

EMBEDDED PHILANTHROPY PROFILE

From “Embedded Funders and Community Change: Profiles”
(Chapin Hall Working Paper, 2006)

PFIZER INC.

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www.pfizer.com/pfizer/subsites/philanthropy

SUMMARY

In 1984, Pfizer made a corporate decision to improve the quality of the neighborhood immediately surrounding its pharmaceutical manufacturing plant in the Williamsburg neighborhood of Brooklyn. Since then, it has worked on neighborhood education, safety, employment, and housing. Pfizer’s Brooklyn redevelopment initiative is not directed by the corporation’s philanthropy group. Instead, initiatives and components are overseen by the company’s global manufacturing division and the Brooklyn plant manager. Philanthropy staff view their participation as one element of a broader strategy, but the commitment is embedded throughout the company.

Pfizer’s philanthropic giving takes three forms. A corporate philanthropy office and the Pfizer Foundation provide financial support. (The foundation technically is private, but the company’s current and former chief executive officer (CEO) are board members and company personnel staff it pro bono. This setup enables the foundation to draw on the company’s tax, financial, legal, and technical staff and other resources.) Staff who are responsible for the foundation’s philanthropic activities, both in the United States and internationally, are located at Pfizer’s New York headquarters but often work collaboratively with staff at other offices or plants, such as the one in Brooklyn.

The foundation’s endowment is about \$350 million and its spending rate is 10 to 12 percent. Total cash giving by the company and foundation was about \$98 million in 2004, including an extensive employee matching gift program that amounted to \$31 million.

HOW AND WHY DID THE FOUNDATION EMBED ITSELF IN THIS PARTICULAR NEIGHBORHOOD?

Pfizer Inc. has operated in Williamsburg since its founding in 1849. Once a thriving neighborhood and one of New York’s most important manufacturing centers, Williamsburg experienced disinvestment and decay after its industrial base evaporated in the 1950s and 1960s. The “community” spans five Census tracts and is part of the so-called Broadway Triangle (Brooklyn Redevelopment Zone). About 13,000 people live in the 30-block area surrounding the



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plant. Approximately equal proportions of Hispanic and African-American residents compose almost 90 percent of the population. Forty-five percent of all families live in poverty.

In the early 1980s, Pfizer decided that it had to either leave the area or do something to make current and future employees feel safer. Pfizer’s CEO at the time made a strong case to the board that Pfizer should stay—out of enlightened self-interest, because it was the right thing to do for workers (many of whom were second- or third-generation Pfizer employees), and for the neighborhood’s general well-being.

WHAT BELIEFS AND THEORIES OF CHANGE INFORM THE FOUNDATION’S WORK?

Pfizer’s leaders believe that neighborhood problems are interdependent and therefore must be addressed comprehensively. They also are committed to staying the course over a long time period. Pfizer has been rooted in Williamsburg for more than 150 years and has engaged in community development for more than 20 years; philanthropy staff do not anticipate ending their initiatives (barring unforeseen changes in the pharmaceutical industry), although specific activities, objectives, and grantees change periodically.

Because of their long-term agenda, Pfizer’s philanthropy staff view their work in terms of phases. Early efforts need to stimulate a sense of urgency and produce some tangible results, but over time the momentum ebbs and flows as individuals come and go and political contexts change. “Sometimes you have to wait for the right person to come along to energize a particular aspect of the work, people who are ready to commit their heart and soul to this work. Sometimes it’s serendipity—an opportunity comes up and it mobilizes people,” a source explains. “A largely organic timetable like that is only possible when you expect to be there for the foreseeable future.”

Pfizer’s work in Brooklyn emphasizes partnership with community organizations, government agencies, and other companies. Pfizer also has a long history of encouraging personal philanthropy on the part of its employees, through matching gifts and support for volunteering, and the company donates medicine to low-income and uninsured patients through arrangements with clinics and hospitals.

WHAT STRATEGIES HAS THE FOUNDATION USED?

Pfizer’s initial approach was to identify the fundamentals of a healthy neighborhood and then work to establish them in Williamsburg. In 1984, the company’s philanthropy became more strategic. Pfizer co-sponsored a neighborhood assessment and, after much analysis and

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discussion of the results with public, private, and nonprofit players, they settled on a four-pronged focus: housing, education, jobs, and safety.

Within each strand of work, Pfizer finds partners who can help revitalize the neighborhood. For example:

- ❑ To address housing shortages, Pfizer collaborated with the NYC Housing Partnership and with the NY Equity Fund developed by Local Initiatives Support Corporation and the Enterprise Foundation. The city’s Public Development Corporation designated the Broadway Triangle as a pilot site for special assistance in housing, schools, job creation, and public safety. In 1991, construction began on more than 140 two-family, owner-occupied homes for low-to-moderate-income families and more than 400 renovated apartments. Some of the 44 acres of land within the development area came from Pfizer and some from the city. Fifteen separate government agencies reviewed and approved the project over a 3-year period. Although Pfizer has not developed any more housing, staff from the plant frequently attend meetings of tenants’ associations and make sure the housing is well maintained.
- ❑ In the employment arena, Pfizer reinvested almost \$100 million to modernize technology in its own facility. The changes enabled the plant to operate three shifts per day, which increased the number of jobs from about 600 to 1,200. Pfizer also recruited Arlington Press, a major supplier of pharmaceutical labels, to relocate to an industrial park next to Pfizer and invested \$1.8 million in renovations to meet Arlington’s needs.
- ❑ On the public safety front, Pfizer examined data on where crimes occurred and found that the local subway station was a problem area. Renovation of the station became the centerpiece of Pfizer’s neighborhood safety strategy. Company officials worked with the Metropolitan Transit Authority to develop a safety plan, spending \$120,000 to install closed-circuit video cameras that are monitored by the pharmaceutical plant’s own security team 24 hours a day; incidents are reported to the police. Pfizer also gave the police scooters to patrol the area, and the plant’s security staff (equipped with two-way radios) walk through the neighborhood continuously.
- ❑ Pfizer’s education work began in partnership with The Beginning with Children Foundation (BCF), an organization devoted to providing excellent education for low-income children and to changing the education reform landscape for charter schools. The partners created an innovative public elementary school in a former Pfizer administrative building directly across the street from the plant. It took 3 years to renovate the building (which Pfizer donated, along with a \$500,000 contribution to renovation costs) and secure agreements with the

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United Federation of Teachers and the Board of Education. The school opened in 1992; today, it serves 450 K-5 students selected by lottery from a long waiting list. The school is a model for education reform that influenced city and state policies for charter schools and earned awards, media attention, and philanthropic support from other companies and foundations. Pfizer continues to provide financial, technical, and volunteer support to the school.

- ❑ Plans are underway to convert Pfizer’s original building, which has been closed for 20 years, into a community education center with adult education, job training, and literacy classes; after-school programs; teacher training, including a science lab; and a mini-museum of Pfizer’s history in Williamsburg. Pfizer will contribute and renovate the space, and a partnering nonprofit organization will raise operating funds.

WHAT INTERNAL PRACTICES, STRUCTURES, AND POLICIES HAS THE FOUNDATION DEVELOPED TO SUPPORT THE WORK?

Pfizer created “cross-functional, cross-divisional virtual teams” whose members and resources can be mobilized in different configurations depending on the particular task at hand. Thus a variety of staff may be involved in a project, including the plant manager, community or government relations staff, corporate finance staff, and company lawyers.

Many of Pfizer’s contributions involve noncash resources (e.g., donated land and buildings, volunteer mentors for youth, and security monitors for the subway station) given directly rather than through an intermediary. A good example involves the playground created for the school in Brooklyn. Pfizer donated the land and made a \$100,000 gift to the nonprofit directing this \$1-million project; the nonprofit then leveraged \$300,000 in public funds. A Pfizer employee served as project manager, overseeing site preparation (which included reclamation of a brownfield) and managing the contractors.

Pfizer’s partner organizations underscore the relationship’s mutual benefits. For example, both partners’ names appear on the school created by Pfizer and The Beginning with Children Foundation, which gives BCF greater visibility when members of Congress and international dignitaries visit. School leaders, meanwhile, use Pfizer’s credibility and ongoing support to obtain other resources. When something malfunctions at the school, Pfizer plant personnel come to fix it; the former plant manager sits on the school’s board, and other Pfizer staff provide advice, ideas, and referrals to additional resources. Meanwhile, Pfizer’s Senior Director of U.S. Philanthropy sits on Beginning with Children’s board.

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Pfizer partners appreciate that the company makes a long-term commitment. “If you both believe in the other [partner] it’s a powerful thing,” says one. “The give and take you need to work together happens consistently with Pfizer.”

WHAT CHANGES IN THE COMMUNITY DOES THE FOUNDATION POINT TO AS SIGNIFICANT?

Although Pfizer’s corporate culture emphasizes outcome-based research and development, the company does not measure its community work against a specific goal. Some activities clearly have had a positive effect (e.g., more housing units, a new playground, a school with increasingly positive test scores, and lower neighborhood crime rates). Pfizer does not plan to evaluate its work in Brooklyn, however. One reason, staff suggest, is that the work is “just what the company does to be a good citizen”; another is that too many of the factors influencing neighborhood success lie beyond Pfizer’s control.

WHAT WERE THE BIGGEST CHALLENGES? HOW DID THE FOUNDATION CONFRONT THEM?

Staying out of the political fray. The struggle for land within the neighborhood is intense. Latino and Hasidic communities have both experienced strong housing pressures that sometimes pit them against each other. Conflict also exists about whether to use existing land for affordable housing or for business development that could bring in more jobs. Two community boards and a variety of local legislators and city council officials also define the political context. Pfizer aims to maintain an open dialogue with all parties and not get drawn into local conflicts. At this point, there appear to be few opportunities to balance the interests of all parties.

Attracting other businesses to the area. Pfizer’s initial plan included efforts to recruit other light industry to the area. Only one company was recruited, however. Pfizer continues trying to attract other companies in an effort to increase local employment.

Being patient. Much of Pfizer’s neighborhood work has taken years to develop and move forward, given the many (and sometimes competing) bureaucracies and organizational hurdles involved. The company’s long-term horizon makes this timeline possible, if wearing.

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INTERVIEWEES

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