Thank you, Dick [Aft]. I appreciate this opportunity to talk about what I believe is the biggest challenge the United Way faces in the 1990s--the issue of donor involvement, and more specifically, donor choice.

Let me begin with a parable:

A U.S. Navy ship is on the high seas. Suddenly, a little blip shows up on the radar screen.

The Admiral orders the Ensign: "Tell that ship to change its course 15 degrees."

The word comes back on the radio: "You change your course 15 degrees."

The Admiral says: "Tell that ship that we are the U.S. Navy and to change its course 15 degrees."

Again, the word comes back on the radio: "You change your course 15 degrees."

Finally, the Admiral himself gets on the radio and says: "I am an Admiral in the U.S. Navy-- change your course 15 degrees!"

The word comes back: "You change your course 15 degrees -- I am a lighthouse."

I call this a parable because it reflects my views that we are sailing into a whole new uncharted world of philanthropy and certainly, at the very least, we are heading for troubled waters. We can navigate through them. To do so, however, we need to face up to today's facts of life and make some fundamental changes.

Before going any further, it's important to make sure that you understand that the need for change is not just the normal need for new and better ways to raise money--more creative ways to increase philanthropy. What the United Way
system must deal with is fundamental to the U.S. economy—a trend that has been developing relentlessly over the past decade. It has made itself felt in more and more ways. The fact is that the United States is growing poorer. Although that is not true in terms of absolute GNP per capita, it is true in most of the ways that truly count, and in particular in the relative wealth of the U. S. compared to other countries.

Perhaps this is best illustrated by the growth in two-income families. [elaborate]

More people also are holding two jobs. The U.S. government says more workers than ever held both a regular job last year and at least one part-time job--6.2 percent of all working people. Moonlighting among men hasn't changed much over two decades, but among women, it has soared. The New York Times recently reported and, I quote: "Salary increases continue to lag behind inflation, so workers have to run harder each year just to stay even."

It is also reflected in the competitiveness of U.S. Industry. [elaborate]

At the same time, the need for human services is growing exponentially. Let me just cite one example: Early Childhood Education. Twenty years ago, there was not a big demand for programs such as "Success by Six" or "Early Childhood Education". Today, for example, 65 percent of babies born in Hennepin County--where Minneapolis is located--are born to single-parent families. Said as simply as possible: Life is much more complex these days. And there is increasing demand for human services to deal with these complexities.

Nor is the solution to this situation simply a matter of increased government spending for human services. Indeed there is great public pressure on government with regard to taxes. Of course the government can presumably reallocate monies but anyone witnessing legislative budget contortions (whether state or federal) these days knows there is no simple answer. Anyway, even if government increases taxes, that simply reduces people's discretionary income who already face reduced economic prospects.
The result is a proliferation of demand for an increasingly inadequate pool of money. And it's not just human services...look at higher education. Recently, I read about the University of Wisconsin undertaking a major endowment capital campaign for the first time. In the past three years, the University of Minnesota, plus most of the private colleges in Minnesota, have had major endowment campaigns. This, of course, has led to greater competition among non-profit institutions of all kinds--educational, cultural, environmental, medical and human services.

Meanwhile, more and more human services agencies are becoming frustrated with the United Way's inability to meet their needs. This is true of agencies in and out of the system. Understandably, the reaction is "We'll raise the money ourselves." My point is this: There's an incredible need which is not being met by the current United Way system. It's not because the system is bad. Rather, it's because the system has its roots in a different socioeconomic environment.

The United Way of Minneapolis, like you here in Cincinnati, is trying to sort out what that means and how best to deal with it. We know some things about that. We know the macro economic forces of which I have spoken have given rise to three specific transitions which we must make.

One transition is toward increasing individualization.

The United Way's dependence on major companies to raise money among their employees has accounted for more than half of annual campaign funds. Yet the contributors in these major employee groups have remained nameless and faceless to the United Way. This has resulted in some problems. In one company, for example, 320 employees who pledged $225,000 to the United Way last year have taken early retirement. United Way cannot track the generous givers because we don't know who they are. United Way must plan campaigns on a more micro basis. We need to view individual donors, as well as potential donors, as important customers.

A second transition is toward more collaborative approaches to serving the needs of the community.
The mission statement of the Minneapolis United Way is: "...to enhance the community's capacity to meet the human service needs of its people." We must explore creative, and almost invariably, more cooperative approaches to this focus on community human service needs against a tradition of being primarily focused on distributing funds to member agencies or even on a high-priority-area programmatic basis.

The third transition--and the most controversial--is toward including the donor in United Way's decision making. The issue is how much do (or will) contributors care about (or demand) the right to make personal choices regarding the use of their financial contributions? And, what is the United Way's most appropriate response in terms of the mission statement, campaign growth and keeping faith with our traditional commitment to the value of the citizens review process and to United Way member agencies?

Last year we had a special task force which studied these trends and transitions. It recommended, and the Board of Directors agreed, that we needed to "go do something." The "something" suggested fell basically in the areas of education (marketing), research, and experimentation. What it didn't say was what, how much, or how fast.

The Board established the Donor Involvement Implementation Committee, which I chair, to determine that.

I will share with you that at the time I had a couple of basic thoughts:

* One, the United Way of Minneapolis, by pro-actively exploring donor involvement, especially donor choice, was once again ahead of most of the United Way movement and in a leadership position.

* Two, we had probably three-to-four years before the national trend toward donor choice would truly confront us and force us to make critical decisions.

I don't think either one of those assumptions are true any more.
Nationally, donor choice has become the overwhelmingly predominant issue for the United Way of America. A national position has been persuasively articulated that "choice" no longer is just a strategy for responding to threats from competitive federations. Rather that, "choice" is a fundamental right of donors, threat or no threat.

Even more importantly, the desperate situation with regard to funding is now rapidly crystalizing the formation of competitive federations.

The national trend of building coalitions of alternative federations within local communities has been nurtured by a national organization called "Alliance for Choice". Already, it has conducted two national conferences for local alternative federations.

Earlier this year in Denver, an "Alliance for Choice" group forced the issue of donor choice with the Denver United Way.

In Seattle, a "Coalition for Charitable Choice" has been organized to bring together nine alternative federations and organizations. The list is in the materials you've been given. The "Coalition" in Seattle and the "Alliance" in Denver and other cities, represent many groups with one voice. Obviously, they have the potential for far greater impact in seeking access to workplace campaigns than a proliferation of small voices.

In the Twin Cities, one of our local competing federations has just filled a new position--Access Director--with a person who not only has extensive national experience in organizing alternative federations, but served on the board of the national "Alliance for Choice" organization. It is reasonable to assume there is now, or soon will be, an effort in Minneapolis to create a super coalition of alternative federations which already exist.

Certainly, there are still many volunteers and staff who would prefer not to change. That's understandable, especially if those people have a tradition of a highly successful system. But dealing with this change is not a matter of preference. The distribution piece at your place shows you the status of donor choice today in America's largest United Ways. This report is changing monthly.
The fund raising scene in the Twin Cities, Cincinnati and other American cities is changing and changing rapidly. And, that change will happen whether the United Way changes or not.

There is much to be done. Some of it just is good sound marketing, such as the implementation of donor involvement initiatives which will strengthen the visibility and service delivery "presence" of United Way in all workplaces. Strengthening the communication links between United Way and individual donors, also falls in this category. The only real issue here is the money it costs. Increasing donor involvement and doing it well will require United Way spending more--probably a higher percentage of what it raises than is now the case.

However, some of what must be done is breaking new ground and is high risk, such as the form, extent, nature and mechanics of donor designations. This is more than changing marketing and resource development. It will affect every function within the United Way system.

There are no magic answers to the issues we face. In broad terms, the United Way has to do a better job of marketing itself to the public. But it also needs to provide its constituent companies with a mechanism for dealing with donor choice so that philanthropy in the workplace is not reduced to chaos.

One other observation. I'm fascinated by the propensity this matter has to crystalize people's thinking into emotional or “black or white” positions.

There are those who feel that “choice” is a fundamental “right” of donors, or at least that it is an inescapable “demand”; that only by actively selling “choice” as a United Way concept will we serve community needs, much less strengthen the United Way.

On the other hand others feel that offering choice is tantamount to destroying the United Way.
It is not that either of these thoughts is without merit. Rather, they highlight the magnitude of the challenge we face: That of finding new approaches to the growing desire for designation and choice in order to preserve the strength and power of the community services concepts so wonderfully embodied in the United Way system.

As I told the United Way of Minneapolis Board: We will have to take risks and realize we will learn by doing. We need to make sure good market pre-test research is done to minimize risk. But we need to see the value of actual field testing as an important part of our research and learning experience. If we ask people how they would react to something they have never experienced, they can only guess. So, experimentation will be important.

Also of critical importance, and a key element in any market research strategy, will be keeping close to United Way's major stakeholders--the CEOs of large organizations, their campaign coordinators, United Way agencies and donors.

I'm reminded of the story about a man who drove his car through a red light.

His passenger asks, "Why?"

The driver says, "Because my brother does it."

He goes through another red light.

The passenger asks, "Why?"

And again he says, "Because my brother does it."

Then he comes to a green light, slams on the brakes, screeches to a stop and looks to his left and his right.

His passenger again asks, "Why?"

The driver replies, "Because my brother might be coming!"
[Pause]

Well, there are all kinds of solutions to problems and I’m certainly not proposing the United Way equivalent of running red lights and stopping for green lights. But I am saying that your brother--"CHANGE"-- is coming. So, get ready for the intersection ahead.

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