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Philanthropy & Social Innovation

ASPEN PHILANTHROPY GROUP SERIES:
ADVANCING EVALUATION PRACTICES IN PHILANTHROPY

A FOCUS ON CORPORATE PHILANTHROPY

*How Intel integrates social impact into its philanthropic
programs and core business strategies*

By Shelly Esque, Wendy Hawkins and Renee Wittemyer

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The Aspen Institute is an educational and policy studies organization based in Washington, DC. Its mission is to foster leadership based on enduring values and to provide a nonpartisan venue for dealing with critical issues. The Institute has campuses in Aspen, Colorado, and on the Wye River on Maryland's Eastern Shore. It also maintains offices in New York City and has an international network of partners. *www.aspeninstitute.org*.

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Through convenings, leadership development initiatives, communications, and strategic partnerships, this program seeks to maximize the impact of social-sector leaders in contributing to the good society at home and abroad. It hosts the **Aspen Philanthropy Group**, an agenda-setting body of foundation leaders at the cutting edge of change, and it spurs dialogue among leaders from the private, public, and social sectors in working groups on specific issues of concern. Among the program's current working group series is the Nonprofit Public Information Project, an effort to ensure high-quality and accessible statistical data on social sector activity. Leadership development initiatives include the American Express Foundation-Aspen Institute Fellowship for Emerging Nonprofit Leaders, the Aspen Philanthropy Seminar, and the Seminar for Mid-America Foundation CEOs. The program's policy work includes the Impact Economy Initiative, which seeks to create an enabling environment for investments and enterprises that generate both financial profit and positive social or environmental returns. To extend the reach of its networking and share the knowledge generated by its convenings, the program hosts philanthropy conferences on specific issues, including its biennial Aspen Children's Forum, which uses a deliberative process to build and broaden a consensus among philanthropists on ways to advance the health and well-being of children.

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How Intel integrates social impact into its philanthropic programs and core business strategies

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Society's expectations of business are fundamentally changing. Now more than ever, the public demands corporations take on increased responsibility for their social and environmental impacts. And many people would like to see corporations provide leadership to address key social challenges. In response, some companies, including Intel, are exploring new and innovative ways of integrating social leadership into core business strategies and operations. For Intel, such initiatives include narrowing the digital divide; improving performance in science, technology, engineering and math (STEM) education; and equipping teachers with critical skills they need to support twenty-first century learning.

Intel established the Intel Foundation in 1988 to improve the educational opportunities and quality of life for communities worldwide. Over the years, the Intel Foundation has helped fuel innovation in classrooms, empowered women and underserved youth, and enabled Intel employees to serve the needs of their communities. By developing programs and providing funding for national and localized grants, the Intel Foundation, in collaboration with Intel, strives to advance math and science education while helping to build a workforce that represents the diversity around the world.

The role of corporate foundations has undergone a fundamental shift in recent years—the traditional view of a corporate foundation being a separate entity from the business and acting “strictly as a charity” has evolved into the new view of a corporate foundation as an organization integrated within the larger context of business goals to create “shared value” (encompassing both business and social value). This article discusses how Intel and the Intel Foundation align social and business goals in their approach to their mission and programs, and how they measure and evaluate the impact of such initiatives. The article also details the evolution of the foundation and how it has worked in relation to the business, the development of the foundation's measurement and evaluation processes, and some lessons learned in the process. The article makes the case that corporate foundations and corporate giving efforts must adapt continually to changing

business environments. Consequently, businesses must target their investments to be catalytic for both social and business impact. It is at this intersection—of maximum social and business impact—where businesses can achieve the broad-based transformative change that harnesses the power of the private sector.

THE CONTEXT

In the early years after its establishment in 1988, the Intel Foundation's focus was on higher education, specifically U.S.-based initiatives supporting technical education for women and promoting public understanding of technology. In the late 1990s, the Foundation broadened its reach through its support of the Intel Science Talent Search and the Intel International Science and Engineering Fair (the world's largest international pre-college science competition)—both of which are programs of the Society for Science & the Public—and by launching K-12 programs in schools. Between 1999 and 2003, Intel launched a number of global programs focused on innovations in education, such as Intel® Teach, Intel® Learn and the Intel Computer Clubhouse network. Following that, between 2004 and 2008, global program expansion accelerated rapidly. Over the past 10 years the Foundation has grown its grant-making 50 percent and, during that time, shifted its giving priorities from allocating approximately 5 percent for international programs to nearly 30 percent, a six-fold increase. Currently, the Foundation has initiatives and partnerships in approximately 70 countries. At present, the Foundation is in the “deepening impact” phase of its growth with programs targeting specific populations such as girls/women and youth. Intel also is shifting some of its programs out of the Foundation to be funded by the corporation, and it is developing frameworks to measure program performance and social impact.

ENSURING SOCIAL IMPACT AND BUSINESS ALIGNMENT

During the past several years, the Intel Foundation has been thinking about how best to integrate philanthropy into the corporation's goals and objectives while maintaining the Foundation's philanthropic mandate and complying with legal guidelines on self-dealing. Intel formalized a process for cross-corporate collaboration to inform and advise the Foundation on pushing for bold ideas, aligning with the vision of the corporation and casting a wide idea-generating net. The Intel Foundation, in collaboration with Intel Corporate Affairs, strives to follow an “investment portfolio” that consists of three categories of investment—Responsive, Strategic and Catalytic.

Each of these categories builds on the other in terms of aligning resources in the business, identifying short- and long-term goals and addressing different stakeholder needs. Responsive philanthropy focuses on addressing immediate and short-term needs of communities in Intel's “backyard,” responding to crises and encouraging employee giving and volunteerism through matching gifts. For example, in May 2008, when China's Sichuan Province was rocked by one of the worst earthquakes in China's history, the Foundation immediately responded with a commitment of \$5 million for restoration of schools destroyed in the

earthquake. Employees and communities around Intel's Chengdu site joined in the effort, which was further supported with grants matching Intel employees' donations and volunteer hours. Similar responsive philanthropy has been triggered by floods in Oregon, landslides in Pakistan, and mudslides in Indonesia.

Strategic philanthropy includes investments that directly align with the company's business interests, such as investing in science, technology, engineering and math (STEM) fields that nurture a skilled workforce and educated consumer, both of which are essential for Intel's business. Another example of such a strategic philanthropic investment is the Intel Teach program, which was created to address the professional development needs of teachers regarding technology and teaching. More than 10 million teachers in 70 countries worldwide have been trained in integrating technologies into their lessons and promoting twenty-first century learning skills for students.

As the Foundation focuses on deepening the impact of its programs, its leadership continues to strategize about how the Foundation's investments can become catalysts for social and business innovation. For example, Intel recently expanded a girls' and women's initiative building on the work the Foundation has been doing in education during the past decade. By building on Intel's existing philanthropic programs, the Foundation has deepened its engagement and strategically made new investments to build the portfolio of work in this space. The Foundation's goal is to lead and catalyze action to educate and empower girls and women using technologies around the globe. Through access to technology, scholarships and community learning programs, Intel provides girls and women with opportunities for quality education, new job skills and personal growth. Intel's global partnerships and programs emphasize technology and digital literacy to accelerate change—improving lives, enabling innovation and transforming economies.

LEVERAGING RESEARCH TO IMPROVE ASSESSMENT

Research is a key component of Intel's girls and women's initiative. Intel conducted an assessment of the Intel Learn digital literacy program, which operates in 16 countries, to understand its impact on girls. The Foundation also developed new strategic partnerships and initiatives to support the overarching goals of educating and empowering girls and women using the power of technologies.

Additionally, Intel identified a research gap in data specifically on women in developing countries and their access to the Internet. To better understand the gap and its implications, Intel commissioned a study, in consultation with the U.S. State Department and United Nations Women. The study found that, on average, across the developing world, nearly 25 percent fewer women than men have access to the Internet, and that the gender gap soars to nearly 45 percent in regions such as sub-Saharan Africa. The research issued a call to action to double the number of women and girls online in developing countries from 600 million today to 1.2 billion in three years. This goal, if realized, would have a number of social benefits—empowering women and connecting them—and it also could contribute an estimated \$13 billion to \$18 billion (in U.S. dollars) to annual gross domestic product (GDP) across 144 developing countries.

Achieving the goal also could open up a market opportunity of \$50 to \$70 billion in new sales of platforms and data plans. From a business perspective this research helps Intel to understand new markets, and the needs, constraints and enablers of different populations, segments and demographics. Such knowledge can help Intel to find ways to create shared value by developing business strategy that can enable and deliver tangible social benefits. Intel's goal is to use the call to action to catalyze broad efforts bringing together civil society, the private sector and governments to take leadership, which will enable each of these groups to leverage their respective strengths and take on different pieces of the study recommendations.

ALIGNING GOALS AND MEASURING SUCCESS

In theory, aligning philanthropic goals with core business strategies can create greater business and social value for both the Intel Foundation and Intel. In practice, however, there are a number of challenges in aligning philanthropic and business goals, while maintaining the delicate balance between the legal mandates of the Foundation and Intel's business goals. Often it is difficult to reconcile and program for the goals of the business and financial return timelines and imperatives while taking a long-term strategic approach to catalyzing social change.

Indeed, evaluating programmatic impact and return on investment remain ongoing challenges for most corporate foundations and giving programs, but measuring the value of corporate philanthropy's impact is critical to creating and driving a strategy that can speak to both business and social goals. It is essential for corporations to be able to link the social impact of their philanthropic programs to business success. Inextricably linked to this measurement challenge is the need for a clear strategy on communications and knowledge-sharing both within the business and with the public.

THE EVOLUTION OF IMPACT MEASUREMENT IN A CORPORATE FOUNDATION

During the past few years, the Intel Foundation has increased its focus on an integrated and connected approach to measuring the impact of its social programs and how the programs connect to the business. The Foundation has had, and continues to have, rigorous detailed third-party evaluations for key programs, and the Foundation collects individual stories to demonstrate program impact. The Foundation has robust data to evaluate particular programs and communicate the social impact in targeted ways. To further these efforts, the Foundation determined that it needed to build on that base to create a systematic and connected process across the organization—to identify risk, systematically measure the impact across all Foundation programs and to share the impact and lessons learned from the implementation and development of programs that could inform strategy or planning.

A “tiger team” of people across Intel (representing Research, Finance, Human Resources, the Foundation, and Corporate Affairs) was formed to focus on developing and institutionalizing a framework for measuring impact. The team’s goal was to take an integrated approach to understanding social and business impact with three interconnected efforts.

The team focused on developing a clear social impact framework and methodology for the Foundation and the Corporate Affairs group to use as they developed and implemented social programs. The team also reviewed the existing impact frameworks in the field and adapted key components for Intel’s specific needs. The team conducted pilot projects to develop and test the social impact framework on programs such as Intel’s adult digital literacy program aimed at women, as well as on the scholarship programs. The team then refined and modified the framework based on these initial pilots.

Concurrently, the group focused on “creating shared value,” which is a concept that was first introduced in the *Harvard Business Review* article “Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility” (December 2006). The team wanted to understand how to use the concept in the institutional context of Intel in order to deepen linkages between business strategies and corporate social responsibility. The team focused their efforts specifically on how the concept applies to the education transformation programs that Intel leads from both the Foundation and business sides. The team also is in the process of looking at Intel’s health business to conduct a pilot to measure the business and social value. Through this process, the group will institute a simplified process to measure, document and share impact consistently. The team is tracking the progress of its initiatives to learn from the results and adapt programs as needed.

Additionally, a business value framework and tools were created to help Intel’s business units to create long-term shareholder value by managing risks and embracing opportunities arising from global economic, environmental and social trends. This included an “integrated value framework,” which is a high-level structure that articulates environmental, social and governance (ESG) business value for Intel. The integrated value framework includes four key components:

1. Risk Management: License to operate and governance (e.g., regulatory risk, community engagement, supply chain responsibility)
2. Operations: Cost savings and continuous improvement (e.g., operational efficiency, management quality, employee engagement)
3. Brand: Reputation and goodwill (e.g., differentiation, trusted partner, goodwill)
4. Revenue: Growth and innovation (e.g., market expansion, product innovation, new customer needs)

A number of factors, including the increase in “socially responsible investors,” the integration of ESG into financial analysis, and the changing expectations among consumers and the public, necessitated a more

systematic approach to Intel's internal analyses and tools for decision-making involving the business. To meet this need, the framework also includes internal financial tools to improve decision-making by integrating the full-range of ESG variables in a systematic way.

With the organization's integrated approach to measurement, Intel now has a simplified process to measure, document and share impact consistently. The company can track the progress of its initiatives, and it can deepen its investments in the right places and communicate the long-term impacts of programs with key stakeholders. One example is Intel's evaluation of the Undergraduate Research Opportunity (URO) initiative developed and managed in partnership with the Semiconductor Research Corporation (SRC). It is well-understood that as many as 50 percent of all undergraduates enrolling as freshmen in engineering, computer science, and related degree programs will drop out or change majors before their junior year. The percentage of those who, on average, continue to graduate school for a masters or PhD is far smaller. Intel had seen evidence that giving these students—especially women and other underrepresented populations—the opportunity to conduct undergraduate research greatly increased rates of retention and graduation in their field. The addition of supportive classes and discussion groups focused on explaining the why and how of graduate school also made a tremendous difference. Partnering with 14 universities and the SRC, Intel provided stipends that allowed 600 students to participate in undergraduate research. The jointly conducted evaluation showed that more than 97 percent of participating students completed an undergraduate degree in a technical major, and nearly half continued on to graduate school—overwhelming evidence of real impact and success. By virtue of having conducted the research and with these data in hand, the SRC already has recruited a second funding partner, allowing the program to increase significantly the number of university partners and student researchers.

With this initial framework in place, the company continues to improve and adapt the tools to meet the organization's needs.

WHAT WE'VE LEARNED

As Intel and the Intel Foundation have refined their approach to measurement and evaluation, both have learned several lessons that have broader relevance to the corporate philanthropy community.

- **TAKE AN INTEGRATED APPROACH:** Rigorous in-depth assessments are suited for ongoing program development and strategies. An organization can learn much, however, by looking across the organization at the needs and constraints that define how programs operate. Such knowledge can help an organization to develop a robust and integrated approach to measurement and evaluation. For Intel this entailed incorporating a host of business and foundation needs in a three-pronged approach, with connected frameworks and tools focused on social impact measurement, business value and on the newer concept of creating shared value.

- **KEEP IT SIMPLE:** Given the diversity of demands and needs of the different stakeholders within Intel—from the Foundation to marketing, public relations and the business—the team needed to keep its approach to measurement and evaluation simple. Simplicity is the key to getting broad-based stakeholder buy-in and actual adoption of frameworks. Simplicity also is critical for technological, business and social innovations to flourish.
- **INTEGRATE COMMUNICATIONS INTO THE APPROACH:** The Intel team explicitly included a communications plan as a key component in its social impact measurement framework by focusing on the specific outputs that could be reported. This entails being able to capture metrics and indicators that can be communicated in a simple and coherent way for general consumption. In addition to informing program development, this reporting aspect can be relevant to and effective in connecting with a public relations and marketing strategy as well as to its corporate social responsibility reporting.

Intel plans to continue its efforts to integrate its strategic vision and systematic framework into practice to ensure alignment of its social and business goals. Continuous refinement and innovation fuel Intel in supporting the company’s strategic vision to use technologies to “connect and enrich the lives of every person on earth.” Intel believes the achievement of this vision ultimately will lead to transformative social and business impact.

