The Salesforce Foundation revolutionizes corporate philanthropy through its innovative 1-1-1 model, giving 1 percent product, 1 percent equity and 1 percent employee time for philanthropic purposes.

SYNOPSIS/SUMMARY

Soon after its founding, Salesforce adopted a bold new approach to philanthropy, creating the Salesforce Foundation to implement a 1-1-1 integrated model of charitable giving. With this commitment, Salesforce grants 1 percent product, 1 percent equity and 1 percent employee time for philanthropic purposes.

In this case study you will learn how Salesforce let urgency conquer fear to create a corporate foundation while still in startup mode and created a new, integrated approach to corporate philanthropy that has inspired other companies to think about their philanthropy in a fresh way.
THE BACKGROUND

The Salesforce Foundation is the corporate foundation of Salesforce—a pioneer of software as a service (SaaS) —that has delivered software over the Internet years before the cloud of today was conceived. Salesforce is widely known for revolutionizing the way organizations communicate with customers. Marc Benioff, Chairman and CEO, founded Salesforce on three principles: 1) the company would be the first to offer this revolutionary web-based software technology to the world; 2) the company would offer this new technology through a subscription model not used before in the software sector; and 3) philanthropy would be a pillar of the company. Within a year of starting Salesforce, Benioff looked to fulfill Salesforce’s commitment to integrate philanthropy into its business. The question was: how?

THE “AHA MOMENT”

Benioff was inspired by companies like Ben & Jerry’s and Levi Strauss & Co. that were donating a portion of their financial resources to charity. However, at the time, Salesforce was a relatively small startup. It was only after the company gave out two free software licenses to a couple of inquiring nonprofit organizations that Benioff saw that the company could give something other than money. Salesforce had three highly valuable assets: the talents and skills of its team, its software solutions and some equity. These assets had just as much power to impact communities as money. It was this realization that inspired a bold new idea for an integrated approach to philanthropy: the 1-1-1 model.

The model would have three components: Salesforce would build its philanthropy strategy around a 1 percent donation of its product, equity and employee time to support charitable initiatives.

Under the 1-1-1 model, the company would gift or discount 1 percent of its products each year to nonprofit and higher education organizations. In addition, 1 percent of the value of its equity would be given as grants.

Finally, Salesforce employees would donate 1 percent of their annual work hours to support a cause of their interest. Together, this donation of 1 percent product, equity and time shaped the philanthropic vision for the company.

THE BE FEARLESS RESPONSE

SALESFORCE FOUNDATION LAUNCHES IN SALESFORCE’S EARLY DAYS

To launch the 1-1-1 model, Benioff recognized the need for a corporate foundation dedicated to implementation. He let urgency conquer fear in a way that most new companies never would: he launched a corporate foundation within a year of the company’s founding. At the time, the company was still operating out of an apartment with only a few employees. While most companies would spend years or even decades achieving a certain scale before launching a corporate foundation, Salesforce decided not to wait. The company was founded in 1999, and by April 2000 it had hired Suzanne DiBianca to head up its new corporate foundation.
The company’s size at the time forced the Foundation to start small. In the Spring 2014 issue of the Stanford Social Innovation Review, Benioff states, “When I started the Salesforce Foundation, it was easy, because we had no employees, no profit, and no product.” Nevertheless, Benioff recognized the soundness of the 1-1-1 model and committed to it by granting more than 500,000 shares of founder’s stock to support the Foundation’s early efforts. It was the 2004 initial public offering of Salesforce that provided the asset base needed to underwrite the activities of the Foundation.

Setting up the 1-1-1 model early enabled Salesforce and the Salesforce Foundation to demonstrate the power of a company’s assets beyond its dollars. As DiBianca notes,

"We did not wait for comfortable success. We wanted to create a new model for business and act early."

By the time the IPO took place, the company had swelled to nearly 700 employees and was growing at a rapid pace. As the company grew, more and more employees were available to dedicate 1 percent of their time to volunteering.

**CORPORATE SUCCESS MEANS GREATER SOCIAL IMPACT**

As Salesforce’s employee base continued to grow, the Foundation needed to expand to be able to both support meaningful volunteering activities as well as continue its own grantmaking. To financially support the growth of the Foundation, DiBianca presented ideas for how to dramatically grow the size of the Foundation’s endowment to company leaders. To enable the Foundation to continue to scale its impact in alignment with the growth of the company, Benioff and the Foundation’s Board of Directors granted the Salesforce Foundation exclusive rights to be the sole reseller of Salesforce software to nonprofit and higher education organizations in 2009. As part of its commitment to dedicating 1 percent of its products, the Foundation grants nonprofit organizations and higher education institutions with free and deeply discounted Salesforce licenses through its Power of Us program. The Salesforce Foundation also provides access to training, events and consulting partners.

There is an opportunity in the philanthropic sector to supplement charitable dollars with other assets, such as people and products.

Writing a check and walking away is not the answer. Of the over $300B in charitable giving in the US, only about 5 percent of that is coming from corporations.
Selling Salesforce products required new skill sets to be integrated into the Foundation, particularly a sales team dedicated to growing the Foundation’s revenue through selling licenses (at a discount) to nonprofit and higher education organizations. This investment in staff capacity subsequently required the organization to reinvest much of its profits back into itself for several years. These investments, combined with the fact that 85 percent of nonprofits receive software licenses for free, the right to sell Salesforce products has enabled the Foundation to grow from $1.5M in average annual revenue to $20M in revenue and 188 staff today. This growth in revenue has allowed the Salesforce Foundation to dramatically increase its grantmaking efforts.

In September 2014, the Salesforce Foundation announced it would be applying the 1-1-1 model in a tremendous way to support the San Francisco Unified School District (SFUSD). The Foundation made a $5M donation and committed 5,000 hours of its employees’ time in the 2014-2015 school year to advance science, technology and math education in San Francisco schools. This commitment aims to advance the expansion of San Francisco Mayor Edwin M. Lee’s Middle Grades Leadership Initiative for the SFUSD and to dramatically increase technology resources for San Francisco students.

Mayor Lee emphasized the value of the Salesforce Foundation’s commitment saying “I’m grateful that the Salesforce.com Foundation is once again stepping up to help our youth reach their fullest potential. Salesforce.com is a tremendous partner to our City and our residents, bringing thousands of new jobs to San Francisco and giving back through innovative public-private partnerships like our Middle Grades Leadership Initiative to make San Francisco a city where we all can succeed.” DiBianca responded by adding,

“We are doubling down on our commitment to middle school students. With our financial resources and the volunteer efforts of Salesforce employees, the Salesforce Foundation is proud to help prepare San Francisco students for the jobs of tomorrow.”

Through the 1-1-1 model, the SFUSD will benefit from the following: SFUSD will expand to 48 Wi-Fi enabled digital classrooms across 12 middle schools and 8 K-8 schools; distribute 1,200 additional iPads and 800 Google Chromebooks for use in math and science classes; benefit from 5,000 volunteer hours from Salesforce employees; and provide 4 full-time technology instructors across 20 schools to assist teachers.

LAUNCHING 1-1-1 PROVED THE MODEL AND INSPIRED OTHERS TO TAKE A 1-1-1 PLEDGE

Launching a corporate foundation while still in startup mode is a risk that very few leaders would take.

The effort to realize the 1-1-1 model required a strong commitment, an unwavering willingness to take a risk and an unshakable belief that philanthropy could be a core tenet of the organization from the start.
DiBianca credits the nature of Salesforce in part with its willingness to experiment and to fail forward:

“We are a software company. We do beta. A good software company designs and tests versus planning, planning, planning. We try, fail, we iterate, and we see what is working by listening to our constituents. In this way, we are hands on philanthropists.”

By conceptualizing and experimenting with a new model of corporate philanthropy that values time and products in addition to financial resources, Salesforce created a replicable model that has inspired other companies to take a more organized, multi-faceted approach to their own philanthropy.

In addition to making the 1-1-1 model the heart of its own philanthropic strategy, Salesforce Foundation has taken a bold approach to inspiring the corporate sector to do the same. The Foundation created “Share the Model” to invite other companies to take an integrated approach to their own philanthropy, with the core belief that the 1-1-1 model will create change more rapidly than a more traditional, grants-only approach. The goal is to inspire the same “aha” moment within other organizations that Salesforce had about its own philanthropic efforts early on. As DiBianca notes, “We catalyzed Share the Model in order to make the 1-1-1 model a national movement that goes even beyond technology companies. We want organizations to execute the 1-1-1 model from start-up.”

Through Share the Model, the Salesforce Foundation encourages other organizations to commit to gifting a portion of their company products and/or resources and/or people’s time to philanthropy. Companies are encouraged to make a pledge to integrated philanthropy despite whether they are currently positioned to commit to a part or all of the 1-1-1 model (i.e., regardless of whether they can commit 1 percent of their products, equity and/or time or 1 percent of their product, equity or time).

In this way, the model remains flexible to where the organization is in its growth. When a company adopts the 1-1-1 model, a member of the Salesforce Foundation contacts the organization directly. The Salesforce Foundation provides guidance, resources and support to those that have adopted the model in order to explain how the model may be implemented and to make connections with other companies that have successfully implemented the model.

To date, nearly 200 companies have committed to all or a part of the 1-1-1 model.

THE RESULTS

As a result of the 1-1-1 model, Salesforce Foundation has engaged more than 840,000 hours of volunteer service from its employees, has provided donations and discounts resulting in over 24,000 nonprofit organizations using its technology and has given over $80M in grant funding since its founding.

1-1-1 BECOMES A FORCE MULTIPLIER FOR ITS BENEFICIARIES

Nonprofit organizations are realizing significant benefit from the Salesforce model.

Year Up is a national organization with a mission to close the opportunity divide by providing urban young adults with the skills, experience and support that will empower them to reach their potential through professional careers and higher education. The organization has benefited from all three elements of the 1-1-1 model.

The 1-1-1 model combines time, product and financial resources to have a multiplier effect with organizations.

Through the creation of internship opportunities for Year Up students, Salesforce employees give time mentoring Year Up students, de-mystifying corporate life while building skills that will break down barriers to college and employment success. Company employees serve on the board of Year Up and provide mentorship to the organization’s leaders. In addition to employees’ time, the Salesforce Foundation has donated software licenses enabling Year Up to build on the Salesforce1 Platform and equipping them to capture and store critical data on students and impact.

Finally, the Salesforce Foundation has also provided significant funding to Year Up. The first check written to Year Up in San Francisco was from the Salesforce Foundation in the amount of $25,000. Recently the Foundation invested $2.5M to enable Year Up to pursue a place-based strategy and scale its efforts in San Francisco’s most underserved communities. The place-based strategy was an idea that Year Up’s leaders brought to the Salesforce Foundation to discuss. As Banfield remembers,

The Foundation trusted our big idea and supported it. We are now in the implementation phase of the work and have utilized the funding to expand our capacity by 50 percent in San Francisco.

Playworks, an organization dedicated to using active play to support the social, emotional and cognitive development of kids, is another organization benefitting from the 1-1-1 model. Salesforce has engaged its employees to serve as volunteers for Playworks projects, including a recent volunteer day where the Foundation sent 40 of its employees to work on a Playworks project.

AS EXECUTIVE DIRECTOR JAY BANFIELD POINTS OUT,
building bicycles for kids in the community. Ellen Goodman, Executive Director of Playworks describes its relationship with Salesforce as multi-faceted:

“There is employee engagement, there is financial support and there is product sustainability. And with the product sustainability, it goes beyond just managing a database. There are marketing opportunities and brand awareness opportunities and there are tools inside of that product that can help us achieve our fundraising goals. It is what every nonprofit would look for in a company relationship.”

1-1-1 CONTINUES TO INSPIRE COMPANIES TO TAKE ACTION

Appirio, an IT cloud-focused consulting firm headquartered in San Francisco, is one of nearly 200 leading companies—including Google, Workday and Yelp—that have adopted the 1-1-1 model to take a more integrated approach to its philanthropy. Appirio launched eight years ago with a team of just four people and has rapidly grown into a global company with over 1,200 employees across five countries. The organization first became aware of the Salesforce Foundation’s 1-1-1 philanthropic model through an early corporate partnership between Appirio and Salesforce. Like Salesforce, Appirio’s senior leaders wanted to make philanthropy a core tenet within their organization from the start. Two years after Appirio launched, they brought together their senior leadership team to talk about how to better integrate community engagement and corporate social responsibility into their work.

As Jennifer Taylor, Appirio’s Senior Vice President of Human Resources, describes, “Many of our leaders and employees were already engaged in their communities. Many were serving on nonprofit boards. We felt like [community engagement] was a natural aspect of our DNA, but we had not recognized it formally internally.” Appirio looked to its partner, Salesforce, for advice on how to better integrate philanthropy into the company.

Salesforce’s 1-1-1 model ultimately inspired the creation and launch of Appirio’s Silver Lining Program, the company’s first organized approach to philanthropy. Appirio created the program to mobilize the company’s employees in making a measurable impact on the communities where they live and work by giving them eight hours of paid community service time annually. The Salesforce Foundation provided guidance and advice as Appirio conceptualized the Silver Lining program. Taylor notes, “Salesforce Foundation is constantly there when we call and ask for advice on how to ensure employees use their volunteer time. They have been a great coach and mentor.” It is the flexibility in the 1-1-1 model that Taylor found most valuable in designing the Silver Lining Program.

The 1-1-1 model provided a conceptual approach, without requiring strict adoption of all components of the model at once.
We know that Salesforce Foundation will be a resource to us to help us start our foundation right.

Appirio is currently able to provide its employees with eight hours of volunteer time annually, but not yet able to financially support giving 1 percent of their time annually. Similarly, Appirio is a private company, and therefore does not have equity to give. The 1-1-1 model provides a vision for what Appirio’s Silver Lining program may scale to over time, such as lengthening the number of paid volunteer hours given to employees, or gifting stock should it become public. As Taylor notes,

“This was a model that we can grow into. It has enabled us to crawl before we walk.

Through the 1-1-1 model inspired program, employees have given nearly 20,000 hours to over 400 nonprofits globally. Additionally more than $400,000 in grants of professional services have been made. The Silver Lining Program has helped to connect Appirio’s global offices as well. Taylor reflects, “We have been able to use the program to make sure our offices in Ireland, England, Japan and India feel part of Appirio.” The program has been key to company recruitment. Taylor reflects, “We find in our recruitment that the next generation of workers are wildly interested in the program. At universities, both domestically and internationally, college students are demanding that their employers have corporate social responsibility as a core tenet within the company;”

The 1-1-1 model is only the first step of influence that Salesforce Foundation has had on Appirio’s philanthropic efforts.

In the next 12 to 18 months the company will begin evaluating the potential for creating its own corporate foundation, similar to the Salesforce Foundation.

In summary, by letting urgency conquer fear to launch a corporate foundation within a year of its founding, Salesforce and the Salesforce Foundation have inspired a new approach to corporate philanthropy. Through its own experimental approach of giving 1 percent of their product, time and equity, Salesforce has not only validated the 1-1-1 model, but it has provided significant and diverse resources to support the nonprofit sector. Through Share the Model, the Foundation is inspiring companies to leverage all components of the 1-1-1 model in a way that has the power to increase corporate contribution to philanthropy.

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Guiding Discussion Questions

For Funders: In what ways have you challenged your own operating assumptions around what it takes to reach your intended impact?

For Funders: What would it take to make the transition towards an integrated approach to philanthropy? Is this something that your grantees might benefit from?

For Funders: In what ways might you play a role in inspiring companies to think differently about philanthropy?

For Nonprofits: How might a wider range of support from your funders beyond grant dollars be beneficial? Do you have any funders that you could discuss new forms of support with, such as the possibility of volunteer support from employees?

For Nonprofits: How might you more proactively inspire and engage the corporate sector to support your efforts?

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