

# Companies Burnish Reputations by Aligning Giving With Business

By Ben Gose

In December, JPMorgan Chase announced a \$250-million work-force-readiness commitment to help provide workers with skills that employers need. In May, the bank committed \$100-million to help revitalize Detroit. And later that month, it committed \$30-million for a new "lab" that will test innovations designed to help low-income people save and build credit.

Plenty of large companies are retooling their giving programs to bring them more in line with their business interests, but JPMorgan Chase, with its dizzying six months of grant making, is unusual in doing it seemingly overnight.

A fourth major commitment, related to small businesses, is expected later this month.

"We've shifted our philanthropy dramatically at JPMorgan, from broad-based giving to a program that is very much focused on economic growth," says Bruce McNamer, chief executive of the JPMorgan Chase Foundation.

The rollout of several new programs follows the company's \$13-billion settlement with the Justice Department last November in which the company admitted making "serious misrepresentations" to investors in mortgage-backed securities.

The philanthropic spending spree raises a recurring ethical issue in corporate philanthropy: Can a company make up for a bad deed by giving funds to help some of the very people it may have hurt?

"It's important to consider the time period," says Margaret Coady, executive director of CECP, a coalition of CEOs that encourage corporate philanthropy. (JPMorgan's Jamie Dimon is a member.) "If simultaneously a company appears to be actively engaging in practices that don't support community success, while at the same time making grants to appear more authentic, that's a problem. If instead a company has reflected on issues that have been important to its employees, the government, and its critics and is now on a path to improvement, that's exciting."

Mr. McNamer says the philanthropic overhaul to focus on economic growth may benefit JPMorgan, but it will also help society far more than, say, a vanity gift to a CEO's pet project or a gift to the symphony that is primarily about impressing high-end clients. "If we're helping people start businesses in low-income communities and they get to where they become bankable, that's serious development," says Mr. McNamer, who formerly ran TechnoServe, a nonprofit that promotes business solutions to poverty. "The highest praise you could give is that ultimately what we're doing is good for the bank as well as society."

The \$30-million commitment for a Financial Solutions Lab may be the smallest of what Mr. McNamer calls the foundation's "anchor investments," but it holds perhaps the greatest promise for affecting large numbers of people.

The grant went to the Center for Financial Services Innovation, which is best known for pushing the concept of "financial capability"—the idea that more innovation is needed to get low-income people to take actions that improve their savings and credit scores.

For instance, one program previously supported by the center is Piggymojo, a website that allows users to set a financial goal and then text "impulse saves" (such as forgoing a \$4 cup of coffee) to the site. That message is then relayed to the saver's spouse or partner.

"It's not telling people that it's really import to save," says Jennifer Tescher, the center's president. "This is a way of doing it that builds saving into the actual experience."

The \$30-million grant, the biggest ever to the center, will pay for a series of prize competitions for social entrepreneurs to identify new products and services. Ideo.org, which specializes in human-centered design, and Ideas42, which applies behavioral-economics concepts to combat social problems, will help design the competitions and work with the winners.

JPMorgan will also send volunteers in areas such as financial management, affordable housing, and product design to assist the lab.

Ms. Tescher says the bank's employees may learn as much as they share—and the experience could serve to help prevent the kind of problems that led to last year's \$13-billion settlement.

"My hope is that by those other parts of Chase being close to this work, they'll have an opportunity to learn from it," Ms. Tescher says. "That's certainly not the stated purpose of this grant, but if that were the outcome, it would be a win-win for everyone."