

**United Way of Anchorage
Board Meeting
April 19, 2017, 4 p.m.
Alaska Communications Business Technology Center**

Members Present (14): Mike Abbott, Belinda Breaux, Laurie Butcher, Dan Clark, Mike Dunn, Kitty Farnham, Charles Fedullo, Keith Hand, Teri Nienhaus, Susan Parkes, Frank Paskvan, Natasha Pope, Shawn Rivera, Beth Stuart

RSVP Regrets (8): Jay Butler, Joe Everhart, Rick Fox, Dick Mandsager, Joe Marushack, Cory Quarles, Janet Weiss, David Wight

Call to Order: Susan Parkes called the meeting to order at 4:05 p.m.

CONSENT AGENDA

Keith Hand moved to accept the consent agenda (March 15 meeting minutes and March financials) as presented, Charles Fedullo seconded, and the motion passed unanimously.

AGENDA ITEMS

Executive Committee Report:

Susan Parkes extended kudos to Mike Dunn, David Wight, and Rick Fox for hosting impact tours, which raised \$24,375. The Walk in My Shoes on-line experience UWA developed was showcased on UWW's breakfast online, the daily newsletter. UWA created a license agreement to sell it to sister UWs at reasonable price and recoup the development costs. So far, 18 UWs have inquired, 8 are reviewing the license, and 3 licenses were sold at \$2,500 a piece. The Executive considered Board members' views on the Affordable Care Act and decided to stay the course on providing information on how the ACA operates in Alaska, the impacts in its current form or the impacts of proposed changes, and to urge careful consideration rather than precipitous action.

GradBlitz:

Kelsey Preecs shared that GradBlitz is coming up and will kick off with showing of the movie that includes interviews with successful college graduates. The goal is to show community that we want kids to graduate ready, successful, and prepared for life.

Finance Committee Report:

Keith Hand reported the general assumptions/factors that the Committee used to prepare the FY'18 budget are:

1. Revenue projection assumes economic conditions will be unchanged from the current year. While significant change, positive or negative, will affect UWA's revenue generation, it is unpredictable so the FY'18 revenue budget is based on a premise of remaining constant.
2. The amount of community investment is kept at the current year level.
3. There are also expense reductions (\$700,000 less than FY'17), but want to maintain the infrastructure necessary to keep the fly-wheel moving.
4. The 2017 UWA campaign results will be known by mid-November so adjustments can be made to the budget at that time, as needed.

Mike Abbott moved to approve the proposed FY'18 operating budget as presented, Charles Fedullo seconded, and the motion passed unanimously. The FY'18 capital budget is \$7,000 for improvements for several mobile activities. Mike Abbott moved to approve the proposed FY'18 capital budget as presented, Laurie Butcher seconded, and the motion passed unanimously.

Investments Update:

Michele Brown reported that investment letters went to partners. This year, the letter noted all funding sources that benefit partners so the focus is not just on the decrease in the unrestricted campaign revenue funding stream. While there was not a large response, there were a few comments, such as one email that said:

I just wanted to say that I appreciate the clarity in this letter and that UW has been transparent and honest about how funding has been impacted the past few years – it's never fun to talk about decreasing funds, but you guys keep us informed so we aren't surprised or unable to plan in advance.

Teri Nienhaus mentioned that Bean's Café expressed concern, over the reductions and how it was communicated. UWA has engaged a group of EDs to work to a better partnership and discuss collaborative fundraising for results-based work. Currently, the competitive environment, as well as the economic decline, do not paint a favorable picture for collaboration.

Business Development:

Susan Parkes focused a Board conversation on a central problem confronting UWA: Why is it that those who know and like the UWA business model don't necessarily invest in it? Is the business model still the right one given the mindset in the community? Did UWA not do the right things? Did UWA not do them well? Did the economic environment shift too much, making the plan unfeasible? The Executive Committee would like to proceed on the assumption that UWA business model is still the best direction, but UWA needs to take a more disciplined and targeted approach to the next business development plan and then deploy that business plan with gusto before reconsidering the business model.

As background, Michele Brown reviewed the UWA strategic plan and business model. Around 2006, the Board chose to go into impact work, setting out a new strategic direction, and directed staff to proceed at a measured pace to bring people along. At the 2011 and 2012 retreats, the Board determined that the work could achieve greater impact exploring totally new opportunities, such as diving deep into community will building and building multiple sector systems for improved outcomes. The Board also said to accelerate the pace.

At the 2015 and 2016 retreats, the Board adopted the 2015-2018 Strategic Plan and Business Model. While the strategic direction and business model remain fundamentally on the same track, the Board said it is not enough to build the partnerships leading to community change. UWA needed to be more intentional about remaining strong organizationally and garnering more supporters because they are as important to achieving community change as is good program work.

UWA has to deepen and broaden community engagement to attract and retain interest, participation, and resources. While UWA still wants movement towards results in the work with its nonprofit partners, UWA business model became one of mobilizing change through strategically mobilizing community voices, cross-sector partnerships, volunteers, and investments. To this end, the Board set UWA goals to be relevant, impactful, and to grow financially. While relevance, impact, and growth could each be a lengthy conversation, the most pressing issue right now is on growth; specifically revenue, or to be more explicit – not only UWA is not growing revenue, the revenue is declining.

UWA's growth business development plan rested on three premises:

- The need to make connections with the vast majority of Anchorage residents UWA doesn't reach in workplace campaign and emphasize "investment products," both small (grassroots) and large (major gifts) in the goal work like 90% by 2020 or ending homelessness.
- As UWA's results-based collaborations mature, they will become increasingly sustainable through the investment products.
- Maintain stability in the workplace campaign.

These premises didn't produce as well as hoped.

On the first premise of connecting beyond the workplace campaign: 6 grassroots investment products included mass marketing solutions, a holiday catalog, direct mail/email, viral campaigns, and various combinations thereof. All unsuccessful with the exception of the recent "Warm Housed Fed" email which produced a modest return. For larger investments into the work, UWA has gotten grants and major gifts. Many are restricted, rather than the hoped for general investment into the results based collaborations, but that has been modestly successful.

On the second premise that, as UWA work and the investments products matured, it would generate steady revenue and be less reliant upon undesignated revenue from workplace campaign: For last 5 years, UWA investment product revenue provided for 26% of total expenses. That's good, especially in the tough economic and competitive environment, but not good enough to say UWA premise is well founded, and especially not good enough when campaign is declining. The ratio to expenses is 38% when including the designations that donors make within workplace to Education, Income, Health or 90% or Warm Housed Fed. More likely though is that these designations are reflective of donors expressions of areas of interest rather than support or even awareness of a particular plan. Also, these designations do not reflect an increase in donors but it may offer a possible segmentation path within workplaces for better donor relations.

Breaking it down, education is UWA's most mature body of work. It generated 26% of needed funds through investment products (46% if donor designations are included but that's with the caveat described earlier). UWA still relies upon up to 74% from undesignated workplace campaign revenue to continue this work. Health shows 59% investment product revenue. However, this is not truly from investment products, as UWA defines them. It reflects the large donation Providence Health and Services Alaska made to help shore up the health service organizations several years ago. UWA used that in its partner investment process to help cover campaign shortfalls. UWA does not have a results-based collaboration body of work in this area to promote investment products but one is under development.

The income work has been the most reliant upon undesignated workplace campaign funds – 89%. This is, in part, because UWA has continued to make large investments in safety net partners that until just recently were not coalesced into a results-based collaboration. Now that the homeless work is jelling and UWA is garnering investments, this may look better next year. The other body of income work – financial stability – did not generate much investment product revenue. Finally, Alaska 211 is the most self-sustaining at 70%. However, it is a fixed, direct service activity at least at this point. It was initiated, and has been maintained, by a sustainability plan of ongoing funding from partners like the State, Mental Health Trust, Alaska Housing Finance Corporation.

On the third premise, workplace has not been stable.

UWA will prepare two business development plans to address the issue: one to boost workplace campaign and one to reach investors outside of campaign. Workplace campaign remain UWA's lifeblood and UWA is greatly dependent on it. Also, it is where UWA believes the bulk of UWA's attention should be focused as the best access point for growth.

The workplace campaign revenue, but has seen significant decreases over the last several years. The decrease from 2010 to 2011 is due to the loss of a \$500,000 campaign. Campaign was stable at that reduced amount from 2011 to 2013, but had severe decreases in 2014, 2015, and 2016. Since 2010, there has been a 32% revenue decrease and a 40% decrease in the number of donors.

The number of employees UWA is theoretically reaching – if all the companies are distributing UWA info to all employees – has decreased from over 50,000 in 2011 to 39,000 in 2016, a 22% decrease. There has also been a precipitous drop in number of companies doing campaigns, down from 200 to 122, a 39% decrease. Contributing factors include:

- 1) Increased brand competition. More and more non-profits are reaching out to their board members and other constituents and doing special fundraising events. This has led to, in some cases, UWA being seen as “just another non-profit.”
- 2) Some workplaces “adopt” a charity a year, and UWA is just one in the rotation.
- 3) With increasing business demands, there has been less and less employee time allowed for the workplace campaigns. This has led to fewer donors, which, in turn, led some companies to say that the declining number of donors means lack of interest and they drop the campaign.
- 4) UWA has had less time in front of company leaders to secure their support – some of this is because they don't have time, some is because UWA campaign cabinet got very small and the peer relationships were gone.

The UWA campaign is in the middle of the pack of UWs across the nation. UWA recently researched eleven UWs across the nation that had achieved three consecutive years of increased fundraising results. The takeaway is a strong theme of “back to basics in the workplace campaign,” including:

- Robust volunteer engagement on a Campaign Cabinet to help fundraise and to serve as ambassadors of UW;
- Staff and volunteer ambassadors develop and strengthen strong relationships with C-Suite – not just CEO – but other top company leaders;
- Promoting leadership campaigns (asking specific audiences for \$1000 gifts, or \$40 a pay period) within workplaces;
- Securing funds that can be used as matching gifts to incent individual gifts at specific levels of giving – leadership, Tocqueville;
- Strong relationships with funded non-profit organizations.

Combining that research with UWA's recent guidelines leads to eight best practices:

- Robust volunteer engagement in workplace and major gifts/Tocqueville;
- Focus on **all** donations – not just unrestricted gifts – designations are okay;
- Strong relationships with corporate CEOs/C-Suite;
- Develop products based on what donors want, not only on that which will drive impact;
- Knowledgeable CEO/Board on “ways” of UW fundraising practices and accompanying accountability;
- Use of matching gifts;
- Promotion of leadership giving;
- Strong funded partner relationships.

The Board discussion focused on three of these recommendations. The first is robust volunteer engagement in workplace and major gifts/Tocqueville. Over the last several years, UWA actually moved away from recruiting a campaign cabinet because the volunteers were not following through. The premise of UWA's experiment of not having a cabinet was if staff didn't have to spend the time recruiting and monitoring and motivating the volunteers, they could get the job done themselves more efficiently. However, that led to fewer and fewer volunteer ambassadors for UWA in the community and there were some companies that weren't willing to meet with UWA staff who would have probably met with a volunteer that was a peer. Also, many company and community leaders serve on boards of multiple agencies, so are already fundraising for other groups. Often, the other organizations' fundraising messages are more tangible.

UWW and other UWs say to have a successful UW there must be a campaign cabinet or some version of it. In the current environment, can UWA reinstitute a cabinet that gets the job done? How can UWA recruit 10 or more of the right folks to serve? Or how else could UWA accomplish the work? Another factor to consider is generational change in company leaders – many company leaders are no longer baby boomers – traditionally strong supporters of UWA. More and more Gen-xers are leading companies. Are they still influenced as much by their peers?

The second recommendation is strong funded partner relationships. Some funded agency partners are not supportive of UWA's business model; they say "too much" funding goes to UWA's backbone work. Therefore, there is less support from agencies for the workplace campaign. And in some cases, agency leaders share their less than supportive views about UWA with potential donors, workplace campaign leaders.

In the past, when UWA was invited to speak at companies during the campaign, UWA would invite agencies to present together. As already mentioned, business conditions have led to less and less time for UWA at companies and therefore, less and less presentations, and the length of time allowed for presentation is shrinking as well. And when there is only time for one speaker, a UWA staff person is sent. So from agencies' perspective, they have seen a decrease in opportunities to talk about their work during the campaign, or a drastic decrease in UWA asking them to partner with them. At the same time, UWA is promoting "UWA work," which while inclusive of the funded partners, this is one of the times some agencies choose to see UWA as competitors rather than partners. What are the Board's thoughts on how UWA can improve relationships with agencies? Does the Board agree that this is the attitude/opinion of some of the agencies? And how can the Board help UWA improve relationships with agencies?

Board members noted the tough economic conditions, such as other communities have been climbing out of recession while Alaska is moving into it and cost shifting under the Affordable Care Act is taking a toll. The Board will continue the discussion at future Board meetings and address target populations and fundraising models.

Motion to adjourn was made by Mike Abbott, seconded by Charles Fedullo, and unanimously approved.

Next Board meeting: May 17, 2017