of employees volunteer and what's so encouraging is we have employees who say they'll volunteer, but they'll take it as vacation time because they don't want the company to pay for it," Dotson said.

The company also has monthly events that recognize employees who volunteer.

And, he said, the company encourages employees to serve on boards even if on company time. "The most effective dollars we can spend is when our employees are volunteers or on the board of directors of charities. You know someone is watching the dollars."

"Encouraging that employee involvement and making it a part of the company, there's nothing but pluses there," Dotson said.

Budget for giving

Business leaders actively involved in philanthropy say setting aside a specific amount of money or percent of earnings for charitable work is necessary.

"At the beginning of the year we budget a certain amount for charity for the year," Frentz said.

"You have to budget for it," Coughlan said. "Every year we have a significant piece of our budget to it. Some call it tithing in religion. Basically that's what we do but not as an organized religion."

Some company's also have investment funds built up, using interest earnings from the fund to help with



Left: Nancy Zallek of the Mankato Area Foundation at one of the new sculptures on the Art Walking Sculpture tour, which the foundation helped start. **Right:** Enventis employees help out at a Backpack Food Program event as part of the company's employee volunteerism program.



charitable work.

Some companies, such as Enventis, announce all the major grants they are going to give for the year at one time. Others, such as Frentz, look at proposals throughout the year.

That, he said, allows him to respond to current needs. But he said it also means at some point in the fiscal year the money budgeted for charity will run out. He said that doesn't mean charities shouldn't look ahead to the next year.

"I'm on a number of boards and we talk about timing being very important. If a company has a set amount of money for the year and you apply at the end of their fiscal year, you might miss out," Frentz said. "But it's important to reach out to the business at the end of their year for their planning the next year. Certain companies need to know before they start their budgeting."

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