

## How Can Small Businesses Benefit From Philanthropy

One misconception about philanthropy is that you have to be a big business to give and make a difference, but that doesn't have to be true. Businesses of all sizes can be philanthropic and help others with any type of donation or effort. As small businesses reach out into their community, they can also benefit greatly. If you're a small business owner, here are several ways your business can benefit from philanthropy.

### **Demonstrates Company Values and Mission Alignment**

When people or businesses decide to give, they usually donate to a cause that has meaning to them. This gives people an insight into your company's values and mission. When they see what causes you're helping, they begin to get a better idea of what your company stands for. This is important if you run a small business that people may not be familiar with.

When your philanthropic goals align with your mission, there is no doubt what you stand for. This not only provides consistency but also sends a clear message about your business. Many people tend to patronize businesses that help others, especially when they see that those causes are ones they also find important. This mutual interest is something that can build a long-lasting relationship.

### **Has a Positive Effect on Your Employees**

People like to work for companies that do good. When your employees see that you are giving back, they have a more favorable impression of the business. They're more likely to stay with the company longer, which lowers the chance of employee turnover and having to train new employees.

Philanthropy also gives employees opportunities to volunteer together. When this happens, bonds are formed, which can translate to a better working environment. Any type of team-building activities outside the workplace allows the opportunity for everyone to benefit.

### **Allows You to Make Local Connections**

Supporting local organizations allows you to see what's going on in your backyard. It gives your business exposure in the neighborhood. It is a mutually beneficial relationship – the organization is getting some much-needed help while your business is getting noticed by those around it. This can translate into acquiring new customers or clients, which can help you to give more in the future. It's a relationship that continues to give back.

### **Builds Partnerships**

As you explore organizations that can use your help, you may encounter other businesses that are doing the same. You may find that building a partnership will help the organization more and also benefit both of your businesses. These partnerships may have never been formed if it wasn't for the shared philanthropic interest.

### **Positive Publicity**

When your business donates to an organization, there's a good chance that positive publicity will likely follow. Whether it's on social media or in your local newspaper, people in the community will see the good that your business has done. This will put your business in a favorable light. When people need a service,

they may be more likely to support your business over the competition because they recognize it from the publicity and remember the good that you did.

People will also see that they are helping organizations in need by supporting your business. They'll know that they're doing their part because part of the proceeds is helping those in need.

### **Tax Advantages**

Charitable donations may be eligible for tax write-offs (certain rules apply). You should consult with your tax advisor or CPA to identify what types of donations you may be able to deduct.

When your small business decides to give back, there are benefits for everyone involved. You may be surprised at what can result from even the smallest donation. It's important to remember that every little bit counts.

Stifel does not provide legal or tax advice. You should consult with your legal and tax advisors regarding your particular situation.