

About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

About CiYuan

BSR's three-year CiYuan (China Philanthropy Incubator) initiative builds innovative cross-sector partnerships to enhance the value of social investment in China. With guidance from international and Chinese leaders in the field, CiYuan improves the capacity of local foundations and NGOs to serve as durable and effective partners with business. Ultimately, CiYuan will integrate philanthropy with core business strategy, foster collaboration, and inspire innovation. Visit ciyuan.bsr.org for more information.

About Lenovo

Lenovo is a US\$30 billion personal technology company, the second largest PC maker worldwide and an emerging PC plus leader. Serving customers in more than 160 countries, Lenovo's business is built on product innovation, a highly-efficient global supply chain and strong strategic execution. Its product lines include a full range of commercial and consumer PCs, servers and work stations, and a family of mobile internet devices including smartphones and tablets. Visit www.lenovo.com for more information.

Lenovo's Venture Philanthropy Approach Supports Chinese NGOs

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EXECUTIVE SUMMARY

This case study examines Lenovo's Venture Philanthropy Project following the completion of its first five years (2007-2011). Lenovo has taken an innovative approach by supporting grass-roots NGOs in China with grants, technology products, marketing exposure, and capacity building. Over five years, Lenovo provided RMB 8 million to 63 NGOs across the country working in education, environmental protection, narrowing the digital divide and poverty alleviation.

The case study highlights the key considerations for a company in taking a venture philanthropy approach to their community investment programs—an approach that aims to bring diverse resources to help contribute to society, build NGOs' capacity as well as impact over a sustained period of time. The case study focuses on BSR's findings from evaluating the project through interviews with Lenovo staff, partners and NGO beneficiaries.

BSR evaluated each stage of the project and provided recommendations that were considered in developing the project's next five-year strategy. Lessons learned from the evaluation of the project include:

1. Use goal setting to drive alignment throughout a project and across partners
2. Identify NGOs' specific needs and adapt accordingly to meet them
3. Coordinate partners and stakeholders with care to be efficient
4. Provide opportunities for beneficiaries to enhance their network
5. Develop useful and timely reporting mechanisms for continuous learning
6. Use corporate resources to meet specific needs
7. Deploy additional resources and strategies to build NGO capacity

From BSR's experience evaluating this project, we've also included lessons specific to third party evaluators.

BACKGROUND

In 2007, recognizing the need to expand their portfolio of philanthropic initiatives and launch a signature project, Lenovo initiated a nationwide venture philanthropy project, an innovative concept in China at that time. Understanding that the NGO movement in China was still quite weak but had great potential, they identified a need to provide support which would be targeted at helping local NGOs grow. The underlying philosophy was similar to the parable of "Teaching a man to fish instead of giving him a fish"; Lenovo would help the NGOs grow so they would have greater impact through their work.

The concept was to encourage broad participation from NGOs and the public in philanthropic projects and identify a small number for targeted support. With a large financial commitment and strategic partners, Lenovo aimed to provide funding, training, volunteers, opportunities for collaboration and its' marketing expertise to help NGOs that worked in four fields: education, digital divide, environment, and disaster relief.

BSR's CiYuan initiative sought to understand the projects' impact and lessons due to its unique venture philanthropy approach and how Lenovo provided diverse corporate resources and training to build grass-roots NGO capacity. BSR evaluated the project after the first five-year phase had been completed by reviewing documents, interviewing six Lenovo staff, four key partners, and nine of the NGO beneficiaries.

Defining Venture Philanthropy

Venture philanthropy: A strategic, focused approach to philanthropy by which funders provide substantive financial and in-kind support to help grantee organizations scale their work and achieve operational sustainability. In contrast to typical corporate and foundation funders, funders that take a venture philanthropy approach usually work with grantees for a longer-period of time and play a more active role in shaping the future direction of grantee organizations. Venture philanthropy grants/investments are intended to provide organizations with the capital and support needed to significantly ramp up and scale their work over time.

To complement the evaluation, BSR reviewed best practices of venture philanthropy programs internationally and identified five key components of a successful corporate-led venture philanthropy program and examples:

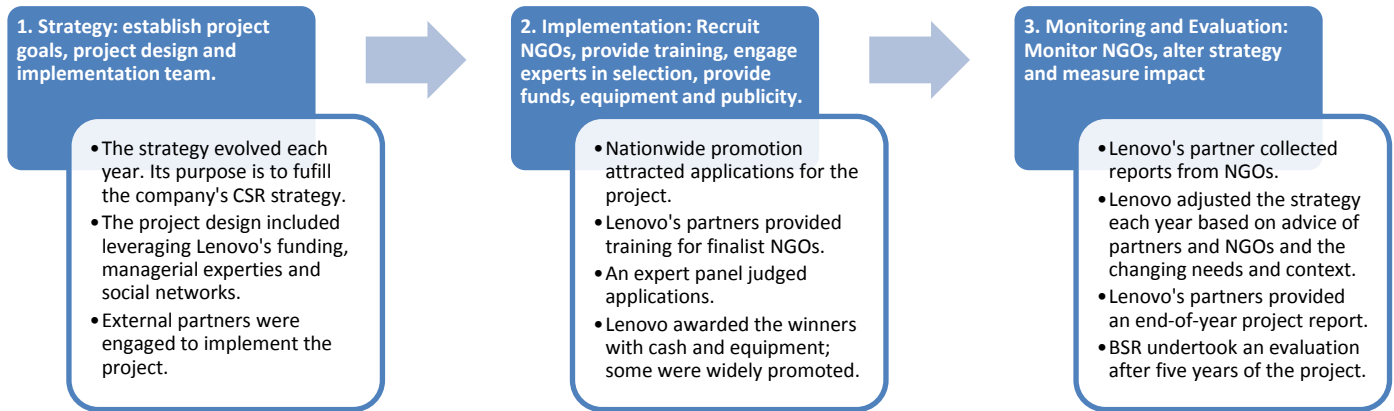
- » Clear focus: All of Nike Foundation’s philanthropic giving is focused on helping adolescent girls escape the cycle of poverty in developing countries.
- » Measuring impact: Intel distinguishes its giving with a strong focus on impact measurement.
- » Employee engagement: Goldman Sachs employees are involved as mentors, members of beneficiary selection committees, and lecturers at entrepreneurship trainings.
- » Leveraging in-kind support: HP effectively applies its products and technology to solve global challenges.
- » Capacity building: Omidyar Network is a philanthropic investment firm that uses a hands-on venture philanthropy approach to scale innovation and catalyze large-scale social change.

PARTNERSHIP ROLES AND RESOURCES

Project Partner	Roles	Resources
Lenovo	Project founder and funder. Establish project goals, hire third party agency to implement the project, and provide funding and in-kind support to NGO grantees.	<ul style="list-style-type: none"> » Funding » Marketing expertise » Technology products and expertise » Diverse partners to engage for the project » Overall project management
CCiA/NPI	Project executor. A third-party charged with implementing the project, coordinating with stakeholders and supervising the use of funds.	<ul style="list-style-type: none"> » Community projects and project management expertise » Broad stakeholder network
BlueFocus	Public relations. Responsible for the marketing and promotion of the project.	<ul style="list-style-type: none"> » Marketing and promotional expertise » Media contacts
Judges/ Experts	Judge applications. Individuals invited by Lenovo or CCiA/NPI whose role is to select the best applicants to receive funding.	<ul style="list-style-type: none"> » Development and issue-specific expertise
NGOs	Beneficiaries/participants. NGOs apply to join the project by submitting proposals, attending activities and implementing projects with funding and other resources. <ul style="list-style-type: none"> • Finalists: Top 40 NGOs selected from applicants. Invited to join training. • Winners: Top 10 NGOs selected from applicants. Invited to join training and awarded funding/resources. 	<ul style="list-style-type: none"> » Organizations (consisting of e.g. staff, expertise, networks, technology, credibility) to implement programs with social or environmental impact

IMPLEMENTATION PROCESS

Each year of the project consisted of three main phases, summarized as follows.



Following 19 interviews and reviews of project documents, BSR's evaluation identified the strengths and weaknesses of each stage:

1. Strategy

Project Goals

The project had a clear objective and a clear target audience: Support Chinese NGOs, however there was not a clear definition of venture philanthropy or specific goals and indicators that the project could be measured against to define success or impact—either for Lenovo, for the NGOs, or for society. This affected BSR's evaluation, which could only focus on understanding what worked or had an impact and could not measure success.

Project Design

Lenovo sought to use its funding, technology, marketing and publicity expertise to help the NGOs. A core part of the project design, leveraging Lenovo's business assets, Lenovo needs to be clearer about the purpose of the project and the appropriate use of marketing. The project design did not incorporate any monitoring or measuring of social impact, or consider the sustainability of the NGO winners.

2. Implementation

Implementation Team

Lenovo had a strong commitment as evidenced by the project team's deep involvement and efforts to leverage internal resources. Lacking a clear understanding of social issues, Lenovo brought in implementation partners, CCiA and NPI to provide support. Frequent changes in the personnel of the project team affected project continuity.

NGO Recruitment

Successful promotional campaigns generated large numbers of applications and internet voting engaged the public well. Lenovo could better explain the venture philanthropy concept and its need and try to ensure credibility with internet voting in preliminary voting that took place in some years.

Training

Training was provided for all finalist NGOs covering operations, financial management and strategic planning with best practice sharing and practical exercises. The trainings were well designed, delivered by qualified experts and well received, although it was challenging to provide NGOs with specific training due to their wide variety of needs.

Selection Process

Lenovo engaged various experts as the selection panel to provide comments and vote for the best participants. This worked well although NGOs would like more in-depth and more useful feedback from the panel.

Provide Funds and Equipment

Lenovo gave the winners funding and also equipment such as laptops, specially designed computers and exchange servers to improve the NGOs' efficiency.

Publicity

Lenovo partnered with a PR agency, BlueFocus, on publicising the program and profiling the winning NGOs. The nationwide publicity included digital media and used short videos of some of the winners commissioned by well-known directors. This helped raise awareness of the NGOs, inspire others to learn from those role models as well as bringing PR benefits to Lenovo.

3. Monitoring and Evaluation

Monitoring

There was poor reporting requirements back to Lenovo from the winning NGOs and Lenovo had limited communication with the winning NGOs after providing training and funding. So Lenovo missed an opportunity to build relationships with the NGOs.

Impact Assessment

Lenovo did not systematically evaluate the impact of the grants they gave the NGOs, or the impact on the NGOs' capacity from the training and technology donations. In recognizing the need to assess the impact of the VP program, Lenovo approached BSR to evaluate the project after five years. The evaluation provided recommendations for improvement prioritized by urgency and impact, along with questions for consideration as Lenovo developed their next five-year strategy.

PROJECT RESULTS AND LEARNINGS

Lenovo provided RMB 8 million as well as laptops and servers to 63 NGOs helping them implement their programs. Over five years Lenovo had more than 50,000 applications from NGOs and individuals. More than 100 NGOs received training and several were selected for a major publicity campaign.

BSR's evaluation of the project graded each element of the project process, to identify the strengths and weaknesses of the project.

- Overall the project was well received by the NGOs, who otherwise lack a source of unrestricted funding. However, a lack of reporting on impact coupled with the large-scale publicity campaign led to some questioning the project's motives as being driven by PR or by social impact.
- Lenovo needs to pay more attention to monitoring the projects, evaluating impact, and building NGO capacity in a meaningful, measurable and relevant way. As a venture philanthropy project, building NGO capacity—beyond the impact the NGOs themselves have—should be at the core of the project.
- Lenovo should consider how to narrow the project's focus in order to identify NGOs with similar needs, tackling similar issues or at similar stages of development which can then more effectively be supported as a group.

LESSONS LEARNED FROM THE PROJECT

Following BSR's evaluation, BSR identified the following key lessons:

1. **Use goal setting to drive alignment throughout a project and across partners:** When developing long-term and short-term goals for a venture philanthropy project, develop specific goals that identify the intended impact on the NGOs' capacity as well as to broader society and to the company. Develop sub-goals for each phase of the project which are closely aligned throughout. For example, overall project goals should feed through to the questions on the application form which feed through to the monitoring and the reporting.
2. **Identify NGOs' specific needs and adapt accordingly to meet them:** Clearly identify NGOs' needs and then evaluate project success according to whether it helped meet those needs. For example, application forms can be used not only to identify the most appropriate NGOs to support but also to identify NGO needs which can be addressed in training, selection of technology to donate and so on. Adapt to changing and different needs through differentiated training or in-kind donations to be relevant.
3. **Coordinate partners and stakeholders with care to be efficient:** With a wide range of partners involved in the project, it is important to clarify roles and responsibilities and manage team members effectively. Partners must ensure effective and efficient management of finances, external stakeholders, and communication along with monitoring of progress. Doing so, and sharing information effectively between partners, can improve the project and share learnings.
4. **Provide opportunities for beneficiaries to enhance their network:** Application-based projects provide opportunities for NGOs to communicate with the experts involved during the selection process and projects with training for NGOs provide opportunities for them to network amongst each other and provide support to one another. These should be an important focus of projects, particularly venture philanthropy projects that aim to build NGO capacity.
5. **Develop useful and timely reporting mechanisms for continuous learning:** Design a monitoring approach that not only monitors progress and finances but also helps NGOs identify their challenges and solutions. Simple reporting

during the project encourages NGOs to reflect on successes, challenges and solutions, and gives them the chance to get support from donors. These are all particularly useful for building capacity long-term. It also enables a culture of learning and provides material for future publicity.

6. **Use corporate resources to meet specific needs:** Lenovo has unique competencies amongst its staff and in its technology, yet these were under-utilized. Some volunteers were deployed and standard technology packages were provided but better needs identification and internal alignment could go further. The use of marketing resources to promote the NGOs rather than just the company is a good start, though better would be to develop specific campaigns that help the NGO with its programs: so not raising awareness of the NGO, but of an issue and encouraging the public to take action accordingly.
7. **Deploy additional resources and strategies to build NGO capacity:** There was limited ongoing training or support following the initial training. Yet NGOs could benefit from further training, opportunities to share problems and solutions amongst the other NGOs, and receive other resources such as mentors or consulting. This should be an important focus of venture philanthropy projects.

LESSONS FOR THIRD PARTY EVALUATORS

Third party evaluations play an important role in evaluating and improving a project by presenting an impartial assessment of a project and identifying areas for improvement. They are not a replacement for ongoing monitoring and evaluation by project owners but can be supplementary. In BSR's experience, evaluators must:

Clearly understand the project – Clearly understand the project's purpose, and the sometimes conflicting needs of the different stakeholders involved, and learn from best practices for reference.

Understand different stakeholders' opinions – Clearly define and interview as many different stakeholders as possible to get comments and insights from different perspectives. This will help put opinions into context and perspective however differences should be encouraged and valued if fair.

Carefully analyze the project in stages – The project may need to be examined and analyzed in stages which are different to those it was originally designed in. Each stage should be discreet and can then be analyzed to identify its intended contribution to the overall project, whether it fulfilled that intended contribution or not, and why. This allows for discreet, evidence-based and specific recommendations for improvement.

Be neutral during the evaluation process – Often comments and ideas of stakeholders are not consistent The evaluator needs to be neutral and not judge who or what is right or wrong, but understand the implications of any information for the success of the project according to its goals.

Seek to understand different perspectives within an organization – Evaluators need to seek a broad variety of perspectives even from the same organization and should thus engage management level staff as well as implementation level staff in order to have a complete and fair picture.

Stakeholder engagement skills – Evaluators should understand where a stakeholder is coming from in order to understand their opinions and ask the right questions to obtain the necessary insight. It is important to be able to ask the right questions, listen carefully and dig appropriately.