

## Fighting AIDS: How an Edgy Ad Campaign Built a Brand and Brought in Bucks

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Listen up, companies. Survey says consumer expectations about corporate citizenship have reached an all-time high. That's the 2007 Cone Cause Evolution Survey, to be specific. It finds that 83% of Americans say companies have a responsibility to help support causes, and 87% would switch from one brand to another if the other brand is associated with a good cause.

In a landscape like this, many corporate givers are feeling the pressure to be the best at doing good. How to deal? Take a cue from M-A-C; the makeup mavens have managed to create and sustain a robust AIDS Fund that takes risks at every turn. onPhilanthropy sat down with Executive Director Nancy Mahon to figure out how she does it, so Viva Glam-ourously.

### **onPhilanthropy (OP): Tell me about your background and how your leadership experiences at Open Society Institute and God's Love We Deliver led to your decision to take on your newest role, at M-A-C.**

**Nancy Mahon (NM):** I am a lawyer by training. I was lucky enough to be part of the Root-Tilden-Kern Program, which is a scholarship program at NYU Law School for public interest lawyers. So I was lucky enough to leave law school with no debt! I was always interested in social change, but I became aware through two clerkships that there's a difference between street justice and courtroom justice and that a lot of the good work to be done is actually through advocacy - individual advocacy and issue-based advocacy. So after I clerked, I worked for about five years with prisoners living with AIDS. This was in the 1990s, when the big issues were around access to medication for prisoners, testing and diagnosis, and also medical parole; the length of time between diagnosis and death was fairly short. Medical parole ended up being passed by the New York State Legislature.

It was a very interesting experience for me, really knowing a number of prisoners who then sadly passed away and also co-workers who passed away. I was very interested in the patient care and patient advocacy piece of things. So I did what was the first study on high-risk behavior in American prisons, and that was published in the American Journal of Public Health. I then got invitations to give talks.

I was speaking in Florence and someone from George Soros' foundation was in the audience and he invited me to speak with the foundation's president. I was lucky enough to work there for six years. It was a really entrepreneurial, interesting funding mechanism, where we could get in quickly and use a flexible decision-making structure. Mr. Soros then and now has a very high risk tolerance; that's what he wanted to do - he wanted to go into areas where no one wanted to fund. That's what was enlightening about Mr. Soros; it wasn't just about the money. I focused on prison reform, decreasing the number of people in prisons, and also on domestic violence and gun control.

The opportunity around God's Love We Deliver stemmed from it being this seminal organization in New York City that was starting to flounder a little bit in its mission. It was an opportunity to make a great organization better. We needed to expand the mission beyond AIDS - difficult to do with an organization so deeply identified to a movement. But we did that, and doubled the number of clients and the budget. M-A-C was our largest corporate funder.

When my predecessor left, John Demsey, Chairman of the M-A-C AIDS Fund, invited me to join M-A-C. What's amazing and fun and creative about this is, like with Mr. Soros, we have a very flexible decision-making structure, a high risk tolerance, and a creative atmosphere. And a business atmosphere. At M-A-C we have this unbelievable 13 year tradition of grassroots grant making, and because the company has kept its 100% giving model, we now have between \$15 and \$18 million this year to give away. While that sounds like a whole lot, and is a whole lot, considering the scope of the problem and given some of our peer grant makers, we don't have all that much money. But what we are trying to do is build up our strength, this grassroots grant making - what I call the link between poverty and AIDS grant making, considering things like housing, food.

We're also looking to leverage our point of view as a donor with the point of view of the brand. M-A-C has always been very outrageous, outspoken, gender-bending; Ru Paul was the original M-A-C girl! The philosophy of the company is all races, all sexes, all ages. It's a very accepting crowd. Literally the first day I was there, at the international sales meeting, I got up and said I'm a lesbian mother of two and the whole place went crazy. I said I'm makeup-challenged, too! The more real you are, the better. The M-A-C AIDS Fund is unbelievably important to employees. It starts with the founding of the company, it's hands on. That it's meaningful to employees and customers is a defining piece of who the company is.

**OP: Talk more about M-A-C's multi-faceted giving approach.**

**NM:** We're trying to take our place at the philanthropy table in terms of our point of view, our grantmaking style, and our longevity. We're lucky in that I'm dealing with business people on my board, and they understand that business changes. It's a corporation that believes deeply in making the biggest difference it can make, and understands that in order to do that it needs to be agile. There was a very short point guard in basketball named Bugsy Malone. He was about 5'6", but was this amazingly agile guy, and he had this amazing outside shot. I always say that we need to take really good outside shots.

Our Caribbean initiative is an example of a really good outside shot; we see the issues, and move very quickly. So we give \$2 million and do all this press work, and now other foundations are having planning meetings. It's not that they weren't thinking about it before. But we have the guts, flexibility, and agility to do it. We get about 800 grant proposals unsolicited every year. But can we give between Board meetings? Yes. The grassroots stuff keeps you honest; the proactive stuff I think keeps you visionary.

I have a smart enough board to understand as businesspeople you need to fund the frontline services, but you also need to fund advocacy to get the government money freed up. In terms of the strands of funding, we're seeing a lot of the link between poverty and AIDS, and prevention; I think those are becoming our strongest themes moving forward.

The brilliance of John Demsey and James Gager, our creative director, is in using the spokes models...k.d. lang, Pam Anderson, people who are very real about their own experiences. The bottom line is that people listen to celebrities in a way they don't listen to the rest of us. There's a long tradition of it at MAC, and it's been very effective. The level of sophistication and messaging around philanthropy is increasing, and if you're not doing that you're falling behind.

**OP: Let's discuss the hallmark of your giving, Viva Glam lipstick. How do you know when the time is right to launch a new shade?**

**NM:** That's entirely the brand. They determine all of that, and I'm glad to take the money! I think there is a certain cadence to it; I think what is remarkable is that we have six Viva Glam lipsticks and two lipglasses, and they are consistently among our top-selling products. These are core products. The brilliance of M-A-C goes into the brilliance of Viva Glam. Every department participates in making Viva Glam, which I think is very important. The packaging department, color team, creative team...I mean, everybody. When Estee Lauder bought M-A-C, they kept that model intact, which is phenomenal. Our company underwrites the cost of producing and selling the lipstick, so we don't even take out the business costs. So you pay \$14, the Fund gets \$14.

**OP: What do you think of the cause marketing space in general, and of M-A-C's place in it?**

**NM:** I'm not quite sure we're part of the cause marketing space. I think part of why Viva Glam has worked is that it's part of the conscience of the company. It was voted on by the original employees, many of whom remain. M-A-C remains - even though it's a very large company - a family business, and this is important to the family. I think there's a lot of skepticism about the "portion of the net proceeds" giving model that we see a lot in cause marketing - there needs to be more transparency around the model. We're lucky enough to have that transparency and that clarity.

I think there's an increasing trend of associating celebrities to giving, and I think that works to the extent that the celebrities are genuinely attached to the issue. Again we've been very lucky in that the people that we've worked with have often come to us, and are also very committed to the issue.

Being the real deal is what makes it effective. M-A-C is the combination of being the real deal in terms of the commitment of employees and celebrities.

**OP: Cause marketing is certainly hot in this sector; what else do you see as buzz worthy in philanthropy?**

**NM:** There's a metrics movement going on and I'm quite skeptical about that, honestly. We believe in high-quality programs, but I feel for grants - particularly those under \$100,000 - it's not very reasonable to be asking people to do in-depth measurement. If you're funding social services, you have to understand that the vast majority of people who are really good at it are smaller shops. We want to see number of people served and other markers of the outcome, but we don't want to create outcomes that have no relevance to their business. That's where my fear is with where some of this outcomes talk is going that it's more about the funders and their bottom line than about the quality of the services. Some of these smaller shops don't have the capacity to collect a lot of data, or to analyze it. That said, we have funded the development of internal evaluation systems. We want to help people do what they do better, and develop an internal evaluation tool that's useful to them. I think also if you do really good site visits, it's important. You need to really go and experience what's going on.

**OP: Speaking of site visits, I know you just returned from the Caribbean. Tell me about MAC's new initiative there.**

**NM:** We just went to the Dominican Republic with President Clinton to visit sites. We partnered with the Clinton Foundation, and asked them, where is it [HIV/AIDS] in the world that no one else will fund? And they said the Caribbean. It's a place that we associate with great beaches and great vacations, but it's also a place of great poverty. The Caribbean has the highest HIV rate anyplace in the world besides sub-Saharan Africa, and yet no major foundations are investing in the Caribbean. The island that houses the Dominican Republic and Haiti has about 75% of the region's cases. There's not been very good testing, however, and we believe there are very high rates also in places like Jamaica and Trinidad.

We're funding the Clinton Foundation \$1.25 million; they have several sites in the Dominican Republic and we've asked them to expand to Jamaica and Trinidad. What we appreciate about the Clinton Foundation is that they didn't go in to re-invent the wheel. They went into pre-existing health clinics and added essentially an HIV doc and HIV meds. They're also wholesaling medications to the Caribbean islands through an agreement with the drug companies and the prime ministers of the various Caribbean islands. The day we were there, we visited a pediatric hospital for which we're funding treatment, and then the president went to meet with the prime ministers. So from a business perspective, what was appealing about this was that not only are they leveraging existing resources, they're also working with future funding sources to continue the effort.

We then invited a series of proposals around that effort. We funded one from Equality Forum, which does asylum. We also funded a group called the Pulitzer Center; it's a very cool grant. The economics of journalism is upsetting if you're committed about social change. In terms of social issues, journalists don't have the money, and neither do the vast majority of the outlets, to go places. So John Sawyer, a serious journalist, left an old-guard traditional media outlet to basically create journalism around issues that weren't being covered. So we funded them to raise consciousness about the fact that the epidemic in the Caribbean is so large. We also funded Planned Parenthood. They are going throughout the Dominican Republic to talk to staff at family planning agencies to make sure they are talking about HIV. The whole paradigm around HIV is moving away from shame/blame to more responsibility/accountability. We also have funded Partners in Health for their work in Haiti; we're trying to put together a Dominican/Haitian meeting of our various providers to talk about how it is we can network together. We also funded the Funding Collaborative which is done through the Tides Foundation, where groups of HIV positive people do re-granting of small nonprofits on the ground.

It's what my old boss at Soros called the bouquet of grants, showing the spectrum of issues. This next grant round in September, we'll be funding more down in the Caribbean, so we can then add to

that. And then my fantasy is that we show the spectrum of issues, and then between government funding and other private funders coming in, after three years we can move on to something else.

**OP: Which is...**

**NM:** Our tradition is underserved groups, of which there are many. Certainly women continue to be an issue. I think the stereotype of this being a white gay male disease persists here, and while that's certainly an issue, I think there are many other communities of women and color that really need more attention, more focus, and more culturally-relevant approaches. So there's plenty of great work to do.

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