

## foreword: innovative business strategies

In these pages, you will find examples of how businesses, including some of America's leading corporations, are investing in community economic development as an innovative strategy for meeting business challenges and achieving competitive advantage. Corporate executives are building win-win relationships with residents of low-income communities and discovering they are bound together in the quest for wealth creation and sustained prosperity.

There was a time when America's corporate leaders viewed low-income communities and the people who live in them primarily as beneficiaries of philanthropy. Indeed, the United States has a history and practice of corporate philanthropy unrivaled in the world. What follows, however, illustrates the move among businesses to go beyond corporate giving, and to invest in opportunities emerging in overlooked markets.

Distressed rural areas and hardscrabble inner cities are transforming themselves into some of America's most competitive places to do business. Many companies are already reaping the benefits of investing in low-income communities and their residents in order to expand their customer base, stabilize their workforce, locate top suppliers, invest corporate assets, and build good community relations.

To engage in these new business approaches, companies are forming strategic alliances with organizations such as community developers, community development financial institutions, employer organizations, trade associations, high schools and community colleges. These organizations function as intermediaries, linking a company to resources needed to get the job done.

A report prepared for the Second White House Business and Entrepreneurial Roundtable stated that intermediaries can reduce the up-front costs that firms would otherwise bear in learning the dynamics of a new market or workforce. "An effective intermediary organization provides valuable local knowledge for reaching new markets, builds trust as companies work with established community institutions, and offers broader community credibility."

Recognizing these business trends, in 1996 the Ford Foundation launched the Corporate Involvement Initiative, which aims to increase business investment in America's low-income communities by working with companies in doing what they do best: creating income and wealth. To that end, we are supporting a network of business and community economic development intermediaries. These organizations serve many functions: They conduct state-of-the-art research, act as information clearinghouses, provide strategic advice to business leaders and make deals. A list of these organizations with contact information appears at the back of this document.



This piece presents outstanding corporate models for developing untapped markets, meeting human resource challenges, making real estate decisions and enhancing other corporate assets, branding and corporate citizenship, and purchasing and procurement. The companies and cases included here represent only a handful of the many innovative examples of corporate involvement that exist today throughout the country.

The engagement of these businesses with underserved communities is not charitable; their investments are intended to boost the commercial outcomes of companies while enhancing economic opportunity for communities. In a recent *Harvard Business Review* article Professor Rosabeth Moss Kanter states that a number of companies "are moving beyond corporate social responsibility to corporate social innovation." They view community needs as opportunities to develop ideas and demonstrate business solutions, to find and serve new markets, and to solve long-standing business problems. These businesses are, according to Kanter, at "the vanguard of the new paradigm."

The corporate models in this brochure illustrate this "new paradigm," demonstrating that business investment in communities through alliances with a broad set of stakeholders can result in a healthier economy and positive business outcomes.

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