

ADVANCING THE  
COMMON GOOD  
IN A TIME OF  
**DISRUPTIVE  
CHANGE**



## 2009 ENVIRONMENTAL SCAN



## Ohio Senate

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Insurance, Commerce and Labor  
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State Senator  
**Eric H. Kearney**  
9<sup>th</sup> District

October 5, 2009

Dear United Way Leader,

United Way of Greater Cincinnati is poised to begin a process to update its strategic plan, *Vision 2010*, for the next decade. To prepare for this process, the organization asked a group of our area's best thinkers to come together to create an "Environmental Scan" that would identify the major drivers of change that are likely to characterize that period. The theory behind this approach is that it makes little sense to engage in a strategic planning process without first predicting what's likely to change in the environment in which the organization will be functioning.

I was honored to be asked to be the chairman of this group of talented and thoughtful men and women. Their names and organizational affiliations can be found following the Introduction of the report *United Way in a Time of Disruptive Change*, which I am conveying to you with this letter. Working with these insightful individuals has been an illuminating experience for me and has brought to my attention many currents of change that are almost certain to have profound effects on United Way, state and local governments, area businesses, and non-profit organizations.

The members of the Environmental Scan Committee believe that the pace of change is increasing in almost every dimension of life – that, indeed, we are facing a period of disruptive change that will challenge United Way and other organizations in ways they've never been challenged before. These thinkers believe that the decade to come will be characterized by ominous threats and stunning new opportunities. The report they have written describes in layman's terms a few of the fundamental changes that will give rise to those threats and opportunities. The thinkers identified many more change drivers than could be included in this report. Those that are included seemed to the thinkers to be the most significant and the most likely to occur.

The change drivers fall into six areas:

- Demographic changes

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- Economic changes
- Changes in technology
- Changes in social attitudes
- Public policy changes
- Changes in the climate for charitable fundraising and non-profit management

The members of the Environmental Scan Committee consider demographic, economic and technological changes to be *fundamental* change drivers, with changes in social attitudes and public policies generally being consequences of those fundamental changes. Changes in the climate for charitable giving and fundraising seem to the members of the Environmental Scan Committee to be consequential to changes in the other five areas, though obviously of great importance to United Way and the achievement of its mission.

The descriptions of change drivers to be found in the report should not be considered forecasts since the Environmental Scan Committee has not assigned probabilities of likelihood to them. It is more useful to think of them as compelling scenarios of the future with varying degrees of predictive value. All have high relevance for our regional community, while some have more direct relevance for United Way than others. You will find all the change drivers described to be thought provoking. Understanding all of them will be helpful to you as you guide the United Way and other organizations with which you are affiliated through the tumultuous time to come.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Kearney', with a large, stylized flourish extending from the end.

Eric H. Kearney  
Senator, 9th District

# INTRODUCTION

Since at least the 1980's, it has been commonplace to describe American society as undergoing constant, and perhaps quickening, change. Sociologists and organizational consultants have marshaled vivid images to make this point, with Peter B. Vaill's "permanent whitewater" metaphor being among the most noticed. In his book *Managing As a Performing Art* (1989), he spoke of how the leaders of contemporary American organizations face more or less constant turbulence in the environments in which their organizations must function: "[I]t has been my experience ... that you never get out of the rapids. ... The feeling is one of continuous upset and chaos."

Looked at from the vantage point of mid-2009, however, the 1980's and 1990's seem almost calm compared to the period through which American society is now passing. The demographic, economic, technological, social, and political changes we are experiencing can fairly be described as disruptive and challenge the survival skills of any organization, whether for-profit, nonprofit or governmental. Obviously, the deep and persistent recession is a source of great stress to organizations, many of which are dealing with a sharp decline in revenues – but organizational stress comes as well from other, non-economic quarters. Many commentators, for instance, point to the dramatic political changes being experienced in the U.S., including but not limited to the change of party dominance in the U.S. Congress and the Administration. Likewise, and seemingly in spite of the recession, the emergence of new technological breakthroughs continues and the pace at which they come may be speeding up. Equally dramatic demographic and social attitude changes are a feature of the times as well.

Clearly, all organizations are experiencing "the feeling ... of continuous upset and chaos." Not all organizations, including nonprofits, will survive these tumultuous times. Some organizations – no doubt the most strategic and disciplined – will come through the turbulence even stronger and more relevant than they are today. United Way of Greater Cincinnati is determined to be one of those organizations. Its work of promoting the common good is necessary during the tough times through which we are passing and will be even more essential in the decade ahead. To assure its ability to do that work, United Way is about to launch a new strategic planning process that will update and refocus its current strategic plan, called *Vision 2010*. The task at hand is to assure that the new strategic plan takes into account the dramatic changes affecting our society and our local community so that the organization's work has the highest possible relevance for the residents of a Greater Cincinnati/Northern Kentucky region that will be quite different from the one we have known.

To get ready for that strategic planning process, United Way has once again assembled a group of thinkers to produce an environmental scan covering the period 2010-2020. Their tasks have been:

- To identify and describe the most significant change drivers likely to affect the community and United Way itself in the coming years, and
- To explore how and to what degree those deep changes will affect the community and the organization.

Their informed scenarios will provide the foundation and context for the decisions taken in the strategic planning process to follow.

For purposes of this environmental scanning process, United Way asked these thinkers to describe the most likely change scenarios in six fundamental areas:

- Demographic
- Economic
- Technology
- Social attitude
- Public policy
- Environment for charitable giving and fundraising

The results of the reflective process undertaken by these thinkers (identified below) and the brief scenarios they constructed to describe principal drivers of change provide the content of this report. The drivers of change judged to be the most important in each category are described briefly, followed by discussions of how the change envisioned might affect the regional community and United Way.

The scenarios dealing with changes in the environment for charitable giving are treated somewhat differently, since those changes are, in most cases, consequences of changes in the other five areas. The three experts in this area reflected on how changes in demographics, the economic climate, technology, social attitudes, and public policy frameworks will result in "on-the-ground" changes in the areas of donor behavior and charitable fundraising. Their scenarios, therefore, are more "synthetic" in nature and are presented in that way in the report.

The volunteers and staff engaged in this environmental scan process are aware that United Way of Greater Cincinnati is in discussions with other United Way organizations in the region on the question of whether or not those organizations should merge into a "Regional United Way." Since their observations focus on the Cincinnati-Middletown, Ohio-Indiana-Kentucky Metropolitan Statistical Area, they believe that the change drivers and scenarios in this report have high relevance for the region as a whole and, therefore, that they will be useful either to United Way of Greater Cincinnati or to its successor organization, should there be one.

# MEMBERS OF THE 2009 UNITED WAY ENVIRONMENTAL SCAN TASK FORCE

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## Drivers of Change for the 2010 – 2020 Period

# DEMOGRAPHIC CHANGE DRIVERS

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David Walker, head of the Government Accountability Office and a former Social Security Administration trustee, once observed that “demographics are destiny.” He used the phrase in a discussion of the fiscal solvency difficulties and timelines facing the Social Security program, but it’s apt in almost any other situation you can imagine. The health of a region’s economy, its political clout, the quality of its inter-group relations, the social service needs of its residents – all depend on how many people are living in a region, who they are and where they live.

The scenarios that follow show that our region’s demographic profile during the 2010- 2020 period will differ in significant ways from its profile today. While the demographic shifts our region is experiencing in some population segments are not as dramatic as those seen in other regions, they are nevertheless real and worthy of note. These shifts also have significant implications for United Way in terms of its ability to raise funds and to achieve its community impact goals.

**DRIVER # 1: THE GREATER CINCINNATI REGION IS “GRAYING” AT A RAPID PACE. THE BEGINNING OF THE “BABY BOOM” GENERATION TURNS 65 IN 2011 AND THE YOUNGEST OF THIS GENERATION WILL HAVE TURNED 65 BY 2029.**

Over the next decade, there will be dramatic growth in the MSA’s senior population – especially in the suburbs.

**Implications for the region:**

The region must prepare for a shift in demand for human services, including increased stress on the region’s health care system. Suburban local governments and social service agencies (accustomed to dealing with younger populations) will be challenged to meet the needs of seniors. It is unclear whether “boomer seniors” will have different needs than earlier generations of seniors. What is clear is that the unprecedented size of this population group will spell a significant increase in demand for the types of health and human services needed by an aging population.

**Implications for United Way:**

United Way has identified child readiness for school as its top priority for community investment. The rapid growth of the 65+ population over the next decade may make it necessary for United Way to upgrade service investments for the growing senior population, which will include many individuals who have been long-time United Way donors.

**DRIVER #2: THE GREATER CINCINNATI REGION, LIKE THE REST OF THE U.S., WILL CONTINUE TO EXPAND ITS IMMIGRANT POPULATION OVER THE NEXT DECADE.**

Over the decade, population growth in the Cincinnati MSA will be maintained by the arrival of immigrants. Population growth in the MSA will continue to be driven by increases in racial and ethnic minorities – which will result in greater diversity in the region’s younger population.

**Implications for the region:**

The region must prepare for emerging sets of multi-cultural needs for human services. Immigrants will make up a small but rapidly growing proportion of the MSA’s population. The relative youth of immigrants will counter the population aging trend cited earlier to some degree. Higher levels of immigration will increase the area’s population diversity. Human service providers will be challenged to meet increased demand for immigrant/refugee services and to meet human service

needs different from those with which they are familiar. Highly educated immigrants (especially from Asia) will add to the quality of the region’s workforce and enhance economic development.

**Implications for United Way:**

United Way’s racial and ethnic constituencies will be undergoing substantial change in the next decade. This may lead to demands for new/and or different human service programs than United Way currently supports. With minority population growth heavily concentrated in child and young adult ages, United Way, schools and social service agencies will be challenged to adjust to a new and different multi-cultural landscape.

**DRIVER #3: POVERTY RATES IN OUR REGION WILL CONTINUE TO RISE AT LEAST IN THE SHORT TERM. THE RAPID SPREAD OF POVERTY INTO THE SUBURBS, WHICH BEGAN DURING THE 2000S, WILL CONTINUE.**

The most recent *State of the Community* report showed poverty rates continue to be above 11%, after staying below 10% from 1997-2003. The most recent annual poverty rate in the City of Cincinnati was 23.5% (2007).

**Implications for the region:**

While rates in our region are not as high as those in all regions, poverty continues to impact negatively the overall health of Greater Cincinnati. Increases in the demand for human services will accompany growth in the region’s poverty rate, and this will extend to the suburbs. While the City of Cincinnati is more familiar with the stress poverty places on the service system and individuals and families within the community, this phenomenon will become more prevalent in the region’s older, first-ring suburbs and, eventually, other suburban areas as well.

**Implications for United Way:**

As poverty increases and extends into our suburban areas, United Way is likely to see an expansion of requests for support coming from new/and or different human service programs than United Way currently supports – especially those serving our region’s suburbs. United Way’s efforts to increase the integration and effectiveness of the region’s financial stability services system will become even more important.

## **DRIVER #4: WHILE OUR REGION WILL CONTINUE TO IMPROVE IN THE AREA OF EDUCATIONAL ATTAINMENT IN THE AGGREGATE, RACIAL AND ETHNIC EDUCATION DISPARITIES ARE LIKELY TO PERSIST.**

Recent data (2007) from the U.S. Census Bureau's American Community Survey showed the percentage of adults 25 and older in our region who completed a bachelor's degree or higher rose from approximately 25 percent to 28 percent. Educational attainment is expected to rise in the aggregate over the next decade. However, disparities in racial and ethnic educational attainment are expected to continue, negatively impacting African-Americans and Hispanics living in our region.

### **Implications for the region:**

A highly educated workforce can attract new "knowledge economy" industries, providing economic development. While adults with college degrees tend to have lower levels of unemployment, the post-recession period will provide a short-term test of this tendency. Many who have not completed a college degree face significant barriers in achieving self-sufficiency. Should the post-recession period be characterized by a new economy that does not serve as an engine for immediate job growth, the lack of college education may limit the ability of individuals to find work, creating an extended burden on human services.

### **Implications for United Way:**

United Way plays a significant role in socializing families and children to the importance of early childhood and later education and has a significant impact on the number of children staying in school and performing well in school. As our regional population continues to diversify, pressure to address and eliminate racial/ethnic disparities in children's readiness to start school and subsequent education will increase. United Way and its partner agencies will be challenged to respond to these pressures.

## **DRIVER #5: THE MOST RECENT DATA AVAILABLE (2005) SHOW THAT 2 OF 5 CHILDREN BORN IN OUR REGION ARE BORN TO UNMARRIED MOTHERS. WHILE SOME WOMEN CHOSE TO HAVE CHILDREN IN AN ECONOMICALLY SECURE ENVIRONMENT WITHOUT BECOMING MARRIED, IN MANY CASES THESE CHILDREN ARE BORN INTO IMPOVERISHED ENVIRONMENTS.**

The number and proportion of births to unmarried mothers, in the MSA and across the United States, have increased to historic levels. It is expected that the proportion of births to unmarried mothers in the region, and nationally, will continue above historic levels in the near term.

### **Implications for the region:**

Poverty rates are highest for families headed by unmarried women with children – thus, we should expect increased demand in the region for social services for such mothers with children. Prevalence of negative birth outcomes (e.g., low birth weight, pre-term) is higher among infants born to unmarried women.

### **Implications for United Way:**

The number of children born into poverty creates a direct challenge to United Way's early childhood education efforts. Poverty provides many stresses and challenges to children and their families, which in turn create challenges for children and their families to focus on the importance of early and later childhood education.





## Drivers of Change for the 2010 – 2020 Period

# ECONOMIC CHANGE DRIVERS

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A long-time and much beloved United Way employee, Dr. Daniel J. Ransohoff (“Danny” to his friends and admirers) was fond of pithy aphorisms. One of his favorites was, “You can’t do the Lord’s work if you’re broke.” He understood perfectly well that this is a “scalable” truth and pertains to individuals, small groups and large groups. It’s also a general proposition, in that it pertains to charitable, nonprofit organizations, businesses and units of government. The ability of any entity to fulfill its mission depends on its fiscal health, which, in turn, depends on the health of the economy in which it is situated.

Though there is conventional wisdom that holds that our relatively diverse regional economy is less affected by economic downturns than other regions, there can be no doubt that it is being affected very significantly by the current recession. In building economic scenarios for the 2010-2020 period, our thinkers kept in mind the rule of thumb that, “the economy you have after a recession ends is often quite different from the economy you had before the recession.”

**DRIVER #1: WHEN THE RECESSION COMES TO AN END, THE REGION'S ECONOMY WILL BE DIFFERENT IN MANY IMPORTANT RESPECTS, ONE OF WHICH WILL BE A SLOW RECOVERY OF ITS JOBS BASE (A SO-CALLED "JOBLESS RECOVERY"), AMELIORATED TO SOME DEGREE BY THE EMERGENCE OF NEW INDUSTRIES IN THE REGION.**

In the short-term, employment will lag significantly behind other indicators of economic recovery. This may mean the region's unemployment rolls will be near 100,000 residents for an extended period of time. While the emergence of new industries may offset unemployment to some degree, it is unlikely to impact joblessness in a significant fashion very quickly.

**Implications for the region:**

The region's unemployment rate in August 2009 is higher than at any point since 1983. The needs of displaced workers will continue to place stress on all aspects of human service delivery. The ability of our regional economy to seize opportunities related to the emergence of new industries depends to a great degree on the skill level of its labor force and workers' ability to adjust to new economic realities.

**Implications for United Way:**

United Way will be challenged to respond to the needs of displaced workers. Declining wages and income would challenge the local human service system and be damaging to the United Way Campaign.

United Way needs to be a part of efforts to assure that local education and training programs have the effect of increasing the flexibility of workers. The current mismatch between employer needs and labor force skill levels could continue and even increase in a post-recession economy.

United Way needs to provide useful public education about the need for area workers to be prepared to meet the needs of a changing local economy and should back up that public education with appropriate training programs.

**DRIVER #2: THE RECOVERY OF OUR REGION'S ECONOMY WILL EXACERBATE ITS CHRONIC NEED FOR A MORE SKILLED LABOR FORCE, WHICH IS ESSENTIAL TO THE REGION'S ABILITY TO ATTRACT NEW BUSINESSES AND SUPPORT THE GROWTH OF EXISTING BUSINESSES, ESPECIALLY THOSE WITH HIGH VALUE JOBS.**

Greater Cincinnati has experienced slow population growth, along with out-migration of key demographic groups (e.g., 18-35 year-olds). To be successful in attracting new businesses and growing businesses already in our region, we must provide for a robust and highly skilled labor force. The expected arrival in the region of immigrants, described in the previous section, will not, by itself, provide a solution to this problem.

**Implications for the region:**

Leading up to the recession, employers were reporting changing skill needs and difficulty finding workers with needed skill sets. As the region's economy recovers, there will be a mismatch between the skills of the labor force and the skills employers require. This mismatch between required and available skills will result in slowed employment growth and may exacerbate the out-migration of key demographic groups. We could see slower wage growth or even wage declines in our regional economy.

**Implications for United Way:**

United Way's efforts on behalf of early childhood development may point to one longer-term solution to this problem. However, United Way also will be challenged to increase the supply of job training and retraining services. In addition, United Way will have to join with other groups to address the issues that lead to out-migration of key demographic groups. United Way also will be challenged to continue to find strategies that engage primary and secondary students, in order to reduce the region's drop-out rate.

### **DRIVER #3: IT IS LIKELY THAT A SIGNIFICANT PERCENTAGE OF OUR REGION'S OLDER WORKFORCE WILL DELAY RETIREMENT, BASED ON NATIONAL TRENDS.**

A significant percent of the older population is delaying retirement. The retirement delay can be attributed to both economic and quality of life/health factors. Relatively few Americans have substantial savings and, since the 1980s, more and more of our region's residents have become dependent on the performance of 401(k) and similar plans for their retirement security. These plans have been hard hit by the recent crises in the financial markets and the recession, leaving many with the need to stay in the workforce in an effort to replenish their retirement coffers. Individuals also are living longer, and the definition of "retirement age" or "elderly" continues to be extended to older and older ages.

#### **Implications for the region:**

Pervasive "non-retirement" will impede the ascent of young professionals on career ladders. Young professionals also may be "blocked" in the local economy, which could lead to an acceleration of the out-migration of this key demographic group. Out-migration of this group could make it difficult for the local economy to retain and attract high-skill jobs. At the same time, however, a higher Labor Force Participation Rate could have the effect of supplying much needed workers to the local economy.

#### **Implications for United Way:**

United Way, through its social research efforts, will be challenged to help identify the causes of any changes in our region's Labor Force Participation Rate – i.e., to understand why participation is falling or why rising – and develop appropriate strategies. Additionally, United Way may need to provide older workers with appropriate supportive services and younger workers with job training services to facilitate their entry into the workforce.



Drivers of Change for the 2010 – 2020 Period

# TECHNOLOGICAL CHANGE DRIVERS

Stewart Brand, founder and editor of *The Whole Earth Catalogue*, president of The Long Now Foundation and a principal in the Global Business Network, once remarked, “The future isn’t what it used to be.” If ever there were an arena in which this dictum is true, it’s in the arena of technology. Hardly a day goes by without news of a technological breakthrough in the biosciences, computer engineering or nanofabrication. Some technology watchers, with Moore’s Law and the exponential increase in computing power that is concomitant with it in mind, even predict the emergence of “strong” artificial intelligence during the 2010-2020 period.

Technological breakthroughs can have profound impacts on the economy, social attitudes and governmental policy. For instance, new technologies can result in new processes and products that open up new economic opportunity spaces. As well, they can change profoundly the ways in which people communicate with one another, with all the social change potential that implies. For its part, government often strains to create public policy frameworks that take into account the opportunities and threats brought about by technology shifts.

## **DRIVER #1: THE NEXT DECADE WILL SEE THE EVOLUTION OF THE INTERNET, AND WIRELESS COMMUNICATION TECHNOLOGIES WILL ACCELERATE.**

The next decade will bring many technological changes to American life. The blending of phone, computer and related technologies will provide users unlimited wireless access to everything from everywhere. Increasingly, data centers will become more of a commodity and will migrate to the “cloud,” a method of computing in which networks act in concert and resources are consumed as services by renting usage from third-party providers. The quality of connections, speed of interactions and amount of Internet traffic will increase dramatically, and costs will decrease.

The Semantic Web and Social Media will expand and provide strategic opportunities for consumers and businesses alike. The region’s economy and society will change as the “Digital Natives” (i.e., those individuals who have grown up with technology) become a larger percentage of the workforce. By 2012 close to a quarter of the U.S. workforce will be aged 34 or younger, and over 15 percent will be younger than 25. The Internet with expanded capabilities of smart phones will provide immediate and ubiquitous access to information.

### **Implications for the region:**

All aspects of economic and social life will be affected. These changes should bring direct opportunities for growth in Greater Cincinnati’s technology sector and opportunities for the creation of incubators designed to produce new business applications utilizing emergent technologies. Most transactions will migrate to the Web, impacting business and consumers alike, increasing need and demand for data center infrastructure. Many of our social, personal and family contacts will be conducted online. Strategies for attracting and retaining talent in the region will be impacted by the region’s ability to meet the needs and expectations of digital natives.

### **Implications for United Way:**

The evolution of the Internet and communication technologies will continue to impact how United Way interacts with its constituents. United Way will need to continue to be flexible and forward-looking in strategies and tactics designed to reach individuals through new communication mediums. On the technology sector front, there likely will be more and smaller organizations for United Way to interact with. This implies both opportunity and challenges.

## **DRIVER #2: THE HEALTH CARE SYSTEM WILL GO THROUGH RADICAL REFORM AS IT SHIFTS TO ELECTRONIC RECORD-KEEPING. HEALTH CARE DELIVERY WILL ADVANCE, DRIVEN BY TECHNOLOGY AND DISCOVERY.**

During the next decade, health care technology will come of age, with the reality of significant improvements (e.g., electronic health/medical records) finally hitting home. The next decade also will see the emergence of genomics-based personalized medicine and other significant technological advancements in health care. Breakthroughs in the therapeutics of diabetes, obesity and other metabolic diseases are on the horizon. A significant amount of change in the health care industry would present many challenges to health care systems across the nation. This reform process will take many years to sort itself out.

### **Implications for the region:**

On an individual basis, personalized medicine will improve the efficacy of the drugs we take dramatically, and decrease the number and severity of side-effects, adding to quality of life as well as longevity. For the major causes of death today, chronic lifestyle illnesses, breakthroughs will have far-reaching effects on the health and longevity of the population. These changes may be accompanied by lower health care costs, greater health care system efficiency and greater wellness and longevity for those living in our region and throughout the U.S. Quality of care should improve with fewer treatment and diagnostic errors and expanding the use of electronic health records should increase health care options, services and information available to consumers.

These changes should bring direct opportunities for growth in Greater Cincinnati’s technology and health care sectors. The region’s economy should benefit from its current relatively high level of scientific expertise, and the potential synergy this expertise may create between the technology and healthcare industries.

As a result of reform efforts (as is the case with any large scale systematic changes), the possibility exists that the level of changes occurring in the health care industry might actually degrade the care of some groups in the short-term.

### **Implications for United Way:**

Overall, United Way constituents are likely to see positive impacts in the delivery of health care in the longer term. This may have significant, salutary effects on population groups receiving United Way-supported services (e.g., young children and the elderly). This may lead to changes in the health care needs of the community. In the shorter term, some turmoil may occur in the health care industry as it attempts to modernize its technology. This could result in the confusion and disillusionment of certain individuals in some social/economic sectors. Opportunities exist for United Way to leverage the

Internet in providing health-related assistance to a broader audience. As Electronic Medical Records (EMRs) get implemented from local practices to large hospitals, more and more information will be available to the public. United Way could provide a service through its delivery mechanism that allows this information to become more widely used and understood.

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**DRIVER #3: THE INCREASED APPLICATION OF INTELLIGENT TECHNOLOGY TO BUSINESS AND PRODUCTION WILL TRANSFORM THE WAY MANY OF OUR REGION'S FIRMS DO BUSINESS. THIS WILL ALSO IMPACT THE SKILL SETS OF EMPLOYEES OUR REGION'S BUSINESSES WILL SEEK TO ATTRACT.**

There will be dramatic advances in the power and use of Business Intelligence – the use of analytics to understand one's customers more fully (consumer analytics). There will be increased adoption of Lean Manufacturing and Radio Frequency Identification (RFID) technology, with resulting greater efficiency of operations and the possibility of "production to demand."

**Implications for the region:**

These changes should drive significant growth in the consumer information sector, as well as local and national distribution networks. Currently, Cincinnati is a center for consumer information and a distribution hub. These strong local industries should benefit greatly from advances in business intelligence. Businesses will need to adjust the number of their employees and seek employees with different skill sets as they apply these technologies. Businesses also will benefit from the opportunity this technology will offer in terms of improving service delivery and meeting the needs of consumers.

**Implications for United Way:**

Consumer analytics provide an opportunity for United Way to understand its constituents and their needs better. More detailed tracking of charitable giving and the use of data mining could lead to higher yielding approaches in United Way fundraising.

**DRIVER #4: THE ADOPTION OF "SMART GRID" PROGRAMS WILL TRANSFORM THE WAY ENERGY IS DELIVERED AND CONSUMED BY HOUSEHOLDS AND BUSINESSES. SUCH PROGRAMS COULD CREATE NEW "GREEN COLLAR" JOBS IN OUR REGION.**

We will see the emergence of the "Smart Grid," which will manage energy more efficiently through demand management and storage using digital technology. The "Smart Grid" is expected to provide consumers with real-time information necessary to increase consumption awareness, change usage behaviors and reduce power demand. It also is expected to include distributive power generation which will provide homeowners and small businesses with the ability to create and sell power without expensive stand-alone energy storage capabilities, increasing the supply of power, decreasing its cost and leveling out demand.

**Implications for the region:**

The smart grid should reduce the need for building additional large-scale power stations. It could produce shifts in employment and skills training in the region, creating new "green collar" jobs.

**Implications for United Way:**

The impact on the region's employment base will in turn impact United Way in terms of resource development and demand for services. Greater efficiencies of energy usage by United Way will result in cost savings for the organization, that is, United Way could leverage cost savings by participating in smart grid options that will become available.



## Drivers of Change for the 2010 – 2020 Period

# SOCIAL ATTITUDE CHANGE DRIVERS

It's clear that social attitudes change over time and that people's behaviors change as a result of attitudinal changes. Since the end of the Second World War, the attitudes of Americans have changed significantly on many important issues – race relations, gender roles, work, the environment (including climate change), and the role of government, to name only a few – and private and public behaviors have changed accordingly.

Understanding changing social attitudes is intrinsically interesting but, besides that, business, governmental and philanthropic organizations need this knowledge to understand how to market their goods and services, how to select and promote public policies and how to encourage giving and volunteering. Charitable organizations like United Way must be very alert to changing social attitudes since the attitudes of social groups determine to a considerable extent which individuals see the work of those organizations as relevant and the degree to which they are willing to contribute money and volunteer time to the organizations' missions.

Most sociologists, social psychologists, marketing experts, and others believe that social attitudes more often than not change as a consequence of environmental changes (demographic, economic, etc.). Therefore, social attitudes tend to change more rapidly when those underlying relationships are undergoing rapid change.

## **DRIVER #1: REGIONAL TOLERANCE IN ATTITUDES IS LIKELY TO INCREASE AS THE REGION AND NATION CONTINUE TO EXPERIENCE RACIAL/ETHNIC DEMOGRAPHIC CHANGES.**

Our region is likely to see an increase in aggregate tolerance toward 2020 as a result of national and regional demographic changes and increased contact among racial/ethnic groups. There also is a likelihood of greater receptiveness to inclusion initiatives, and it is expected that the leadership in our neighborhoods and community will include a greater number of current racial/ethnic minorities.

### **Implications for the region:**

Shifts will help to reduce long-standing intergroup misunderstandings and frictions in the region. There will be greater receptiveness to inclusion initiatives promoted by business, civic and government organizations. The leadership of the community's institutions will be more reflective of its current racial and ethnic makeup.

### **Implications for United Way:**

United Way will continue to have a key role to play in the regional dialogue about tolerance, race and ethnicity. Its work in comprehensive community development in area neighborhoods and communities will be facilitated by an increase in aggregate tolerance. United Way's social research efforts may be critical in documenting and understanding the increase in aggregate tolerance.

## **DRIVER #2: THE TREND TOWARD AGGREGATE MODERATION IN PUBLIC POLICY POSITIONS IS LIKELY TO CONTINUE AS THE REGIONAL AND NATIONAL ECONOMIES CONTINUE TO ADJUST INTO A GLOBAL ENVIRONMENT.**

Our region also is likely to continue on a path toward aggregate moderation as opposed to extremism on public policy issues toward 2020. This does not mean that individuals, especially those with more extreme views, will become less passionate regarding the issues they care about most. Attitudes about the role of government in the American economy and society likely will be impacted by success or failure in our nation's adjustment to a rapidly changing global environment. As the Baby Boomers hit their senior years, they will continue to add numbers to a powerful "gray political force" in regional and national politics. It is not clear whether this senior group will exert a single political voice toward the more conservative or more liberal side of the policy spectrum.

### **Implications for the region:**

Majorities in the tri-state region are likely to be more moderate (as opposed to extreme) along the public policy spectrum. The tri-state region as a whole is likely to remain more conservative on public policy, and more polarized, than the rest of the U.S. Merging MSAs may impact this policy-ideological balance and migration patterns will continue to alter individual county dynamics.

### **Implications for United Way:**

While in years past the public policy environment may have been more difficult for United Way to navigate because of politically polarized controversies surrounding needs for human services, aggregate public opinion is moderating in this arena – especially in regard to the role of government in service delivery and the need for human services. However, while constituents across the country are moderating their stances, this does not necessarily mean that elected officials will become less politically polarized; in fact, recent evidence suggests elected officials tend to be more extreme politically than the constituents they represent.

## **DRIVER #3: AN INCREASE IN "GREEN" PUBLIC POLICY INITIATIVES AT THE REGIONAL AND NATIONAL LEVELS MAY RESULT IN AN INCREASE IN "PRO-GREEN" OPINIONS AND BEHAVIORS.**

The scope and number of "green" public policy initiatives in the nation and region continue to grow. These initiatives impact the social and economic environments in which we live. With the general recognition of, and positive attitudes towards, environmental issues, pro-environmental attitudes may increase as the benefits of these initiatives are demonstrated.

### **Implications for the region:**

Should "greening trends" continue, we can expect a range of changes in the attitudes of area residents regarding "green" public policy initiatives. We also may expect to see changing consumption patterns, some of which may follow green mandates from local, state or federal government.

### **Implications for United Way:**

United Way may see increased pressure to support programs and services that demonstrate the organization's commitment to the greening of our region. Similarly, United Way may need to adapt its own business practices to those more consistent with green approaches to workplace environments, productivity and output.



## **DRIVER #4: TECHNOLOGICAL CHANGES MAY RESULT IN CHANGES IN ATTITUDES AND OPINIONS RELATED TO HUMAN INTERACTION, AND THE REDEFINING OF TERMS LIKE “RELATIONSHIP” AND “COMMUNITY”.**

A wide variety of technological changes are impacting the daily social, economic and political lives of our region’s residents. The most certain thing about these changes is that they will continue to occur and will continue to impact the relationships individuals have with their families, neighbors and larger communities.

### **Implications for the region:**

Technological changes have created opportunities to redefine relationships through new forms of communication. These changes may impact fundamentally how identity groups are defined and shape new forms of identity politics. Attitudes and opinions about social interaction may be altered due to technological changes as well. For example, while public sentiment currently rests against electronic record sharing, initiatives for data warehousing are on the rise. If public sentiment on this issue were to change as a result, there may be other far-reaching influences on attitudes and opinions about privacy.

### **Implications for United Way:**

United Way must be flexible enough to adjust continually to the changing ways in which the region’s residents are interacting with their communities. In the short term, this will include the need to incorporate new and old communication methods, but, for the longer-term, United Way must have a strategy that fully incorporates technology into its marketing and communications efforts.

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## **DRIVER #5: IT IS UNCLEAR HOW INDIVIDUAL ECONOMIC ATTITUDES AND BEHAVIORS WILL CHANGE AS A RESULT OF THE CURRENT RECESSION. IT IS CLEAR THAT MANY INDIVIDUALS AND FAMILIES HAVE MADE CHANGES IN THEIR FINANCIAL BEHAVIORS. HOWEVER, IT IS UNKNOWN WHETHER THE SURVIVORS OF THIS RECESSION, LIKE THOSE WHO SURVIVED THE GREAT DEPRESSION, WILL DEVELOP AN APPROACH TO FINANCES THAT WILL LAST LONG INTO THE FUTURE.**

A quick diagnosis of the health of American consumers shows that personal spending and debt have been out of balance for years. The current recession initiated a “reality check” that has sparked a dramatic reduction in debt and borrowing. Savings are up and citizens

seem to be taking a different approach to accountability, responsibility and personal goals. Some observers of the current recession point to the likelihood of a cultural shift, in which people will establish new goals and relationships that will last long into the future. It is much too early to measure any changes of this sort or to predict if it will occur, but perhaps the silver lining will be:

- increased commitments to individual financial responsibility and balance
- less focus on the materialistic
- stronger commitment to community

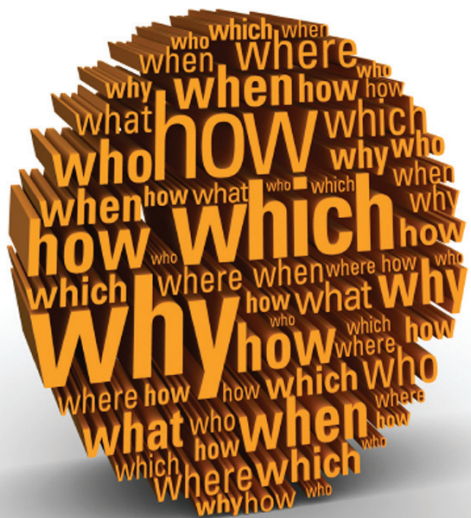
Other observers, however, see a different future, with individual economic retrenchment focused less on community and more on individual needs.

### **Implications for the region:**

The recessionary period has forced individuals to confront personal consumption behavior, spending habits, borrowing behavior, and debt. It will not be clear for some time what impacts this period will have on financial responsibility and materialism in the longer term. While the current recession may raise concerns about the ability of individuals to invest personally and financially in their neighborhoods and larger communities, there is potential that the post-recession regional culture could embrace efforts to revitalize our region and its economy.

### **Implications for United Way:**

The current recession raises concerns about the potential for charitable giving in our region. While the financial struggles of our region may make charitable giving more challenging for individuals in the short-term, the current period cannot be used to forecast accurately the longer-term future of charitable giving. Individuals are reevaluating how they allocate their money and are making decisions designed to improve their own financial security. United Way has the opportunity to make the case about the importance of charitable donations and the relationships between the economic, social and health security of our community and the security of individuals who live here. This may lead to new giving relationships that last long past the current recession.



## Drivers of Change for the 2010 – 2020 Period

# PUBLIC POLICY CHANGE DRIVERS

Pundits love to debate whether the appropriate role of government is to lead the people or to follow the people's lead. Clearly, government (at least democratic government) functions in both ways. In times of crisis, it is natural for citizens to look to their government for leadership – and there is some evidence that the American public is expecting a more “muscular” government during this time of economic crisis. However, it's equally clear that actions by government often follow changing public attitudes, sometimes after quite an interval of time. But whether government “leads the parade” or follows it, many of the public policies it adopts have very significant effects on citizens.

Though it has a unique and sometimes decisive role in resolving social issues, government also is a collection of institutions, just as the business and nonprofit sectors are collections of institutions. Since that's the case, it's important to recognize that long-term changes (e.g., an aging population) and short-term crises (e.g., the current economic downturn) pressure governmental institutions just as much as they pressure society's other institutions. Needless to say, governmental institutions are feeling a great deal of such pressure today and are likely to continue to feel it for several decades to come.

## **DRIVER #1: FISCAL DISTRESS WILL IMPEL LOCAL GOVERNMENTS TO ENTER INTO NEW COOPERATIVE, SERVICE-SHARING ARRANGEMENTS. HOWEVER, IT IS UNLIKELY THAT UNIFIED, GENERAL PURPOSE GOVERNMENT WILL EMERGE IN OUR REGION.**

Local governments in our region (as elsewhere) will face increased demands for critical services while, at the same time, experiencing historically high fiscal pressures (significantly underfunded pension obligations, increased energy costs, increased health care insurance costs for employees, etc.). This lack of balance in the budgets of governmental units is likely to lead to significant layoffs of public sector employees, which, in turn, could lead to a loss of quantity and quality in the delivery of services. These pressures will lead local governments to adopt new inter-governmental agreements for shared services and other forms of cooperation. However, unless the economic downturn is greatly protracted or a new culture of political leadership emerges in the region, it is doubtful that we will see the consolidation of local governmental units (e.g., “Uni-gov”) in our region.

### **Implications for the region:**

Strained budgets for local governments translate directly into diminished services for area residents. This is not a scenario to be desired when the demand for services is likely to be high as a result of sluggish economic conditions, potentially high unemployment rates, diminished financial reserves for retirees, and expected demographic changes. The Greater Cincinnati-Northern Kentucky region needs to maintain adequate levels of public services as part of its strategy to provide the best quality of life for its residents and thus compete successfully with other regions for high value jobs and population growth. For that reason, it is essential that local governments achieve the greatest possible efficiencies in the delivery of public services. Shared services and other forms of intergovernmental cooperation are one strategy to achieve that end.

### **Implications for United Way:**

Effective and efficient government services add significantly to the region’s quality of life and make the local economy more robust, and thus United Way has a strong interest in seeing those services continue. Cutbacks in local government budgets and services have a direct impact on United Way in that some of the services cut likely would be social services, putting pressure on United Way to fill at least some service gaps. Likewise, local governments provide supportive funding to United Way agency partners and they would be less likely to do so if their budgets were badly strained.

## **DRIVER #2: WHILE THE FEDERAL GOVERNMENT WILL BE FORCED TO RAISE TAXES, IT IS NOT LIKELY TO RAISE THEM ACROSS-THE-BOARD AND INSTEAD WILL TARGET CERTAIN POPULATION SEGMENTS TO COVER THE COSTS OF THE STIMULUS PROGRAM AND VARIOUS ESSENTIAL PROGRAMS. LOCAL GOVERNMENTS, TOO, WILL BE FORCED TO INCREASE TAXES AND FEES IN ORDER TO CONTINUE TO PROVIDE ESSENTIAL SERVICES WHILE MEETING OTHER FISCAL OBLIGATIONS.**

All levels of government will implement strategies to increase revenue streams. Public budgets are challenged by revenues insufficient to meet citizen demands for services and to provide for deferred maintenance of public infrastructures and meet other contractual and statutory obligations (see reference to government pension fund shortfalls, above and below). Because of the costs of the stimulus program, the federal government faces a high debt burden for many years to come. Servicing that debt will be very burdensome. Governments at the local, state and federal levels will have no choice but to increase taxes and fees, or drastically cut services, though their ability to do so will be constrained by an ongoing public resistance to those moves. At the federal level, any increased tax burden will not be general but will fall on specific groups, e.g., higher-income households.

### **Implications for the region:**

Less revenue means that local governments will have less capacity to support current service levels, let alone undertake new and innovative ideas that would position the region for continued economic growth. These reduced revenues will come at a time when cost projections in the areas of human resources, infrastructure and public safety continue to rise, and when state support for services (including social services) is falling. As mentioned, pension costs in particular are rising dramatically, with few units of government in our region spared. Making the situation even more serious is the fact that the debt costs of local governments are increasing as they borrow more to address infrastructure needs. Unless new revenue streams can be found, the region can expect continued service cuts and fewer infrastructure improvement projects. Some goals will have to be abandoned. In spite of political resistance to raising taxes and fees, that approach will be necessary to meet the service needs of area residents and position the region for a new era of competition when the economy recovers.

### **Implications for United Way:**

This situation will not improve until the economy recovers and, even as it improves, a full recovery will take years.

Obviously, the need for services by the region's most vulnerable citizens will increase. At the same time, a new group of citizens is being thrown into the class of those needing social services. At the time of the writing of this report, the region's unemployment rate stood above 10 percent. Many of those affected are the "new" unemployed, middle class individuals who have lost their livelihood, perhaps for the first time. Also at this time, there is a proposal being considered at the federal level that would increase taxes on households with incomes above \$250,000 and another that would place a cap on the deduction for gifts to charities. These proposals, if adopted, would negatively affect charitable contributions to United Way and other charitable groups. In this climate, United Way and other nonprofits will face tremendous pressure to look at new ways to conduct their business. As with local governments (discussed above), they will need to collaborate and align services and organizations for better service delivery. United Way seems well situated to lead such an effort, though it must bear in mind that some proposals for the consolidation of efforts may not be popular with the organizations affected.

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### **DRIVER #3: POLITICAL POLARIZATION WILL LEAD TO AN INCREASING USE OF REFERENDUMS AND INITIATIVES TO RESOLVE CONTROVERSIAL PUBLIC POLICY ISSUES.**

Ohio's political climate will continue to exhibit a high degree of polarization. Political polarization translates into legislative bodies (state legislatures, city councils, etc.) that are more partisan, polarized and "risk averse." Elected officials worry that, if they take unpopular decisions – especially those that run counter to their party's "base" – they will face rebuke when they stand for re-election. In that climate, state and local legislative bodies are tempted to avoid taking on the more difficult and controversial issues. One strategy for legislators caught in this dilemma is to "offload" the resolution of controversial issues onto the electorate through referendums. When legislative bodies avoid controversial issues but don't resort to referendums, it is increasingly likely that well-organized, populist/grassroots groups will emerge to press their agendas through ballot initiatives, aided by the Internet and social network media.

#### **Implications for the region:**

Resolving economic and social problems that arise during periods of disruptive change requires patient political leadership and a higher degree of cooperation across party lines among elected officials than is common. This is the case in spite of the fact that the unsettled nature of the times elicits high emotions and vehement political views.

#### **Implications for United Way:**

Any inability on the part of state and local governments to deal with pressing economic and social issues has serious negative implications for United Way and its mission to "advance the common good." Already, the lion's share of public funding for social services at the local level is provided by special purpose levies, with more on the way as general operating budgets drop support for services. A scenario with several more local levies in addition to a steady parade of state-level referendums and ballot initiatives in Ohio presages "voter fatigue" and resistance to the taxation implied by the ballot measures. This could spell reduced public funding for education, needed social services, etc. This would result in pressures on United Way to find other ways to support those services, a very difficult and sometimes impossible proposition, especially in light of projected economic conditions.

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### **DRIVER #4: THE LEGISLATIVE LANDSCAPE OF SOUTHWEST OHIO WILL CHANGE, WITH THE CONGRESSIONAL REDISTRICTING OF 2011 RESULTING IN THE LOSS OF TWO CONGRESSIONAL SEATS IN OHIO, OF WHICH ONE WILL BE IN THE REGION. TERM LIMITS WILL CONTINUE IN EFFECT, RESULTING IN HIGHER TURNOVER IN THE OHIO LEGISLATURE AND CINCINNATI CITY COUNCIL.**

Based on current population change trends, most political commentators agree that Ohio, Iowa, New York, Massachusetts, and Pennsylvania will lose congressional seats after the 2010 Census, with Ohio predicted to lose two. What the new congressional district map of Ohio will look like will depend on which party or parties control the Ohio Legislature as a result of the 2010 election. However, most analysts believe that any new boundaries will have significant effects in the northeast and southwest portions of the state. This will have the effect of diminishing the political influence of the two regions in Congress. At the same time, there seems little political pressure to overturn term limits for Ohio legislators and members of City Council in Cincinnati, policies which have caused high rates of turnover in those two legislative bodies. Taken together, these two phenomena will result in a very different legislative landscape for residents of United Way's service area.

#### **Implications for the region:**

Currently, the Southwest Ohio part of the region has a cluster of three congressional seats. If, as predicted, that is reduced to two, it's inevitable that we will see a waning

of our region's influence on federal policy outcomes. This could result in diminished opportunities for our region to secure federal financial support for important regional projects (transportation, other infrastructure, discretionary funding for some human services, etc.). The perpetuation of term limits for Ohio legislators and City of Cincinnati Council members will continue to result in a quicker turnover of legislators and Council members, with the concomitant loss of institutional memory and understanding of why certain policies are in place. As well, it will make it harder for stable legislative coalitions to form, leading to more difficulty in resolving controversial public policy issues.

### **Implications for United Way:**

The public policy program of United Way of Greater Cincinnati is considered to be one of the best and most vigorous of United Ways throughout the country. The loss of a congressional seat in southwest Ohio will mean that UWGC will have less political influence to add to advocacy efforts at the federal level (e.g., federal funding for United Way supported initiatives, tax treatment of charitable gifts, etc.), with the related possibility of a loss of resources to achieve the organization's mission and goals. The ongoing effects of term limits at the state and City of Cincinnati levels may make it more difficult for UWGC to maintain state and local support for critical human service programs or to initiate new ones.



## Drivers of Change for the 2010 – 2020 Period

# CHARITABLE GIVING AND FUNDRAISING CHANGE DRIVERS

The environment for charitable giving is of great concern to United Way and other charitable organizations in our region, and that environment is sensitively dependent on the other change drivers discussed in the earlier sections of this report. Demographic changes, the condition of the economy, emergent technologies, changing public attitudes and public policies – all strongly influence the ability of United Way and other charities to raise funds in order to achieve their missions. Since change is dramatic, if not disruptive, in all these arenas, it follows that United Way and other charities must be particularly adroit in addressing the opportunities and threats occasioned by that level of change.

For United Way, the recession of 2008-2009 and the question of how severe and long-lasting its effects will be are matters of critical concern since the recession creates a sharp increase in the demand for supportive social services at the very time when it is most difficult to raise money and when the public sector is having to implement cutbacks in support for services because of diminished tax revenues.

United Way has already begun to explore ways it might redefine itself and its relationships to donors and the broader community. United Way has expanded its efforts beyond traditional means of communicating with Greater Cincinnati, embracing new communication technologies and increasing its presence on the Internet and social networking sites.

**DRIVER #1: WHILE STILL AN ESSENTIAL CONTEXT FOR RAISING FUNDS TO MEET COMMUNITY NEEDS, THE OVERALL VALUE OF WORKPLACE CHARITABLE GIVING CAMPAIGNS WILL DIMINISH AS A RESULT OF CHANGING WORKPLACES, CHANGING ATTITUDES OF POTENTIAL GIVERS AND CHANGING WORKER DEMOGRAPHICS – REQUIRING NEW CHARITABLE SOLICITATION STRATEGIES AND THE INCREASED USE OF NEW TECHNOLOGIES.**

Collective giving campaigns centered on the workplace have been a powerful tool for raising funds from the public to meet community needs. However, “work” and the contexts in which it happens are changing in our rapidly evolving economy. These changes will have a great impact on workplace giving and will diminish the effectiveness of collective, workplace-centered campaigns. Changes in the workplace include fewer large and more medium- and small-sized firms and a dramatic increase in the number of contract, home-based and part-time workers. The demographics of the work force are changing as well and are discussed elsewhere in this report. However, one clearly relevant factor is the retirement of Baby Boom workers who constitute such a large percentage of the current work force. Though Baby Boomers may make up part of the current cohort of older workers who are delaying retirements because of the effects of the recession, many Baby Boomers are likely to retire during the 2010-2020 period. As they move aside, they will be replaced by a younger workforce that is more diverse, more transient, more tech savvy, and that has different attitudes toward giving. These new workers, younger and more transient, will show an increased resistance to pressure to give. Contract and home-based employees will be especially difficult to engage. Younger workers will find effective grassroots fundraising strategies that harness the power of online social networks like Facebook and Twitter (though these will no doubt be supplanted by even more sophisticated applications) more attractive than traditional outreach efforts.

**Implications for the region:**

The implications of a regional economy with fewer large and more small- to mid-sized employers are significant in many arenas. As they relate to charitable giving, we can predict that there will be less allegiance to workplace giving campaigns and less leverage by employers over the giving decisions of their employees. More employers may need to put in place charitable gift matching programs to induce giving. For their part, charitable organizations will need to find a variety of new ways to reach “disengaged” workers (e.g., the use of new online communications tools), will have to craft stronger and more compelling cases for giving and will need to link

their requests for giving to creative opportunities for volunteer involvement by potential givers.

**Implications for United Way:**

United Way organizations have been the biggest beneficiaries of collective, workplace giving campaigns. The workforce trends predicted will undermine the effectiveness of traditional United Way campaigning, forcing United Way to develop new campaigning techniques, including online giving and enhanced “engagement” opportunities for givers (especially younger professionals). Most important for United Way in the new environment will be its ability to forge and maintain lasting, close, personal relationships with donors that are more than fundraising cultivation. Since one explanation for the shrinking size of United Way’s donor base is the changing structure of work, it is imperative that United Way find new ways to broaden its donor base – even though it is likely that many new donors, reached outside the workplace context, are likely to give smaller gifts. In this climate, United Way will need to redouble its efforts in the areas of planned giving and endowments. In this changing climate, United Way should consider incorporating a technique used in campaigns many years ago, i.e., using volunteers to solicit donors. Since new communications technologies, social networking sites, etc. have been embraced by the Baby Boom generation, those media may prove to be effective tools for maintaining relationships between United Way and Baby Boomers after they move into their retirement years. As well, a large population of retirees may spell a new army of volunteers. If United Way is the channel through which retirees find meaningful volunteer opportunities, the relationship between them and United Way will be strong and ongoing.

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**DRIVER #2: THE DEEP AND LONG RECESSION, EVEN WHEN IT OFFICIALLY ENDS, WILL SPELL LINGERING EFFECTS ON CHARITABLE FUNDRAISING AND GIVING, AND FOR THE HEALTH OF NONPROFIT ORGANIZATIONS.**

At the writing of this report, it is not possible to predict when the recession will come to an end, with economic growth returning to the national and regional economies. However, it seems clear that there will be lingering effects on charitable organizations, charitable giving, etc., even when growth does return. Though it is sometimes claimed that charitable contributions are not affected by recessions, that is by no means the case and there are clear signs that the current recession has resulted in a dip in charitable giving in the U.S. In addition, many economists predict that any recovery will be a so-called “jobless” recovery, not unlike the recovery that followed the more shallow recession of

1990-1991, though with the general view being that job growth may be even weaker following this recession. Lingering high unemployment rates would certainly have an effect on the public's ability and willingness to give during the 2010-2020 period. Other factors springing from the recession could have a negative impact on charitable giving as well: the shrunken investment portfolios of Baby Boomers heading into retirement, the return of high interest rates that may occur as an effect of the federal government's high debt load, a loss of government financial support for nonprofits because of strained public sector budgets, and possible changes in the tax treatment of charitable gifts and the return of the Estate Tax, should such legislation be enacted.

### **Implications for the region:**

A deteriorated environment for charitable giving would have profound effects on the region's many charitable organizations, whether their missions are oriented to human services, education, health care, the arts, human relations, or environmentalism. Most important, many of these organizations will face diminished revenues and thus will be less able to make the social contributions the community needs and expects of them. This undoubtedly represents a "net loss" for the community, which needs high performance from charitable, nonprofit organizations – especially in a time when government also will be less able to offer needed services because of revenue shortfalls. A shrinking pool of charitable gifts can lead to fierce competition among nonprofits for available dollars. Some groups seeking charitable gifts will be less successful than others and not all will survive. Even those that do survive will have to make do with fewer resources, forcing painful choices about which programs to maintain and which to drop.

### **Implications for United Way:**

The organizational strength and reputation of United Way mean that it will be in a good position to draw financial support in the forms of charitable gifts and government and foundation grants during the 2010-2020 period. However, it will need to implement new and more powerful approaches to charitable solicitation in an austere environment should it materialize. It will have to clarify and reinforce the case that donations to its work of "advancing the common good" are more important than ever in a time of lingering unemployment, reduced income for retirees, etc. Since United Way achieves its community improvement objectives through agency partners, it will have to have plans in place to respond to the financial distress that some of those agencies will confront. Working with other funders, United Way will need to provide financial help to stabilize some distressed nonprofits, which might mean re-examining the "right" balance between operating support for agencies and funding community impact initiatives. Also, United Way will need to place an increased emphasis on supporting mergers and other forms of alignment among agencies and will need to join other

area funders in calling more aggressively for operating efficiencies by the nonprofits it supports. In the event, however, United Way will have to adjust to the fact that some nonprofits will not survive.

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## **DRIVER #3: DONORS' INTEREST AREAS WILL CHANGE AS A RESULT OF CHANGING CONDITIONS AND CHANGING DEMOGRAPHIC REALITIES AND DONORS WILL BASE THEIR GIVING TO A GREATER DEGREE THAN IN THE PAST ON ORGANIZATIONAL PERFORMANCE AND TRANSPARENCY.**

Where donors choose to make their charitable investments depends to a considerable degree on their understanding of and sensitivity to changing conditions at the local, state, national, and even international levels. As environmental awareness grows, more and more donors will direct their gifts to environmental organizations. Likewise, as the economies of the world's nations become more tightly integrated and as Americans become more "internationalist" in their outlooks, we will see more giving to global charitable efforts. Though one of the effects of the recession is a reduction in net migration, the American population (and especially young Americans) will continue to be relatively transient, meaning that there will be less support for "hometown" needs as generations move away. There may, however, be increased support for giving to human service organizations, particularly if the effects of the recession linger well into the period. It seems likely that we will see continuing the trend of donors basing their giving on the expectation of return on investment (results or "outcomes" in United Way parlance) and frank, transparent communications from charitable organizations.

### **Implications for the region:**

Increases in giving to international and environmental efforts may translate into less giving to area nonprofits not involved in those issues. Likewise, a loss of "hometown" loyalty on the part of those who move away will mean either reduced contributions to some area nonprofits and/or a greater burden to support essential charitable programs by those who remain in the area. An increasing expectation by donors for a good ROI from charitable programs challenges local service providers to model their programs on the most high-impact, evidence-based programs and to assure that those programs are effectively managed for results. The expectation by donors that charitable organizations practice transparency, i.e., report candidly on their achievements, management and costs, will require a change of culture and policy on the part of some area



nonprofits. All nonprofits will be challenged to find new media through which to communicate with their donors and the public at large.

### **Implications for United Way:**

While it may not be appropriate for United Way to become involved in environmental issues, there appear to be opportunities for United Way to become more involved in international efforts through the recently adopted United Way Worldwide structure. The issue of waning “hometown” loyalty affects United Way, especially in light of its efforts to create and maintain relationships with the children and grandchildren of the many wealthy individuals who have provided leadership and financial support to United Way over many decades. It will be difficult to create or maintain those relationships with the descendants of loyal supporters who move out of the area, though it may not be impossible to do so. United Way’s transition to an “impact” organization and its emphasis on the achievement of program and community outcomes puts it in a good position to assure donors that it can offer them a good ROI, as does its policy of keeping overhead and charitable fundraising costs low. Likewise, United Way’s embrace of the Customer Relationship Management approach provides a good context for ongoing, transparent communications between the organization and its donors and the wider public though, as with all organizations, United Way will have to become more adroit at using new and emerging communications technologies to tell its story.

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**DRIVER #4: THE 2010-2020 PERIOD WILL BEGIN A PERIOD OF “BRAIN DRAIN” AS THE RETIREMENT OF THE CURRENT GENERATION OF OLDER EXECUTIVES DRAMATICALLY CHANGES THE PROFESSIONAL AND VOLUNTEER LEADERSHIP RANKS OF NON-PROFITS. EVEN IF THOSE EXECUTIVES DELAY RETIREMENT, LOCAL NONPROFITS CONTINUE TO FACE THE PROBLEM OF HAVING IN PLACE EFFECTIVE LEADERSHIP SUCCESSION PLANS THAT WILL BRING INTO THE SECTOR A NEW AND TALENTED GENERATION OF VOLUNTEER AND EXECUTIVE LEADERS.**

One third of the executives of nonprofit organizations are either long-time managers or founders of their organizations and an extremely high percentage of nonprofit executives and managers are members of the Baby Boom generation, which is on the brink of retirement. It is predicted that there will be two

waves of retirement of senior managers in the sector, one in 2010 and the other in 2020 – though the 2010 wave may be less than originally predicted because of the effects the 2008-2009 recession has had on the pensions and other retirement accounts of older employees in non-profit organizations. By 2020, a very large percentage of the Baby Boomer generation executives will have retired. On the one hand, this represents a staggering loss of experience and talent in the region’s nonprofit sector and many organizations will be challenged to create effective succession plans for departing senior managers. On the other hand, these waves of retirement provide a very real opportunity for nonprofit organizations to create a younger and more diverse leadership cadre, both professional and volunteer.

### **Implications for the region:**

The loss of a generation of experienced senior managers will affect our region as much as any other and there is no reason to believe that our area’s nonprofits are any more adept at managing succession issues than are nonprofits (or for that matter for-profit organizations) in other parts of the country. While experts agree that succession planning is one of the most important duties of CEOs and boards, a survey by the National Association of Corporate Directors shows that most corporate board members don’t believe their organizations are doing a good job of planning for a new CEO. These national, business-focused surveys no doubt are indicative of a correspondingly low rate of adequate succession planning by area nonprofits. If our region’s nonprofits are facing a very challenging period of disruptive change, it follows that they will need highly skilled senior managers to face the many challenges and obstacles that lie ahead. Having effective succession plans to guarantee that those leaders are in place is a critically important task for the current CEOs and board leaders of our community’s charitable organizations.

### **Implications for United Way:**

As with any other nonprofit, United Way’s success depends on having a highly skilled and effective group of senior managers and it must put a high priority on creating effective CEO and board leader succession plans. Since United Way is an influential leadership organization in the region’s nonprofit, philanthropic community, it needs to set a good example in this area and also needs to insist that its agency partners address these issues. It may be necessary for United Way to offer succession planning assistance to its agency partners and other area nonprofits, possibly in partnership with area universities or other community leadership programs. Another and very real challenge for United Way as it faces a wave of retirements in-house and at its agency partners is the impact on its pension obligations, since it maintains a (now closed) pension pool program on behalf of itself and several other area nonprofits.

# UNITED WAY IN A MILIEU OF CHANGE

The preceding scenarios are just that, scenarios. We cannot be certain that they will come to pass as described but, if they turn out to be even partially accurate, they portend tumultuous change during the 2010-2020 period and sketch a future with contours very different from 2009. Though very different from today, it's a future with issues and challenges that imply a role for United Way at least as great as its role today, and perhaps even greater.

To fill that role, United Way will have to be able to grapple effectively with all these change drivers, and others, as they bear down upon the organization. Like all organizations in a milieu of change, its relevance will depend on how well it does that, how well it navigates the "permanent whitewater" that will characterize the period. There's every reason to believe it will be capable of that. It's regarded as one of the strongest United Way organizations in the United States and has passed successfully through many periods of social and economic change in the past. Since its foundation in 1915, it has weathered the First World War, the Great Depression, the Second World War, the welter of social changes that arose during the 1960's, and many recessions. We can have a high degree of confidence that it will weather the changes that lie ahead.

The contributors to this environmental scan process offer United Way these general recommendations to help it deal with the dramatic changes with which it will be confronted in the years ahead:

1. Convene a group of volunteers and staff who know the organization well, whose task will be to help United Way assess at a deeper level than in this document the implications of the scenarios for the organization and its mission and to review the organization's capacities for dealing with the changes described. In essence, the Environmental Scan Task Force has been involved in describing the "opportunities and threats" portion of a SWOT analysis. The new group to be convened would engage in the "strengths and weaknesses" portion of that analysis.
2. Track these scenarios regularly in the years ahead, enlist qualified thinkers to revise or replace them as events unfold, and assure that United Way has the internal staff capacity to facilitate this ongoing work. The predictive value of even the best scenarios diminishes over time so truly strategic organizations engage in constant (rather than episodic) environmental scanning. It is important that the people who are involved in that work on behalf of the organization have ready access to its key policy makers and top executives, for the purpose of advising them of shifting conditions.
3. Remain true to the commitment in its current strategic plan, *Vision 2010*, to have the best possible staff and to the element in its 2009 Business Plan calling for it to strengthen its talent through training, mentoring, etc.

In order to deal successfully with the formidable challenges that lie ahead, United Way will need a staff in which all truly understand the changes their society, community and organization are undergoing. It would be to United Way's advantage to provide an ongoing series of learning opportunities for its staff, in which they can become more familiar with the demographic, economic, technological, social, and public policy changes that will be sweeping over us all.

## A NOTE TO THE WIDER COMMUNITY

United Way assembled the volunteers who participated in this environmental scan process to provide scenarios that the organization will use as it begins to create its new strategic plan for the 2010-2020 period. However, the volunteers and United Way staff who engaged in the process believe that the change drivers identified and scenarios offered have high relevance to all organizations in the Greater Cincinnati-Northern Kentucky region. For that reason, United Way makes this document available to the wider community on its Web site, [www.uwgc.org](http://www.uwgc.org), and the Web site of its research partner at the University of Cincinnati, the Community Research Collaborative, <http://www.crc.uc.edu/>.

The participants in the environmental scan process spent substantial time considering how and to what degree these change drivers will affect the regional community and the related question of how well-positioned our regional community is to deal effectively with the disruptive changes that we anticipate. It seems clear that those regions with robust and adaptive organizations and with public and private sector mechanisms that allow for regional planning and the implementation of regional strategies will be more likely to succeed in "negotiating the rapids" in the years ahead. It will be those regions that turn demographic, economic and technological changes to the best possible advantage that will emerge from the upcoming era of change as highly competitive and successful regions.

The thinkers involved in this process believe that the Greater Cincinnati-Northern Kentucky region can be one of the regions that negotiates change successfully but believe as well that its chance for doing so will depend on how successful we are in creating regional decision-making and policy-implementing arrangements that are stronger and more far-reaching than any arrangements we have today. Perhaps high level civic movements like Agenda 360 and Vision 2015 are pointing the way to those arrangements but, however they arise, it is essential that they be in place if our region is to emerge as a winner in the decades ahead.

# RESOURCES

## DEMOGRAPHIC SHIFTS

### Suggested Reading:

**“Getting Current: Recent Demographic Trends in Metropolitan America,”** Brookings Institute, March 2009  
[www.brookings.edu/reports/2009/03\\_metro\\_demographic\\_trends.aspx](http://www.brookings.edu/reports/2009/03_metro_demographic_trends.aspx)

**National Vital Statistics Report**, Vol. 57, No. 12,  
March 18, 2009  
[http://www.cdc.gov/nchs/data/nvsr/nvsr57/nvsr57\\_12.pdf](http://www.cdc.gov/nchs/data/nvsr/nvsr57/nvsr57_12.pdf)

### Web Resources:

**The Community Research Collaborative;** [www.crc.edu](http://www.crc.edu)

**Ohio, Kentucky, and Indiana County Population Projections:**  
<http://www.odod.state.oh.us/research/files/p200.htm>;  
<http://ksdc.louisville.edu/kpr/pro/projections.htm>;  
[http://www.stats.indiana.edu/pop\\_proj/](http://www.stats.indiana.edu/pop_proj/)

**U.S. Census Bureau, Population Estimates Program:**  
[www.census.gov/popest/estimates.php](http://www.census.gov/popest/estimates.php)

**U.S. Census Bureau, American Community Survey:**  
[http://factfinder.census.gov/home/saff/main.html?\\_lang=en](http://factfinder.census.gov/home/saff/main.html?_lang=en)

**Ohio, Kentucky, and Indiana vital statistics agencies:**  
<http://dwhouse.odh.ohio.gov/datawarehousev2.htm>;  
<http://chfs.ky.gov/dph/vital/vitalstats.htm>;  
<http://www.in.gov/isdh/19096.htm>

**National Center for Health Statistics:** <http://www.cdc.gov/nchs/>

## ECONOMIC SHIFTS

### Suggested Reading:

**“Jobless Recovery Redux?”** FRBSF Economic Letter 2009-18: June 5, 2009. <http://www.frbsf.org/publications/economics/letter/2009/el2009-18.html>

**“Recession Turns a Graying Office Grayer: America’s Changing Work Force.”** Pew Research Center. September 3, 2009. <http://pewresearch.org/pubs/1330/american-work-force-is-graying>

**“Americans Delay Retirement As Housing, Stocks Swoon. Nest Eggs Shrink, Deferring Dreams; ‘Freaked Out’ Elite”** Jenniffer Levitz. *The Wall Street Journal*. April 1, 2008. <http://online.wsj.com/article/SB120699498978778055.html>

**“Public Employees Delaying Retirement Due to Economic Downturn, Survey Shows.”** Public Employee Quarterly (September 2009): 3-3. Business Source Complete

**“More workers delaying retirement.”** American Agent & Broker 81.8 (Aug. 2009): 10-10. Business Source Complete

**“2009: The Shape of the ‘New Normal’”** James W. Hughes and Joseph J. Seneca. Sitar-Rutgers Regional Report. 2-09. V.12 Issue 1. [www.policy.rutgers.edu/reports/sitar/sitarfeb09.pdf](http://www.policy.rutgers.edu/reports/sitar/sitarfeb09.pdf)

**“Economic Confidence Rebounds Consumer Optimism Rises; Forecasters in Survey Predict 10.2% Unemployment Peak.”** Phil Izzo, Sara Murray and Justin Lahart. *The Wall Street Journal*. September 11, 2009. <http://online.wsj.com/article/SB125261100485400509.html?mod=djemalertNEWS>

**“Recession Takes Toll on Living Standards Earnings Declined Across Incomes and Races in 2008, According to New Report; More Reach for Government Safety Net.”** Conor Dougherty. *The Wall Street Journal*. September 11, 2009. <http://online.wsj.com/article/SB125259099642699581.html?mod=djemalertNEWS>

**“A Reluctance to Retire Means Fewer Openings.”** Catherine Rampell and Matthew Saltmarsh. *The New York Times*. September 2, 2009. [http://www.nytimes.com/2009/09/03/business/03retire.html?\\_r=2&ref=business](http://www.nytimes.com/2009/09/03/business/03retire.html?_r=2&ref=business)

### Web Resources:

The Community Research Collaborative; <http://www.crc.edu>

## TECHNOLOGY SHIFTS

### Suggested Reading:

**The Future of the Internet III. Pew Internet and American Life Project. Lee Rainie and Janna Anderson.** December 2008. <http://www.pewinternet.org/Reports/2008/The-Future-of-the-Internet-III.aspx>

**Stimulus bill implementation: expanding meaningful use of health IT.** NHPF Issue Brief. R. Cunningham. August 25, 2009; Volume 834; Pages 1-16

**“iPhone Beats Windows Mobile to 25,000 Applications”** Aayush Arya. PCWorld. March 6, 2009. [http://www.pcworld.com/article/160836/iphone\\_beats\\_windows\\_mobile\\_to\\_25000\\_applications.html](http://www.pcworld.com/article/160836/iphone_beats_windows_mobile_to_25000_applications.html)

**“RIM carves out its own App World: Will it work?”** Larry Dignan. ZDNet. March 5, 2009. <http://blogs.zdnet.com/BTL/?p=13918>

**Competing on Analytics: The New Science of Winning.** Thomas H. Davenport; Jeanne G. Harris. March, 2007

## Web Resources:

**The Association for Operations Management (APICS).** <http://www.apics.org/default.htm>

**Amazon Web Services** <http://aws.amazon.com/>

**U.S. Department of Energy.** <http://www.energy.gov/>

**National Institute of Health.** <http://www.nih.gov/>

## SOCIAL ATTITUDE SHIFTS

### Suggested Reading:

**“2009: The Shape of the ‘New Normal’”** James W. Hughes and Joseph J. Seneca. Sitar-Rutgers Regional Report. 2-09. V.12 Issue 1. [www.policy.rutgers.edu/reports/sitar/sitarfeb09.pdf](http://www.policy.rutgers.edu/reports/sitar/sitarfeb09.pdf)

**“The Future of the Internet III.”** Pew Internet and American Life Project. December 2008. <http://www.pewinternet.org/Reports/2008/The-Future-of-the-Internet-III.aspx>

**“Forty Years After Woodstock, A Gentler Generation Gap”** Paul Taylor and Richard Morin Pew Research Center. August 12, 2009. <http://pewresearch.org/pubs/1309/gentler-generation-gap-music-tastes>

**“Growing Old in America: Expectations vs. Reality”** Pew Research Center. June 29, 2009. <http://pewsocialtrends.org/pubs/736/getting-old-in-america>

**“Independents Take Center Stage in Obama Era Trends in Political Values and Core Attitudes: 1987-2009.”** Pew Research Center. May 1, 2009. <http://people-press.org/report/517/political-values-and-core-attitudes>

## Web Resources:

**Polling Report.** [www.pollingreport.com](http://www.pollingreport.com)

**The Pew Research Center for the People and the Press.** [www.people-press.org](http://www.people-press.org)

**Gallup.** [www.gallup.com](http://www.gallup.com)

**The Institute for Policy Research.** [www.ipr.uc.edu/ohiopoll](http://www.ipr.uc.edu/ohiopoll)

## PUBLIC POLICY SHIFTS

### Suggested Reading:

**“Ohio Likely to Lose Some Political Clout; Because of its Slow Population Growth, State Expected to Lose 2 Congressional Seats.”** Ken McCall. *Dayton Daily News*. December 23, 2008. <http://www.daytondailynews.com/n/content/oh/story/news/local/2008/12/23/ddn122308census.html>

**“Portune wants changes in county government.”** Jessica Brown. *Cincinnati Enquirer*. September 20, 2009. <http://news.cincinnati.com/apps/pbcs.dll/article?AID=/AB/20090920/NEWS01/909210325/>

## SHIFTS IN THE ENVIRONMENT FOR CHARITABLE GIVING AND FUNDRAISING

### Suggested Reading:

**Giving USA 2008: The Annual Report on Philanthropy for the Year 2007.** <http://www.givingusa.org/>

## Web Resources:

**The U.S. Department of Labor:** <http://www.dol.gov/>

**Ohio Department of Job and Family Services;** <http://jfs.ohio.gov>

**Kentucky, and Indiana departments of labor:** <http://labor.ky.gov/>; <http://www.in.gov/dol>

**SVP International:** <http://www.svpi.org>

**The Chronicle of Philanthropy:** <http://philanthropy.com>

**Foundation Center Research Advisory:** [http://www.foundationcenter.org/gainknowledge/research/econ\\_outlook2.html](http://www.foundationcenter.org/gainknowledge/research/econ_outlook2.html)

**Indiana University Center on Philanthropy:** <http://www.philanthropy.iupui.edu>

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### **Area Centers**

Dearborn & Ohio Counties  
239 Walnut Street  
P.O. Box 3645  
Lawrenceburg, IN 47025-3465  
(812)537-2009

Eastern Area  
2085 James E. Sauls Sr. Drive  
Batavia, OH 45103-3256  
(513)536-3000

Middletown Area  
300 North Main Street – Suite B  
Middletown, OH 45042-1903  
(513)705-1160

Northern Kentucky  
11 Shelby Street  
Florence, KY 41042-1612  
(859)525-2600