



2009

**Independent Sector and
Council of Michigan Foundations
ANNUAL CONFERENCE**



Fashioning Our Future Together

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Independent Sector
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It is my pleasure to welcome you to the 2009 Independent Sector and Council of Michigan Foundations Annual Conference. I am delighted that so many people have joined us here in Detroit, which speaks volumes about our very real desire as a community to connect with our colleagues and take heart from our stories of hope and perseverance.

It is wonderful to be here with you in Motown, home to singers like Stevie Wonder, Diana Ross, and Marvin Gaye whose music has filled homes around the world for years. As we meet today, Americans everywhere are watching this city in the hope that its persistence will result in signs of economic progress that signal a new day for us all.

In that light, I invite you today to consider our sector's role in fashioning a brighter future together. How might we excel at our individual missions and, at the same time, network differently to address the immense challenges that increasingly define the world in which we live and work.

We find ourselves living in a world enriched by contributions of both ordinary and extraordinary people. Child mortality has dropped to unprecedented rates around the world.¹ From the furthest corners of the planet, smart phones and wireless connections are linking people to information and opportunities previously beyond reach. We find governments in Africa breaking the chains of colonialism and dictatorship, and moving toward democracy. Europe has pulled together voluntarily to facilitate economic development and cooperation. Economic progress in India and China promises parents a chance to give their children a healthier, more prosperous life. Here in America, Medicare and Social Security have almost singlehandedly lifted older Americans out of poverty.

Such progress is worthy of our highest praise. Our lives – along with countless others around the globe – are better, thanks to those who embraced a vision for a more fair, healthy, and decent world. And yet, our work is far from finished. Monumental challenges are upon us, trouble lurking at every compass point.

Tens of thousands of people are still recovering from last year's earthquake that rocked western China and left nearly 80,000 dead or missing.² Russia and Eastern Europe have entered a period of uncertainty that, at the edge of winter, dangerously conflates energy politics and geopolitical influence. Millions go hungry in Somalia and Chad. There's the blight of AIDS in Southern Africa and the tragedy that is Darfur.

¹ Celia Dugger, "Child Mortality Rate Declines Globally," *New York Times*, Sept 10, 2009.

² "Sichuan Earthquake," *New York Times*, Updated May 6, 2009.

http://topics.nytimes.com/top/news/science/topics/earthquakes/sichuan_province_china/index.html.

Things aren't much better in our own hemisphere. Beneath a triple-canopied jungle, violent militia groups march on in a 40-year struggle despite efforts by the Colombian government. On our southern border, brutal drug cartels continue trafficking in arms, narcotics, and young girls.

At home, our nation's financial landscape lies in desperate need of repair, even amid halting, though welcome signs of economic recovery. Looking back over the past 20 plus months, a failed housing market, built on subprime loans and hollow credit, left countless in foreclosure and subsequently, jobless, homeless, and penniless. Middle class Americans tightened their belts. Thousands more who had once donated blankets to shelters, found themselves looking for a roof over their heads. When the markets slipped south, the wealthiest Americans saw their savings dive with the resounding toll of the market's closing bell. The greed of Wall Street, personified by Bernie Madoff, drained bank accounts and plunged many into the red – among them members of our philanthropic community.

From double-digit unemployment to ballooning national debt, our governments in plural are attempting to mount a meaningful response. The stimulus package, for instance, helped stabilize our financial sector and prevented millions of people from tumbling into greater financial difficulty. It has shored up essential services such as child and elder care. But despite the much-needed assistance, stimulus money is but a wave in the ocean.

The partisanship that has infected Washington for decades, in large measure, has hamstrung the government's response to the economic downturn. Regardless of which administration is in office, votes on Capitol Hill regularly are cast along party lines. Rarely in evidence are partnerships forged across the aisle – such as that between Senators Kennedy and Hatch – that offer each side a way to include what is important to them and still produce legislation that's good for the nation. Compromise – a hallmark of healthy democracy – is seldom on display in our capital. It was said of the lone Republican who voted for a Senate health reform bill last month that she would dine alone for some time. Today it seems that success is ultimately more about beating the other side, less about making progress together.

Like a pebble thrown into a pond, the polarization of ideas has been rippling across the country for years. Consider the public response to the Congressman who, in an uncharacteristic outburst, called the president a liar. Financial donations poured into his campaign coffers and into his opponent's – troubling endorsements of bad behavior.

Nowadays neighbors, otherwise cordial and friendly, often elect not to discuss politics or even the issues of the day. They are hesitant the conversation might turn into a pointed exchange, in which they are defined in a single instant or judged by a singular position. Beyond political discussions, incivility has become all too common in our grocery stores and on our soccer fields. And on our highways, road rage is getting worse each year. One national study found that a half of all drivers who are initially victims of aggressive driving, respond in kind by honking, swerving, tailgating, or worse.³

It may be too early to assess how new and not-so-new social media have contributed to such incivility. What is clear, however, is that within nanoseconds of a public opinion being rendered, voices in the blogosphere lash out, aided and abetted by talk radio. If the facts don't comport with their worldview, they are disregarded. Ad hominem attacks have become the order

³ 2009 Auto Advantage Road Rage Study, June 16, 2009.

http://affinigroupmedia.com/themes/site_themes/affinionassets/releases/autovantage/Road_Rage_09/media/National_Rls.pdf.

of the day. Vestiges of civility in public discourse – so critical to civic engagement, pluralism, and a vibrant democracy – are at risk.

We are a people divided.

All these issues are an immense burden on a nonprofit community already encumbered by great expectations and limited resources. Like the proverbial albatross, the mega-problems of our globe and the magnitude of the recession weigh heavily upon our community.

Every week this past year, I have heard talk of trimming budgets, cutting programs, and funding fewer efforts. There are people here today who have had to limit services or curtail employee benefits. Two colleagues recently told me about their painful decision to cut by 50 percent their number of employees. One of them also reduced her work hours to four days a week, although I know in my heart that she will still work long, full days in the office. She'll just get paid less.

A few of you have even wrestled down the ultimate question of how to keep the doors open. If only to survive, this very crisis begs the question: is there a better way to achieve lasting impact in our communities? Some believe we must simply do more with less. They posit that today's climate of austerity is the new normal.

To them, I say, "not so fast!" It may be smart to adapt to the status quo when there are no other options, but that is not the case. Not yet. Not for our organizations. Not for the charitable community. And not for the people we serve.

Even if we make our way through this harrowing economic moment, we will not have come close to securing the sustainability of our community over the long haul. The financing of our sector, as we know it today, is at risk. Charitable giving has not kept pace with the number of nonprofits over the last quarter century.⁴ While all funding streams have grown, they have not matched the rate of expansion within the nonprofit community itself. These facts invite some disquieting questions, particularly from donors. Are there too many nonprofits? If so, is it time to merge or otherwise limit growth? Put another way, do our efforts merit the resources entrusted to us?

In a broader sense, now is the time to re-examine our responsibilities, individually and collectively, as organizations keyed to improving the common good. We have worked hard to earn the unique, precious space we occupy. The public has rewarded us with their support and trust thanks to our commitment to improve the world. Over time, we have become specialists in vast and varied fields of practice, focusing, as we should, on maximizing impact. But it is also true that we do not and cannot work in a vacuum.

Whether we are running a community clinic, conducting scientific experiments, or funding music scholarships, broader societal issues directly and indirectly affect our ability to fulfill our missions. If our employees and their families can't afford medical care, it limits their productivity. If our transportation infrastructure makes it hard to get to work, it affects people's performance. If we don't collectively attend to the harm inflicted on our environment, polluted air and climate change will ultimately damage everyone's work. And if we don't demand greater civility in the Congress and in the public square, we diminish our ability to achieve our aims.

My point is that excelling at your particular mission is key – but so too is attending to the wider societal issues of the world you inhabit. Active engagement with these issues is part of the

⁴ The Center on Philanthropy at Indiana University, *Giving USA 2009* (Indianapolis: Giving USA Foundation, 2007), pg 216. Internal Revenue Service Data Book 2008. IRS "Selected Returns and Forms Filed By Type"; and Murry Weitzman et al., *The New Nonprofit Almanac and Desk Reference 2002* (Washington DC, Independent Sector, 2002), pg 4-5.

price we pay for this special place we, as a community, have been afforded by society. Doing so is the right thing to do. It is also in our organizations' best interest.

Like us, the success of the business community is highly dependent on the environment in which they operate. Markets close when a storm ravages an unprepared community. Productivity falls off when employees or family members are ill from contaminated drinking water. Business suffers when lawmakers choose disengagement over compromise. Granted, business seeks optimum returns for its shareholders. But it is also in their best interest to take responsibility for the people and natural resources on which they rely and the environment in which they operate. Business, which brings forth innovation, efficiency, and creativity, cannot forego its role tackling the bigger problems before us. Improving the world around them is the most effective way to create real wealth for their shareholders and stakeholders.

We also would be wise to attend to these larger issues long before they threaten our work, as illustrated by the recent, painful experiences of some health and human service providers. For years, state governments have required nonprofits with whom they have contracted to deliver services first, then accept reimbursement. Current financial woes have caused many state and local governments to delay reimbursements for increasingly longer periods. Some nonprofits were able to secure lines of credit to cover these gaps, but then had to pay the interest on the loans by using funds desperately needed for services. When banks refused to provide credit, nonprofits were forced to cut staff and programs.

Except for a sliver of public interest organizations, at no time did we step up and try to fix a system that we have known to be problematic for years. Instead, we accepted the financial gap imposed by lawmakers that came with delayed reimbursement. We had little to say about the deregulation of our banking industry or their practices that ultimately caused them to crash. Why was this the case? Because we have long believed that these larger issues were not our responsibility. A funding equation designed in the shadows of Wall Street and our state capitals went unchallenged, even as the best among us tried heroically to make the numbers work. Clearly, they did not.

Attending to the larger issues are in fact our responsibility – though not ours to shoulder alone. If we are to be successful, it will take the collective actions of our efforts along with business and government.

Government has the power to encourage, compel, and enforce action for the greater good, as well as the ability to marshal the resources to solve our most pressing problems. We need the muscle that comes with political will and government funding if we are to have a fighting chance against today's immense challenges. Conversely, the government needs our sector and business, which bring a sense of what communities need, experience, ideas, experimentation, and research to the table.

Individual charitable organizations – some of whom are among us today – have collaborated effectively with business or government on a particular issue. Community Voice Mail, for instance, is a robust partnership between business and nonprofits that gives homeless people access to voice mail day or night. This connection to jobs, housing, and social services empowers people like never before.

Effective networks between our sector and government are encouraging and, in some cases, may be growing. My global development colleagues tell me that their counterparts at the State Department have invited them to more meetings in this past month than they attended in the prior 8 years combined. Together they are rethinking foreign assistance and reconsidering how to best grow our relationships with other civil societies. This is welcome news to be sure,

though America's bilateral relationships should not be subject to the fickleness of administrations, but rather based on the need for building mutually respectful partnerships that serve each nation's best interests in the long term.

Imagine the profound impact if all three sectors – each operating at the top of their game – pulled together across a broad spectrum of issues? And what if this was not the exception, but standard practice in the way we work? The potential synergy would be far, far more powerful than the sum of our individual contributions. Each would squarely benefit from the others' complementary efforts to improve the human condition.

Think of it: Where would the residents of Louisiana be today if the three sectors had come together proactively, to plan our collective response well in advance of the rising floodwaters caused by Hurricanes Katrina and Rita?

I am suggesting that we not think of government, business, and our community as three separate pillars of society. Pillars, by definition, stand parallel to one another, never to intersect. Rather, we might begin to envision our relationship more like three distinctive strands of a single rope. As our sector, government, and business becomes stronger, more collaborative, and more responsible for and to the people, so too grows the effectiveness and reach of the entire network across the nation.

If we rethink the roles of all three sectors vis-à-vis the larger social ecosystem, we must also redefine how we measure effectiveness. We can no longer assess impact exclusively on the particular band of activities that describe our respective missions. Instead, measuring success must include our wider responsibility to keep society strong and healthy. We are more likely to achieve that goal as we develop more effective partnerships across the board. Doing so bolsters our collective strength. As Dr. Martin Luther King said, we are wrapped in an “inescapable network of mutuality, tied in a single garment of destiny.”

For our part, adopting a broader worldview and acting on it is essential if our community is to stay relevant and effective in the future. Change of this magnitude is never easy. It demands great energy and attaches to each decision a risk of failure. Whether expanding our focus to redefine how we achieve our missions or cross-pollinating our relationships within and outside the sector, the key is aiming to make a difference that matters.

I have seen the immense impact your organizations have had on communities within and beyond our borders. Your raw talent, resourcefulness, and determination are indispensable if we are to transform and reinvigorate our sector. You have the capacity to envision a better world – and a better way to achieve your purposes. Your vision reminds me of the three stone carvers a traveler met while walking on the mountain. The traveler asked each what he was doing. The first replied, “I am chiseling marble.” The second replied, “I am laying a foundation.” The third replied, “I am building a cathedral.”

Starting today, together we must build a great sector capable of responding to the monumental challenges of the coming decade.

Doing so is a massive task during what Thomas Paine has called, “times that try men's souls.”⁵ Since the birth of our nation, Americans have neither shied from crises nor feared the future. Look no further than Detroit during an era in which we pulled together to face down a mega challenge of epic proportion.

The date is December 29, 1940, the eve of World War Two. President Franklin Delano Roosevelt called upon Americans to bolster support of the British to keep us out of the war. He urged against complacency and “business as usual.” In living rooms around the country, families

⁵ “The Crisis,” Thomas Paine, Dec 23, 1776. <http://www.ushistory.org/Paine/crisis/index.htm>.

sat rapt before the radio, listening to the President's moving appeal. FDR said, "I have the profound conviction that the American people are now determined to put forth a mightier effort than they have ever yet made ... I call for that national effort. I call for it in the name of this nation which we love and honor and which we are privileged and proud to serve. I call upon our people with absolute confidence that our common cause will greatly succeed."⁶

The President's call to action was no small request for Motor City. The entire automotive industry had to be re-tooled to combine old technologies in new ways. Tens of thousands responded to FDR as planes, tanks, and jeeps began rolling off assembly lines in record time.

Their efforts, along with pent up consumer demand around the country, fueled the post-WWII boom that followed. While this era was not kind to or inclusive of all communities, it was a time of economic expansion and prosperity that led to new opportunities for millions of Americans. For their role in contributing to the common good, the citizens of Detroit reaped handsome rewards in the decades that followed.

Over and over, American presidents have invoked a call to action, the most famous being "ask not what your country can do for you, but what you can do for your country."⁷ Some thirty years after JFK's inspiring request, President George H.W. Bush appealed to every citizen to help prepare America for the coming century. He said, "We have within our reach the promise of a renewed America. We can find meaning and reward by serving some purpose higher than ourselves—a shining purpose, the illumination of a thousand points of light."⁸

We live today in extraordinary times characterized by both palpable progress and invasive problems. Solving them will demand nothing short of a herculean effort by every organization within our community and matching efforts in the business community and by government.

Now is the time for bold action, no matter how hard. President Obama said, "I still believe we can act even when it's hard. I still believe we can replace acrimony with civility, and gridlock with progress. I still believe we can do great things, and that here and now we will meet history's test. Because that's who we are. That is our calling. That is our character."⁹

Friends and colleagues, as we leave these halls in coming days, profound challenges lie before us – but so too does immense possibility. We can rise to meet hope and history's test – together.

Thank you.

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⁶ Arsenal of Democracy, President Franklin Delano Roosevelt, Dec 29, 1940. www.americanrhetoric.com/speeches/fdrarsenalofdemocracy.html.

⁷ Inaugural Address President John F. Kennedy, Jan 20, 1961. www.famousquotes.me.uk/speeches/John_F_Kennedy/5.htm

⁸ State of the Union of President George H.W. Bush, Jan 29, 1991. <http://www.infoplease.com/ipa/A0900156.html>.

⁹ Remarks to a Joint Session of Congress on Health Care, President Barack Obama, September 9, 2009. http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-a-Joint-Session-of-Congress-on-Health-Care/.