Having discussed the social markets theory, let me now give you a look at it in practice by means of a few examples. After that, we will look a little more in depth at two other cases: corrections and urban revitalization. Let us now look briefly at the broader range of potential applications.

**EAR**

For example, one of the critical constituencies in each of our businesses is employees. We all rise and fall on the quality of their work; consequently, we're all attuned to motivation and productivity.

Yet it's well understood a person's on-the-job performance is most frequently affected by problems arising away from work. We've all seen the dollar estimates on lost productivity due to alcohol abuse. For that matter, we all know the decline in our own performance when we're distracted by a problem at home, and so on.
Clearly, there's a social needs component to job productivity, in the sense that human resources be fully developed and utilized. In every one of your companies, I know there is some form of employee assistance program. And in almost every case I expect there is also a dollar figure you've arrived at as a calculation of what that program saves you in disability days, absenteeism, health benefits, and all the rest.

Now, it is a very short step from saying, "our employee program saves us X dollars," to saying, "an employee program shown to save X dollars has a definite market value." This is the step Control Data has taken with its Employee Advisory Resource -- EAR -- Program, and as a result we have now sold it to some 50 other organizations around the country. Let me describe it for you.

EAR was started in 1973. It's a voluntary, confidential program designed to help employees and their families deal with a variety of problems -- both personal and work related -- that impact job productivity. This could be the person with credit problems, or someone worried about their kids' involvement with drugs, or the person who feels discriminated against in promotions.
Among the services are crisis intervention, short-term counseling, referrals to pre-screened specialists and services -- done through a computer data base, advice to supervisors on dealing with a troubled employee, and follow-up with the employee to see that the problems are resolved.

One of the key features of EAR is that its goal is prevention and early intervention, and among its benefits are the things familiar to us all: greater productivity, higher job satisfaction, lower employee turnover, and lower health and insurance costs. Estimates we have developed on the cost savings associated with employee assistance programs in general show a return on investment of $5.78 for every dollar spent. Moreover, there are the ancillary benefits -- not least of which is that managers can spend more time improving work processes and less time fretting over Jane or Joe.

By the way, I mentioned in the opening speech that direct financial contributions to the United Way represent an exception to Control Data's usual approach. The cooperative and complementary efforts of EAR and United Way in part illustrate why. In the ten years of EAR, over 63,000 Control Data people have sought assistance. Of that number, approximately one-fourth, or roughly 15,000 people, have accepted referrals from our program into the community for
help. We estimate that about 5,000 of those people have used a United Way agency directly for help. Actually, that number is conservative, since not all Control Data employees who avail themselves of United Way agencies go through EAR referrals. Thousands, I'm sure, are self-referred. So there is a healthy and complementary relationship between EAR and the local agencies of the United Way.

Control Data, as I noted, has been marketing EAR since 1977. The significance of this, in the context of social needs, is that a logical starting point for devising a social needs business is with an organization itself. Are we helping ourselves and our employees in ways that could be expanded to a larger population? And if so, could the recipients of that help be thought of as customers rather than simply beneficiaries?

STARCO

Moving to another example.......

As we look at our own organizations, one of the things we see is the waste that piles up in every successful business -- discarded ideas, product ideas, perfectly good in every respect except maybe the projected market is $5 million instead of $50 million, or it didn't quite fit the corporate strategy or whatever.
We know that established companies have to limit the internal development of new products and services. As a result, many with excellent potential are never developed and commercialized -- particularly products that would make excellent foundations for small companies. If corporations were to help start small businesses based on these untapped resources, they could not only make more efficient use of these assets, but also realize attractive profits. And, as Herb Trader will remind us later this morning, a healthy small business sector is one of the most pressing social needs we have.

Last year, Control Data and the Minnesota Business Partnership formed Minnesota Help-Start-A-Company, or STARCO. Through STARCO, large companies are encouraged to assist in the startup of small enterprises. That assistance can take the form of technology spinoff, management and professional consulting, and equity investments.

So far, 35 companies have committed to participate, including many represented here today. Also, a number of University of Minnesota faculty members have agreed to assist in identifying and transferring technologies to help in getting small companies started. As a result, seven new companies have been started and a number more are being planned.
There is a certain reluctance on the part of some companies to get involved, primarily for fear of "giving away the store." But if you analyze the concept as an asset redeployment model, one where you can generate a return on technologies closely but not really directly related, so to speak -- it becomes a very attractive form of investment.

In terms of a social needs strategy, STARCO is an investment opportunity available to every company.

**ALPHA**

As a final example, let me restate the problem as I defined it this morning. And that is, that massive, fundamental social problems exist. By itself, government has been largely unsuccessful in addressing them, while in many cases business has the people and the specialized expertise to meet these social needs. Further, they can be approached as a business not as philanthropy.

But business, or a business, can only do so much in isolation. Truly effective action will require cooperation, not only public-private partnerships, but cooperative ventures among businesses themselves. With this in mind, representatives of a
group of corporations (including Control Data) met recently, and formed an association tentatively titled Alpha Enterprises. The mission we have set for ourselves is:

- To identify social needs which present profitable opportunities for business investment.
- To undertake new ventures by developing such markets.
- And to encourage other companies to do likewise, working as appropriate with governments and other companies and associations.

Alpha's board membership will include a senior corporate official from each of the sponsoring companies. Each participating company will commit to provide a maximum of $50,000 annually to meet operating expenses for four years. In the longer term, Alpha will become self-supporting and profitable by having a market equity position in each joint venture it sponsors.

The tentative business strategies that have emerged are essentially the ones we've discussed here this morning. For example:
To identify public markets where private resources could perform services more efficiently; determine what needs exist, then determine what skills Alpha Enterprises possesses which can meet these needs.

Alpha would encourage governments to contract out the provision of services to private enterprise. As the service provider, government would be responsible for setting standards and monitoring performance. As the service producer, the private sector is the implementer.

Alpha might rank order candidates for public-private partnerships in terms of social need and profit potential as well as a means of truly demonstrating the superiority of a private sector approach. It would persuade private businesses to become involved in public-private partnerships. With the voice of experience it could speak authoritively with regard to public policy issues, and so on.

I should emphasize that Alpha Enterprises is still in the planning stage. If any of you are interested in knowing more about this effort, I'll be glad to provide it as well as how you can participate if you so desire.
The private sector, if not the last best hope, certainly is still the greatest untapped resource in the effort to address and solve major social problems. The purpose of Control Data's presentation has been to examine how that resource can be put to use.