

Report on a Dialogue

WORKING TOGETHER TO PROMOTE CIVIL SOCIETY

**Changing Roles, Changing Relationships
Among
Business, Nonprofit Organizations, and Government**

by

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Sponsored by

The Three-Sector Initiative

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PREFACE

The Three-Sector Initiative is a collaborative effort among organizations in the government, business, and nonprofit sectors to help institutions in all three sectors work together more effectively to accomplish public purposes. Its co-sponsors are the Conference Board, Council on Foundations, INDEPENDENT SECTOR, National Academy of Public Administration, National Alliance of Business, and National Governors' Association.

These organizations have been working together for the past two years to examine the changing roles and relationships among the three sectors. Earlier this year they published their findings to date in a joint statement, *Changing Roles, Changing Relationships: The New Challenge for Business, Nonprofit Organizations, and Government*.

Following publication of the report, the project began a series of dialogues around the country to share its findings and expand the conversation. The first dialogue, examining the impact of "The New Economy" on the roles and relationships among the three sectors, was held in Washington D.C. on June 15, 2000. Additional dialogues are planned for Kansas City, New York, and California.

This report summarizes the second dialogue, which examined ways in which the three sectors can work together to promote "Civil Society." It was held in Charlotte, North Carolina on July 17, 2000 in conjunction with the annual conference of the National Association of Counties, and was cosponsored by the North Carolina Center for Nonprofits.

Sandra Trice Gray, Vice President for Leadership at INDEPENDENT SECTOR and Coordinator of the Three Sector Initiative, introduced Christopher Gates, President of the National Civic League, who acted as provocateur and facilitator of the dialogue. A discussion was held by a panel of representatives from the three sectors, including: Robert Allen, District Manager-Delta Region, Duke Energy Company; Anne Register, Executive Director, Second Harvest Food Bank of Metrolina; and Bruce Romer, Chief Administrative Officer, Montgomery County, Maryland. The dialogue was then opened to the approximately 75 civic leaders in attendance.

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EXECUTIVE SUMMARY

The norms guiding the roles and relationships among the public, private, and nonprofit sectors are rapidly changing. Leaders in the three sectors need to understand the forces causing this change and develop new approaches to deal with them.

A New Model of Social Change. The *old “rules of the road”* guiding social change held that: 1) government owns the public agenda; 2) progress is zero-sum, so that for every issue if there is a winner there must be a loser; and 3) as big and diverse as the community may be, only a few voices really matter in making things happen. These conventional rules no longer hold.

Cutting-edge cities, counties, regions, and neighborhoods are establishing *new “rules of the road,”* including the following: 1) the public agenda is now jointly held by all three sectors – government, business, and nonprofit. 2) progress comes through consensus; and 3) many voices matter, so that everybody who is involved in an important decision, or is affected by it, needs to be at the table in order to affect real change.

The challenge in shifting from the old to the new rules is to determine, first, how to improve the quality of life, and second, the new model of change that will help achieve that quality. People in all three sectors are having the same conversation, and asking the same question: What is the appropriate role for us to play in social problem solving?

Evolving Roles and Relationships. Economic restructuring is driving change, placing enormous *pressure on corporations* to meet demanding performance expectations. Corporate mergers and acquisitions of local companies often deprive communities of “home grown” business leadership. Business people hardly have time to do their own jobs let alone work with others, and corporations are requiring more demanding standards in their community contributions programs. *Nonprofit organizations are striving to play a broader role* in communities, and want to be policymakers, decision makers, and brokers in responding to problems. And yet, *government structures* designed under the old vertical, command and control model tend to inhibit the ability to reach out to other sectors and provide flexibility required for collaborative problem solving.

All three sectors need to be agile and creative in adjusting to these powerful forces and the changing roles and relationships.

Achieving Public Purposes. Sorting out the roles, resolving the confusion, and adopting the best techniques for collaboration among the three sectors should be driven by the primary goal of doing things useful to the community. Such public purposes as *feeding the hungry, protecting neighborhoods, and balancing social and economic priorities* all require collaboration among the three sectors – and can provide focus to help the three sector learn how to work together more effectively.

Collaborating for Results. A results-oriented approach should begin with an emphasis on *leadership* in all three sectors. Nonprofit organizations’ closeness to the community

helps them articulate needs. Business has the credibility and resources to call people together to address those needs. Government has the strategic perspective, and the responsibility to *cut the red tape* that can clog the channels required for collaboration. Nonprofit organizations need to build their *capacity* to deal with a growing set of demands on them resulting from restrictions on business engagement and public reluctance to look to government for answers. Businesses should improve the effectiveness and efficiency with which they encourage and facilitate their employees to *volunteer* for community activities.

Restructuring Community Dialogue. Key to meeting all of these challenges is the radical improvement in *methods of community dialogue*. Traditional public meeting formats such as public hearings are structured in a manner that promotes adversarial relationships. New approaches are required that encourage more constructive and fluid communication, and facilitate consensus-building and collaborative problem solving. All the stakeholders on a given issue need to come together in a safe “civic space” to address common concerns in an informal, non-confrontational way. Each should have the opportunity to say: here are my concerns, here are my interests, here is what I’m worried about, and here is what I would like to see happen.

These are the foundations of collaboration among the three sectors for effective social change.

A NEW MODEL OF SOCIAL CHANGE

Chris Gates, President of the National Civic League, believes that a new model of social change is replacing an old model that no longer works. He explained it this way.

The challenges confronting society today are different than in the past. The norms and standards guiding the roles and relationships among the three principal sectors of our society -- public, private, and nonprofit -- are changing before our eyes. This forces all of us to change the way we do business within our respective sectors, and within our own organizations.

The fall of the Berlin wall and breakup of the Soviet Union in 1989 was a metaphor for larger changes occurring in our society. Francis Fukuyama, in an article for the *National Interest*, asked whether this historic moment signaled "The End of History?" He argued that human history had been characterized by the search for a dominant form of organization for the allocation of wealth and for human government (that is, how human beings interact with each other). Democracy, he declared, had been selected as the "final form of human government," and capitalism as the dominant way that we would allocate resources on this earth.

What was missing in that analysis was some level of historic perspective that shows democracy works in different ways at different times. One of the beauties of our democracy is that it is flexible.

Fixing Democracy

A century ago, numerous citizens felt that democracy was broken. Local government was characterized by nepotism and favoritism. Political machines ran the big cities along the Eastern seaboard. If you were lucky enough to be on the right side of the machine you got all kinds of services and maybe a job to boot. If you were on the wrong side of the machine you got nothing. In order to fix our broken democracy, a group of young reformers led by Teddy Roosevelt, Louis Brandies, and Marshall Field founded the National Civic League on January 25, 1894.

These ambitious reformers felt that there had to be a different relationship between citizens and government if democracy was to work. They helped to create the progressive reform movement that transformed the way that democracy worked. The National Civic League proposed fundamental changes in the way that government provided services. It created model city and county charters, and advocated professionalism in local government. It promoted the council-manger form of government, which was then known as the "corporate model," or the "business plan," because it was based on the business practice of professional staff administering policy under a board of directors that provided broad policy and general direction.

Today, we are again in a position where democracy is being reinvented before our very eyes, making our era as difficult as it has ever been. People today feel that there are no “rules of the road,” no “standard operating procedures,” for how communities work.

Dick Fleming, executive director of the St. Louis Chamber of Commerce, argues that communities that work share a common understanding of “the rules of the road.” He uses the metaphor of the literal “rules of the road” for highway traffic. The only way we can coexist on the same road driving speedy, behemoth cars and trucks is that we all know and accept what the colors red and green mean. We don’t just change lanes at will, but glance over our shoulders to make sure nobody is there. Such shared understandings help us to coexist, and without such shared understandings we couldn’t.

Communities have had such rules of the road for a long time, but right now in most communities it seems such rules have been thrown out the window. We have people who think that red means go, and green means stop, or that signals flashing to the right mean it’s OK to change lanes to the left. It’s pretty chaotic in our communities. We don’t seem to have any shared assumptions about how the world works any more.

The reason for this is that we are in the midst of a shift from an old set of assumptions about social change to a new set of assumptions.

The Old Model

There were three standard operating procedures in the past that almost everyone could agree were the absolute rules of the road, the holy grail of change in our communities.

The first was that government owns the public agenda. It was government’s job to make things better, solve problems, and provide what economists call “public goods.” Meanwhile, the private sector’s job was to create wealth, and the nonprofit sector’s job was to direct and channel altruism. Frankly, many political science courses in our universities continue to teach these conventional roles.

The second conventional rule about social change was that progress is zero-sum. Progress came through conflict. Invariably, a community moving from point A to point B would have a conflict, with some winners and some losers. There would be a debate, an election, and a vote. Everybody accepted that this was the way to move forward.

The third conventional rule was that as big and diverse as the community may have been, only a few voices really mattered. You used to be able to go into any community and ask “who are the twelve people in your community who have the power to make things happen, or to keep them from happening?” Most people in most communities would have had a shared understanding of who was on that list.

These three old rules of the road permitted communities to get things done. There was a shared understanding that it was government’s job to solve social problems; that

we made big decisions with a debate, a fight, an election, a vote; and that in the end there was a core group of people we had to get to in order to get things done.

But these rules no longer hold. And that's part of the reason for the confusion we see in our communities today.

The New Model

As we have seen through the National Civic League's All America City Award, the cutting-edge cities, counties, regions, and neighborhoods that are really out there successfully solving problems are establishing *new rules of the road*, or what we call *new realities of social change*.

The first new reality is that the public agenda is now jointly held. Every sector of society recognizes that it has a role to play in making things better. Whether it is a corporation, nonprofit, church or school, all need to a part of the solution.

We have collectively decided that we do not want a government that is big enough, wealthy enough, or powerful enough to solve all of society's problems. In the 1960s there was a big divide on that position between Democrats and Republicans. That partisan divide no longer exists. There is no longer a constituency in this country that says government should tax more, have more power, command greater resources, or have more control over our lives. The corollary is that other sectors of society have stepped up and recognized that they have a role to play in making democracy work.

The second new reality is that progress comes through consensus. When you see communities in today's environment that only rely on the old notion of conflict and zero-sum progress, most victories are pyrrhic. I beat you today; you beat me tomorrow; I beat you the next day; you beat me the day after that ... until somebody says: Whoa! What are we doing here? What are the values we share? What are the areas of agreement on which we could move forward together? Cutting edge communities that have made progress have abandoned the old zero-sum model, and have adopted a new process of focusing on shared values and ways of moving ahead together. They have discovered that progress comes through consensus.

The third new reality is that many voices matter. Everybody who is involved in an important decision, or is affected by it, needs to be at the table if you are to affect real change. Not only can this provide the basis for consensus and a foundation for joint action. But if you don't include all the key constituencies, the excluded ones are likely either to stop the initiative or make life miserable for all those attempting to move it forward. It is especially important to include those groups that have been excluded in the past, such as neighborhoods, women, people of color, and youth.

These are tough times. Making the shift from the old to the new model of social change is not easy, in part because it is not altogether clear to everyone what the new rules should be. We really face a two-fold challenge. The first is to determine how to

improve the quality of life. And the second is to determine the new model of change that will help us achieve that quality. Everybody, in all three sectors, needs to be a part of this conversation.

The great lesson to remember is that people in all three sectors are having the same conversation, and asking the same question: What is the appropriate role for us to play in social problem solving?

It is interesting how the visceral image of the word “democracy” seems to be changing. Recently a focus group was asked to identify a visual image of democracy. At first they responded with images of a campaign bumper sticker, bunting, confetti, or some other visual image of elections. But upon reflection, they decided that a more appropriate visual image would be an old fashion barn raising, a symbol of the unspoken social compact. In essence, participation in a barn raising says: I am willing to help you today without any formal promise of your helping me tomorrow, but with an implicit understanding that you will come to my aid as I came to yours. There is an unspoken understanding that as members of the same community, we look out for each other.

EVOLVING ROLES AND RELATIONSHIPS

All three panelists agreed with Chris Gates’s assessment, and provided confirming evidence from their individual perspectives.

Government Perspective

Bruce Romer, Chief Administrative Officer of Montgomery County, Maryland, said that the problems facing his community are no longer easily compartmentalized along the old model that assumed government would solve public problems. They are much more likely to involve the nonprofit and private sectors, and require the active engagement of those sectors in their solution. He noted, for example, that Montgomery County had received 20 awards from the National Association of Counties (NACO) at this national conference, 18 of which involved “horizontal” relationships between the county government and community organizations. Only two were projects conceived and executed completely inside the county government

And yet, “the county government’s structures are designed under the old vertical, command and control model, going back to the county’s charter and founding legislation,” he noted. “Decision making is still designed to go up and down within the organization, rather than reach out to the community.” Changing this structure and the habits that go with it is often slow, he said. “The challenge is to get ahead of the rapid change that continues to demand a more open approach to governance.”

Mr. Romer also noted that the other two sectors are feeling the change as well. For example, the nonprofit sector wants to be more than a contractor. The old vendor-purchaser relationship between government and the nonprofit sector not only is breaking

down, and, he believes, *should* break down more quickly. Nonprofit organizations want to be in the role of policy makers, decision makers, and brokers in responding to problems, rather than simply reacting to a contract offer from the government.

Chris Gates noted that Montgomery County was a recent recipient of the National Civic League's All America City (and county) Award, which is based in part on a community's ability to enlist all the sectors in achieving important public purposes. The media, he said, is about 10 years behind the curve in reporting on government innovation, reinforcing the public's tendency to feed on clichéd stories about bumbling government bureaucrats.

Business Perspective

Robert Allen, District Manager for the Delta Region of the Duke Energy Company, also found that barriers to collaboration continue to impede effective interaction among the sectors. Despite progress, he said, it is difficult to keep up with the pace of change. Community institutional structures are not well suited to the times. And changing the structures is hard. Government regulations are part of the problem. Rigid funding streams, changes in leadership, and shifting priorities all can act as barriers.

Duke Energy was created as the result of a merger between Duke Power Company and Pan Energy in Houston, Texas. Duke Power was established in 1905 to provide electrical energy to the textile mills in the Piedmont regions. From the outset, the company's motto has been "citizenship and service." It was a corporate culture designed to serve the community. "You can't have a healthy company in a sick community," said Mr. Allen. "We respect the fact that our employees live in the communities we serve, and we want the best for our employees as well as our customers. So we want to work with and support those communities" with both financial resources and volunteers.

However, business is under enormous pressures to do more with less, he said. Business people, and citizens generally, hardly have time to do their own jobs let alone work with others. These pressures are exacerbated when there is a lack of shared vision in the community, or a lack of understanding by one sector of how the other sectors work. People with power who don't want to give it up can also frustrate change.

Nonprofit Perspective

Anne Register, Executive Director of Second Harvest Food Bank of Metrolina, described a quite healthy relationship between her nonprofit "food banking" organization and both the private and public sectors in her community. Food banking depends primarily on the business contributions of grocery products, and derives management expertise from business leaders who serve on the Second Harvest Board, including officials from Duke Energy. "We also work well with all three levels of government," she said, "each of which views our staff as knowledgeable professionals, and regularly seeks our advice."

But there is room for improvement, said Ms. Register, and the rapid pace of change means that none of the sectors can stand still. One of the biggest problems nonprofits have with government is too much red tape. “The system is so complex that it is difficult to get the money, organize activity, and get resources to the needy people who need them,” she said. “Certainly rules and record keeping are needed, but we believe they could be simplified.”

Shifting Relationships

The panelists all agreed that the pace of change seems to be accelerating, and that one of the principal forces driving change is economic restructuring. Other participants in the dialogue confirmed this reality.

Clayton Faucheux, a Councilman in St. Charles Parish Council, Louisiana, who also works with a new association of business firms, cited the enormous pressure on corporations to meet ever-higher performance expectations. “It used to be that companies found a 10-12 percent annual return on investment acceptable. But the emerging companies are seeking 20, 25, and even 35 percent annual returns, and stockholders have come to expect these levels.” The danger Mr. Faucheux saw was that attempting to sustain such performance levels could turn companies away from community activities.

Bob Allen agreed this was a danger, and confirmed such pressures were at play in his own electric utilities industry, and affected Duke Energy itself. “There is increased shareholder pressure on corporations to produce at a higher level of profits,” he acknowledged. “That is the nature of the animal.” One consequence is that “the allocation of resources in the corporate world is an everyday issue, including hiring, training, benefits, and community contributions.” How companies deal with this pressure depends not only on their overall profitability, but also on their corporate culture, he observed. Historically some companies with high profits have been poor corporate citizens, while others with fewer resources have been caring corporate citizens. How a company reacts to these pressures depends largely on corporate culture and leadership.

Donn Wolf, Vice Chair of the Workforce Development Board in Washtenaw County, Montana, cited a related concern: the trend toward corporate mergers and downsizing, especially among local utilities. “Three years ago I could go to my local telephone company to get them involved in the community,” said Mr. Wolf. “Now I have to write to somebody in Chicago or Texas who knows nothing about our community.” He wanted to know whether companies are doing anything to prevent this from happening in utilities such as electric power industry, as it has in the telecommunications industry.

Here again, Bob Allen acknowledged the reality of corporate restructuring and its potential consequences. He noted that deregulation had already prompted a radical overhaul of the electric utilities around the country. The impact varies from state to state, he said. In some cases it resembles the telecommunications restructuring. “There is no question there will be a continuing movement toward mergers and acquisitions in

utilities. Local power companies like mine will not look or act the same, nor will they be able to *react* the same in our communities.”

Mr. Allen warned that community groups that depend on financial and volunteer support from business will have to find more creative ways to come together to solve problems. “I know it is hard to solicit contributions from some regional or national offices several states away, he said. “But the reality is that companies feel the need to get their arms around their contributions programs and align them with their business purposes. This is happening in the business world in general, and in electric utilities in particular.”

Chris Gates labeled corporate restructuring as “one of the biggest issues that communities will have to deal with.” As local firms nationalize and internationalize, many communities are discovering that they are losing the local business leadership they once depended upon. The concept of local corporate ownership is rapidly becoming a thing of the past, he said, and the corporate world, starting with business schools, will have to figure out how to create community corporate culture without it.

Mr. Gates said that this corporate restructuring is driven by hard economic realities, such as Wal-Mart customers’ figuring it is worth an hour’s trip to reap the savings a Wal-Mart can provide. “As controversial as Wal-Marts are as killers of downtowns and hardware stores and the like, Wal-Mart officials will tell you that communities are begging them to come because they have figured out that a Wal-Mart store can attract business within a hundred mile radius and thereby establish the community as a regional shopping hub.”

Similar forces are likely to engulf virtually all businesses, predicted Mr. Gates, as they already have the banking community. In the 1960s bankers drove the innovation of public-private partnership because they recognized that when things were going well in the community they were also going well at the bank, and vice versa. But the president of the local bank today is likely to be a national corporation’s district manager three or four years out of business school who can’t wait to move up the corporate hierarchy to a bigger bank in a bigger community. And that is not very conducive to building long-term relationship. (The biggest form of housing in the country is “long-term, temporary corporate housing,” because companies know many of their employees will be in a community for a short period of time and find it cheaper to put them up in this kind of housing rather than invest in a “permanent relocation.”) “We have to find a way not to let this economic trend completely eliminate the value that comes from having a Duke Energy in the community,” argued Mr. Gates.

Bob Allen, agreed, reiterating his point that the impact of such trends depends in part on how corporate leadership responds. “A community-oriented culture can be grown and developed,” he said. “Sometimes the merger of two different cultures ends in a contrast of cultures that doesn’t look like either. And sometimes there is a period of shakeout.”

Bruce Romer noted that even when a community has a wealth of rapidly growing smaller firms, as does Montgomery County in the biotech and information technology industries, such firms may be so focused on their business agenda and stretched so thin on resources that they have little time for the community.

In the end, the panel agreed, all three sectors will need to be agile and creative in adjusting to these powerful economic forces.

ACHIEVING PUBLIC PURPOSES

The panelists agreed that while it was important to be mindful of the changing roles and relationships among the sectors, the real focus should be on accomplishing critical public purposes. Sorting out the roles, resolving the confusion, and adopting the best techniques for collaboration should be driven by the primary goal of doing things useful to the community.

The conversation touched on many such purposes, and offered special insights on three: feeding the hungry, protecting neighborhoods, and balancing social and economic priorities.

Feeding the Hungry

Food banking is a classic example of how creative and productive relationships among the three sectors can accomplish so fundamental a public purpose as assuring people receive basic nutrition. Anne Register described how the practice began in the 1970s as a partnership among nonprofits, community groups and the private sector, supported by a federal grant. A 1977 national hunger study provided a base for much of the national food banking enterprise.

Ms. Register explained how her Second Harvest Food Bank acted as a nonprofit “wholesale” regional supplier of resources to other nonprofit “retail” direct service agencies helping people in need. The main source of resources, she noted, is the food industry itself. Second Harvest distributes 500,000 lbs of grocery products every month from its warehouse to some 475 agencies in 17 counties in the Charlotte/Mencklenburg region, including 15 in North Carolina and 2 in South Carolina. “Our warehouse,” explained Ms. Register, “is owned and maintained by Mencklenberg County (in which the city of Charlotte is located). It was built brand new as a food bank warehouse in the late 1980s. It is a beautiful relationship!”

Second Harvest, said Ms. Register, works at all levels of government. It worked with the local department of social service to produce a brochure to help people know when they are eligible for food stamps and how to get them. It developed a statewide coalition with six other food banks to persuade the North Carolina General Assembly to provide funding to secure nutritious food products for needy people.

Food banking also has developed a sophisticated network across the country and up to the national level. Second Harvest is affiliated with America's National Harvest, a national network of food banks helping some 50,000 charities across the United States. Headquartered in Chicago, America's National Harvest has a staff of public policy experts who are frequently in Washington working with Congress, and with such federal organizations as the Federal Emergency Management Agency (FEMA) on the national level. Food bank experts are frequently asked to contact elected officials to provide information. "They recognize that we are on the front lines and want to help," said Ms. Register. "Sometimes it takes time for us to be heard. But we are willing to take the risk, and if we have good information and accountable stories to tell, usually it does work."

"These are all good partnerships," said Ms. Register. "There is no way the nonprofits could do it by themselves."

Protecting Neighborhoods

Willie W. Lightfoot, a County Legislator who represents 50,000 people on the Monroe County Commission (Rochester), New York, demonstrated the importance of inter-sectoral collaboration to protecting neighborhoods and local communities.

He described the threat to his community from a major development proposed by the University of Rochester. The Genesee River divides his district. On one side is the university, and on the other side are neighborhood housing and a park. The university proposed using some of the parkland to build a hotel and closing a boulevard that crosses the bridge leading to the university's hospital. Five nonprofit neighborhood organizations joined together as the Common Council, on which Mr. Lightfoot serves, to oppose the project. The city government is also involved.

Mr. Lightfoot's concern was that he didn't see "what the residents would get out of this. What is the philosophy of the project? What will the neighborhood gain? Will African-Americans like me need a badge to walk through the project when it's finished? How many residents go to the university? How can we share the river? How can we get through this thing so that everybody feels good about it?"

Bob Allen noted that Duke University became concerned about the status of the neighborhoods in Durham, North Carolina. Duke made a major gift of several million dollars to improve housing, promote home ownership, strengthen schools and churches, and improve social conditions in a depressed neighborhood called Wall Town. This was partly the result of a collaborative effort by the university, neighborhood organizations, and religious organizations. Some members of the neighborhood felt they would give up some power, but that problem was resolved.

Mr. Allen suggested bringing together a collaborative effort in a neutral site to talk about the shared values of all concerned. Chris Gates seconded that idea, and also noted that the International City/County Management Association (ICMA) has a division

called their “town and gown consortium” of cities and counties with a university that gets together to compare notes.

All agreed that this case highlights the need to develop new and more effective ways of bringing parties with conflicting interests together to find common ground and resolve differences in a constructive manner.

Balancing Economic and Social Concerns

Jim Gustafson, a County Supervisor in Buena Vista, Idaho, demonstrated the importance of intersectoral collaboration for balancing the often-competing economic and social demands on a community.

Buena Vista is a town of 10,000 residents that is highly dependent on two food processing companies that together employ about 2,600 people. “These are much lower paying jobs than they used to be when the unions had a strong role,” said Mr. Gustafson. “I know because I worked in the old packing industry.” He said the companies provide inadequate benefits, such as funding mental health only for managers and not for workers, while providing alcohol and drug abuse treatment coverage only after an employee has been employed six years, and basic health insurance only after six months. He believed the companies were able to do this in part because they could always find immigrants willing to work for lower pay and benefits.

The consequence, said Mr. Gustafson, was that “our community was getting taxed to the limit, and the pressures on our government agencies continued to grow” to provide services that were not covered by company benefits. “So I got the Board of Supervisors to pass a nonbonding resolution asking the companies to improve things. The city fathers were not happy with me for doing this, because they feared it would have a negative impact on our business image.”

Mr. Gustafson said things improved a little bit, in part because the Immigration and Naturalization Service (INS) stepped in, and in part because the labor pool had gotten tighter. One company began to provide health coverage after three months rather than six. But he wondered if there was not a better way to handle such problems.

Bruce Romer applauded Mr. Gustafson’s courage in raising those issues. He did not see any easy answers, but felt it was important to “get inside the economics equation within those companies” to determine the real economic tradeoffs and understand the barriers to the company’s behaving more responsibly.

Chris Gates suggested that such situations were better served by a consensus-building, or collaborative problem-solving approach, rather than a traditional adversarial style. He noted that the National Civic League had worked with universities and other community organizations to train people as facilitators in such collaborative approaches.

Here again, the panel agreed that such complex issues were precisely the kind that required a new approach to collaboration and constructive problem solving among the three sectors.

COLLABORATING FOR RESULTS

In focusing on specific public purposes and results, the panel identified several important factors that can help fashion more effective collaboration among the sectors.

Initiating Leadership

That panel agreed on the importance of leadership. But their perspectives on the nature of leadership in the community differed.

Marla Cilley, Transylvania County Commissioner, also serves on the state board of the Resource Conservation and Development Council (RCD), a national association of nonprofit organizations funded by the federal government. She wanted to know which of the three sectors took the leadership in initiating collaborations.

Bob Allen felt in his community the business community is in a unique position to call people together because they are seen as a more neutral party than the nonprofit or government sectors. The private sector does not always feel welcome in these discussions, he observed. However, it depends on the issue. For example, the private sector has been welcome in education reform. But at other times business is accused of trying to run government and the nonprofit sector. The most important thing is that it is interested in becoming more involved.

Mr. Allen noted that many problems are global and regional rather than just local. He believes that when government looks at large problems, such as transportation, it should ask for and contribute to a collaborative effort to look at the long-term strategic view. There are so many voices that want to be heard that community wide planning to solve problems, rather than just expecting government to solve problems, is important.

Anne Register pointed out that the nonprofit sector is usually in the position of asking for something, and so may often take the lead in getting things started. But then the business community may respond with a strong position of its own. “Many good citizens in the business community want to adopt our cause,” she observed, “but they come in and say, OK, here is our plan, and you need to do the following. But then we say, well you know, doing those things does not really make any sense. I like the atmosphere where a project is being planned by a good-hearted business and they ask us to come in at the very beginning. And it really does help us, rather than just making us jump through a lot of hoops.”

Ms. Register said that the recent tendency in her community has been to include everyone when a project starts, no matter who takes the initiative, “and that’s a positive change.”

Bruce Romer believed that business is the least likely of the three sectors to take the imitative. He noted that while Montgomery County has a few solid, big corporate firms, there are many new firms in the biotech and info-tech industries that are so busy inventing the genome, or whatever, that they really have not focused on community issues.

“In our community it is the nonprofit sector that is most likely to see the need and urgency for action,” said Mr. Romer. He reported the recent formation in his county of a nonprofit alliance focused on developing the economy, technology, and human capital. “That’s where the action is these days,” he concluded

Cutting the Red Tape

Whichever sector supplies the leadership, the panel agreed that government has the lead role in clearing away the regulatory underbrush in order to facilitate action.

Both Anne Register and Bob Allen felt that government red tape was a major barrier to more effective collaboration. And Bruce Romer agreed. In fact, he described how government often gets tied up in its own red tape. Montgomery County tried to cut through the time consuming procedures involved in hiring short-term government employees by negotiating a “broker contract” with the county’s nonprofit Mental Health Association. The county asked the association to develop a list of people with the kinds of expertise potentially needed, and then simply contracted with it to hire the people the county needed. “It’s working,” he said, “but it also invited a whole new wave of critics, including our public employee unions who don’t like what we’re doing because they view it as a way to avoid union positions. No good deed goes unpunished, but we continue to try.”

Mr. Romer also emphasized while he sympathized with the concern about burdensome regulation, he also believed that government has a broader public responsibility than the other two sectors. “One of the most important challenge we have as public administrators and legislators is to find the right balance of laws and regulations that protect society and yet allow maximum flexibility for nonprofits and businesses. The laws and regulations are usually there to cover abuses, both real and perceived, in our society.” He cited as an example purchasing regulations that are designed to keep distance between the government as purchaser and the vendor. Such laws were passed for good reasons, but he acknowledged that they often prevent more creative relationships and problem solving. “We need to challenge ourselves to be creative. Sometimes we succeed and sometime we just invite additional criticism.”

Building Nonprofit Capacity

The conversation repeatedly surfaced the increasing pressure on nonprofit organizations resulting from several convergent trends. Business restructuring threatened to restrict private sector resources in many communities. However, there is little public favor for a return to big, activist government. Meanwhile, the demand from the nonprofit sector's own constituencies for increased service continues to grow. All agreed that these forces challenge nonprofit organizations to significantly improve their organizational capacity.

Bruce Romer described how many nonprofits in Montgomery County lacked the capacity to compete effectively for county contracts. The county government concluded that it was in the public interest to increase the pool of potential nonprofit contractors, and so began providing nonprofits with "community service grants" of up to \$20,000 – many as little as \$2-5,000 -- to help them build their capacity and "level the playing field" with the business sector. "It's hard to raise money in the nonprofit world for staff training and offices," explained Mr. Romer. "Donors generally just want to give money for program. But nonprofits need that kind of infrastructure if they are to be able to complete and to provide effective programs."

Sally Graham, Criminal Justice Coordinator from Sarasota, Florida, said that she generally agreed with the notion of county government's helping nonprofits with grants-in-aid. She noted that with less money coming from federal and state government, nonprofits are looking to counties for financial support; her own county had increased support for nonprofits from \$1 million to \$5 million in six years. But she raised concerns about the potential costs, and how to assure that the money was well used.

Bruce Romer confirmed that Montgomery County had had the same experience and concerns. He stressed the county's emphasis on assuring that nonprofit contractors are effective and efficient in accomplishing their missions, not duplicative of other service providers, and are held accountable for results. "We've had to pull the plug on some great sounding projects that were not sustainable over time," he lamented. "The key is to eliminate duplication and make sure the strong survive, and that is whom you partner with."

Promoting Volunteerism

Meanwhile, neither the panel nor the audience was prepared to let business off the hook for meeting their community responsibilities, whatever the consequences of economic restructuring.

Janice C. Rossi, Executive Director of the North Carolina Association of Rehabilitation Facilities in Raleigh, observed that some progressive firms were providing space in their facilities for community volunteer centers enabling their employees to volunteer. This committed the company to the notion that volunteering is important to

employees, to the community, and to the firm itself. But she wondered how widespread this practice was.

Bob Allen said that Duke Energy provides an electronic bulletin board, matching specific employees with specific volunteer opportunities, and he predicted more firms would move in that direction. He noted that he serves on the board of the North Carolina Business Association for Education, which works with businesses to encourage their employees to get involved in the education of their children, and to serve as mentors for other children. But he cautioned that as large firms downsize, they would have fewer employees available to volunteer, at least during business hours. He challenged nonprofits to make up that gap by working harder to establish contact and better ties with the growing number of small and medium size firms.

CONCLUSION: RESTRUCTURING COMMUNITY DIALOGUE

The conversation appeared to confirm Chris Gates's contention that the "old rules of the game" were not working, and that a new set of rules for social change needed to be developed, and were in fact emerging. Indeed, *the clearest message that arose from the conversation was the need for radically improved methods of community dialogue.*

Willie Lightfoot, the County Legislator from Monroe County, New York, whose neighborhood was threatened by a university development, highlighted this point: "What made me get up when you were talking about 'getting everybody involved,' was that we tried to do that in our community with a 'town meeting.' The idea was to make sure everybody was involved, from all five neighborhoods. But something seemed wrong about it. Maybe because everybody wasn't really involved. People still feel they are getting shut out."

Chris Gates acknowledged that words like "town meeting" and "strategic planning" were losing their meaning, or were being co-opted for inappropriate purposes. One community the National Civic League is working with worried that "if we propose another strategic plan people are going to go berserk!" So the Civic League worked with the community to organize an initiative called the "community conversations project," where people get together to talk, but do not necessarily engage in "planning."

Bruce Romer noted that traditional public meetings and public hearing are structured on a "we-they" arrangement that promotes an adversarial relationship. Even the room arrangement and format -- where one person presents a position and then the audience reacts -- tends to foster confrontation. Montgomery County created a new approach called an "open house," designed to encourage more constructive and fluid communication on given subjects. "The room is set up as an open house where people move from table to table to learn about different dimensions of a project, and they use that opportunity to make their points about the project at those various stations. At the end of the day there is more consensus than you might realize, and you avoid the adversarial atmosphere of the traditional public meeting."

The problem faced by Buena Vista, Idaho, in balancing economic growth with social equity also underscored the need for a new approach to community dialogue. Chris Gates noted that “taking on the biggest employer in town is never an easy task. In fact, it is precisely such difficult, complicated, textured, complex situations that do not respond well to formal, zero-sum processes that depend on Roberts Rules of Order, motions, resolutions, ordinances, and the like.” To address such circumstances, noted Mr. Gates, many communities have turned to other processes that are consensus-based, such as facilitated collaborative problem solving.

He stressed the importance of holding such activities in a “civic space” or “safe space,” such as a church meeting hall or high school gym, rather than in a formal government hearing room. Somebody in the room plays the role of a fair-broker, neutral convener, or catalytic leader. All the stakeholders come together in a non-formal, non-confrontational way. Each has an opportunity to say: here are my concerns, here are my interests, here is what I’m worried about, and here is what I would like to see happen.

The panel agreed that such are the foundations for collaboration among the three sectors required to produce effective social change.