

REINVENTING JEWISH COMMUNAL STRUCTURES

The Creation of the United Jewish Communities

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Effecting the most complicated nonprofit merger in American history required the best use of volunteer and professional leadership throughout North America, and its success will depend upon continuing that best use. Now that the unified entity is owned by the federations, accountability and responsibility go together with a single group of constituents who can expect added value from a national system.

As the first reflective article on the most complex combination of Jewish communal agencies in American history and one written less than 90 days after the formal creation of the United Jewish Communities and before the election of its board and the selection of its Chief Professional Officer, this article necessarily has several limitations. It does not attempt to deal with many interesting components that are worthy of further reflection and study. It is not a political analysis that seeks to analyze the changes in global expectations since the failure of communism and the current hegemony of market economies and its impact on expectations from communal structures. It is not the needs assessment that was conducted to capture the federations' perception of their needs and the added value benefits that they sought from a national entity. It is not an article on the failure of lay and professional leadership. It does not represent a financial analysis that examines the relative changes in Jewish affluence and the proportionate support for philanthropy, and Jewish philanthropy within the structure of the UJA-Federations system.

What this article does do is describe environmental conditions leading to a series of internal pressures to eliminate the three separate entities—Council of Jewish Federations, United Jewish Appeal, and United Israel Appeal—and create a new entity to better meet needs of the existing communities.

ENVIRONMENTAL CONSIDERATIONS

The history of the predecessor organizations to the United Jewish Communities is one of unprecedented philanthropic success. More than \$25 billion (or more than \$100 billion on an inflation-adjusted basis) has been raised to bring together a global system of health, education, and social services that have served both the domestic and overseas needs of the North American Jewish communities. Some of the finest hospitals, nursing homes, family service agencies, schools, community centers, camps, and other institutions were founded through the federation movement, serving Americans and Canadians in numbers beyond measure. The aggregate budget of this system is estimated to be well in excess of \$10 billion per year, larger indeed than the GNP of many countries.

In Israel and throughout the world, these efforts, in partnership with the people of Israel, assumed responsibility for the aliyah of more than 2.5 million people and the sustenance of victims of the Holocaust, wars, natural disasters, and political and economic strife. This system built communities and rebuilt communities. It was instrumental in assuring Israel's survival and her ability to meet the needs of her citizenry in the early years of the state.

Yet, the global Jewish community in 1999 is a very different community. Much of the mission and vision of the founders of these three organizations has been achieved. While

there are community development needs in many Jewish communities, especially in the republics of the Former Soviet Union, the far more dramatic and compelling tasks of rescue, aliyah, and nation building are more a component of our collective memory than of our collective future. At the same time, those institutions that were designed to meet the needs of North American Jews at risk find fewer of those at risk and are consequently serving a larger general population as a true and valuable contribution to being good citizens of North America. Finally, the success of the Jewish community of North America leads to continued assimilation, which in turn leads to a change in needs. Yet, this sophisticated system of resource development has not yet found effective vehicles to meet those needs.

Linked to the stark realities of the late twentieth century are the structural considerations that became anomalies in the national Jewish scene. United Jewish Appeal (UJA) was "owned" (had two corporate members) by the American Jewish Joint Distribution Committee and the Jewish Agency for Israel, the system's two overseas partners. As a consequence, UJA was the primary advocate for overseas needs and interests and was unable to look objectively at the donor marketplace or local community needs because that was not in the primary interest of its "owners." The Council of Jewish Federations (CJF) was, in essence, a membership association of the federations supported by a voluntary dues structure, which, in turn, limited its resources. As a membership association, CJF created a series of membership services and programs that limited the availability of resources for either actions of a collective nature, re-addressing priorities, continental planning, or internally re-inventing the system. This was further complicated by the fact that a disproportionate share of dues came from large communities while the disproportionate share of services was provided to smaller communities. The United Israel Appeal (UIA) was the communities' arm to assure the adequate control and oversight of overseas funds needed to comply fully

with Internal Revenue Service guidelines. It saw itself as an advocate for the Jewish Agency for Israel and expanded its role beyond that of fiscal intermediary and financial control agent to full partnership with the Jewish Agency in advocating for its interests. Competing auspices, missions, and leadership did not provide an environment in which mission-aligned internal restructure was feasible.

Other environmental factors suggested the need for a communal reinvention. Although there was a historical commitment to the annual campaign and to the community's ability to determine the distribution of funds for those campaigns, greater numbers of donors wanted to direct their funds based upon their own best judgments. At the same time, federations responded to these desires by increasingly providing sophisticated alternatives to annual unrestricted campaign giving, including endowments, supporting foundations, donor-advised funds, and other forms of planned gifts and bequests (see the article by Kent and Wertheimer in this issue). In many communities, annual campaign revenues fell from 90 percent to less than 50 percent of total revenues, creating far greater diversity in allocations mechanisms and providing relatively less proportionate revenues for the community-selected planning and allocations committees. Those federations were not quick enough to internally readjust their allocations mechanisms to reflect this trend. There was no perceived national leadership in this area.

At the same time there was enormous growth in Jewish foundations, with thousands being created each year and billions of dollars of assets being set aside. Although federations wished to maintain their hegemony in Jewish philanthropy, independent-minded Jewish foundations would not participate in these top-down approaches. Most foundations and most federations were unable to find the language to effectively work in alliance. Again, the national system was not seen to be providing the models for this effort. Finally, as Jewish donors had greater choice both within the Jewish philanthropic community and within the general philan-

thropic community, the historical emphasis on the role of the beneficiary of philanthropy needed to be inverted with that of the more market-driven donor looking for "philanthropic value." The era of external compelling needs, internal peer relationships, and an America and Canada closed to Jewish involvement in general philanthropic circuits ended. Along with that end came the end of the UJA federation campaign as the exclusive manifestation of Jewish voluntary taxation. Among the tragedies in this was lack of understanding by donors of the genius of collective responsibility in meeting the most critical communal needs both efficiently and effectively and serving within the Jewish community the valuable role that taxation serves within general society. Again, the three national organizations were virtually invisible in assisting local communities in dealing with these environmental shifts.

THE THRUST FOR CHANGE

As the dynamics of the North American Jewish community changed, especially in the 1980s and, with the exception of Operation Exodus, the 1990s, calls for change came from a variety of stakeholders. As every community is autonomous and determines for itself the proportion of the funds raised in that community to be used by UJA on behalf of the overseas partners, pressing local needs dominated the environment. Dissatisfaction with the Jewish Agency for Israel—its continued labyrinth of governance, inability to clearly articulate its mission, and perceived ineffective and inefficient use of the proceeds derived from the federation campaign—strengthened that dynamic. As a result, the proportion of overseas support dropped from an average of 55 percent of the annual campaign to 37 percent in just over a decade. When combined with relatively flat campaigns, this decreased proportion represented a real diminution of support that had a serious impact on the two overseas partners. At the same time, federations were being called upon to lead a bold effort to build, through various forms of Jewish education, stronger Jewish identity and continuity. The National Jewish

Population Survey of 1990 became a clarion call for systemic change, one that mobilized federation resources to focus inwardly, especially as the facts on the ground were changing. Following the enormous success of Operation Exodus—a billion dollars raised and almost one million persons from the former Soviet Union making aliyah under the Law of Return—communities focused on an Israel on its way toward peace, in relative prosperity, with few Jews in the world at physical risk. Occurring at a time when spiritual and communal risk was increasing within the borders of the United States and Canada, the inward look resulted in substantial dissatisfaction with the national entities' inability to effectively move the Israel overseas system or provide added value to local communities.

Led by New York and Chicago, the two largest federations in the system, the first step to change was taken in October 1993 when the presidents and executive directors of several federations requested that UJA and CJF conduct a comprehensive study of the structure, governance, accountability, and costs of the national system. A Committee on the Study of the National Structure was formed, working for two and a half years to identify needs, analyze trends, establish goals, consider alternatives, and propose changes. On the committee, there were a range of opinions regarding the need for structural and organizational change to make the system more effective, efficient, and responsive to the federations.

The committee developed, after lengthy deliberation, five models for restructuring, and ultimately, a consolidation of operations and services was sought. In July 1996 the UJA and CJF leadership proposed that the organizations form a working partnership in which each would maintain its discrete structure and co-equal chief professional officers would report to a joint operating committee. UJA would be responsible for fund raising, and CJF would deliver services to federations as well as to overseas domestic programs.

By February 1997 respective teams from each organization recommended that a path-

way be developed for even stronger cooperation by forming a Joint Operating Committee. They recommended a shared headquarters, integrated fund raising and financial resource development, consolidation of regional offices and services of federations, and a joint oversight committee. This proposal was approved in February of 1998. In May 1998 UIA agreed to join the Partnership, which at that time also agreed to complete the technical aspects required to merge the three organizations into one. In June 1998 the Partnership moved into shared headquarters in New York. At a critical meeting in July 1998, 140 national and federation leaders met in Chicago, resulting in an agreement that the federations would "own" the new entity and control at least two-thirds of the organization's Board of Trustees. Furthermore, the new organization would allocate overseas funds based on a needs assessment process conducted directly with the American Jewish Joint Distribution Committee and the Jewish Agency for Israel. Previously negotiated formulas for sharing the proceeds of the annual campaign would be discarded. An Overseas Needs Assessment Committee consisting of nineteen federation presidents, three representatives of the American Jewish Joint Distribution Committee, and three representatives of the Jewish Agency for Israel, would determine the needs and distribution of the collective effort on behalf of overseas Jewry.

FINAL ROAD TO MERGER

In August 1998, I was asked to serve as a volunteer consultant to complete the steps necessary to achieve merger by the beginning of 1999. In agreeing to this assignment, I asked for a formal agreement of the Chief Volunteer Officers of three organizations to the following eight objectives:

1. To prepare the substantive material and obtain the necessary approvals to complete a plan of merger between the CJF, UJA, and UIA
2. To facilitate the engagement of an outside

management consulting firm to provide substantive assistance in the merger, including, but not limited to, a stakeholder analysis of needs, expectations and value-added products

3. To align lay and professional leadership around a common vision, organizational mission, ongoing activities, and first annual plan
4. To provide the new Chief Executive Officer with policy options materials so that he or she could refine and proceed upon an organizational blueprint
5. To create a unified senior management team that could quickly support the new chief executive in the context of a new organizational culture
6. To develop communication mechanisms that assure stakeholder knowledge of an input to the merger
7. To complete the necessary legal, administrative, and fiscal procedures to execute the combination
8. To help develop a unified, small working lay team that can emerge in the new organizational culture and climate

A concern began to emerge that, in the complexity of reaching agreement on the myriad of details for the combination, there needed to be a greater effort to focus on the mission/vision of the new organization along with those constituent departments that were to be the operational legs upon which its mission stood.

After much discussion, the Partnership crafted a consensually developed mission statement:

Jewish federations across North America commit themselves to the renaissance of Judaism and the Jewish people in North America, in Israel, and throughout the world. Thus we articulate, in word and deed, the mission of this new entity:

- Utilize our financial and human resources to improve the quality of Jewish life worldwide, honoring the covenant that "all Jews are responsible, one for the other," and that

- only through unified action can we solve our communities' more pressing problems;
- Nurture vital experiences of Jewish life and learning in North America to create a compelling culture of shared meaning, shared responsibility, and shared values such as *Klal Yisrael*, one people in all its diversity with a shared commitment to its future;
 - Join in partnership with our fellow Jews in Israel in building unity and mutual respect and solidifying Israel's central role in our Jewish identity and future;
 - Inspire Jews to fulfill the *mitzvah of Tzedakah*, securing the financial and human resources necessary to achieve our mission of caring for those in need, rescuing Jews in danger, and ensuring the continuity of our people;
 - Provide strategic resources, assistance, and direction to help local federations fulfill their individual, regional, and collective responsibilities of *Tikkun Olam*, community building, and Jewish renaissance; and
 - Involve more of our fellow Jews in the work of our community and provide opportunities for a new generation of leaders to continue our sacred work of caring for one another.

We conceptualized a four-pronged approach to completing the creation of the new entity. First, serious effort was to be devoted to spelling out a blueprint for the new entity, with clarity as to its vision, its role in the Jewish renaissance, delivering human services and social policy, Israel and overseas services, and financial resource development. The blueprint was supplemented by a series of platform papers spelling out a potential vision in each of these areas and written by professional leaders in each of the fields.

The second prong was to complete all outstanding negotiations necessary to result in the dissolution of the existing organizations and the creation of a new national entity. These negotiations culminated in an agreement to merge and a plan of merger that spelled out all of the necessary details.

The third component was to complete the required due diligence so that trustees of the

two members of the UJA, the UIA, CJF, and two-thirds of the more than 150 federations throughout North America could act in their fiduciary responsibilities to vote on the plan of merger and the agreement to merge. This required venerable national organizations to vote their dissolution and for the UIA on behalf of the Jewish Agency for Israel and the American Jewish Joint Distribution Committee to assume the profound risk of relinquishing their control of the UJA for the promise of a re-invented system that might better serve the needs, desires, and dreams of North American Jewry.

Finally, a communications plan was devised that saw the approval of these plans and agreements as a political campaign that required intensive communication. The story of the merger was bound in a 288-page document that was reproduced in sufficient quantities for all decision-makers. Six regional and scores of local meetings featured national leaders who were able, through a carefully developed presentation, to communicate the meaning of this change and the hopes for the future.

In his work on corporate re-engineering, Michael Hammer states, "When memory exceeds dreams, the end is near." The entire exercise of bringing the most complicated nonprofit merger in American history to its constituency in early 1999 spoke to the highest and best use of volunteer and professional leadership throughout North America. For the most part, diplomacy ruled. Dreams exceeded memories. The sacred nature of the work of the federation system was dominant in the thinking, planning, and actions of all of those involved. By April 5, 1999 the formal votes had taken place, and a new entity—later named United Jewish Communities (UJC)—was born.

CHANGE IMPLICATIONS

The change in ownership of the new entity has profound implications. Now that the unified entity is owned by the federations, accountability and responsibility go together with a single group of constituents who can

demand and expect added value from a national system.

Second, for the first time there is full alignment at the national level. Political differences based on auspice and history disappeared. While behaviors take longer to change, the structure of the new entity, its mission and blueprints, facilitate substantially the ability to foster an effective, efficient national system.

Third, based on formal feedback from local communities, the system is to be rebuilt with new leadership emerging from those communities. If it is to be responsive, there must be less distance between national and local leadership. A focus on trust and identification with the individuals involved is necessary in a massive culture change.

Fourth, as part of a conscious effort on my part, a number of major philanthropists who had all but abandoned the system over time are prepared to return to it, recognizing that it is the most precious asset of the North American Jewish community. New partnerships and a more open system will compel leading philanthropists and professionals to protect and nurture this precious asset.

This article is written at a time when more is unknown than is known about the future of

United Jewish Communities. Its success will depend upon identifying, recruiting, and retaining the best professional and lay leadership to fulfill the many tasks of its new mission. It will require professionals and volunteers who are committed to the risks of change, recognizing that in the words of Machiavelli, "It must be remembered that there's nothing more difficult to plan, more doubtful of success, nor more dangerous to manage than the creation of a new system. For the initiator has the enmity of all who would profit by the preservation of the old institutions and merely lukewarm defenders in those who would gain by the new ones."

Yet as one travels the communities of North America and visits beneficiaries there, in Israel, and around the world, one knows that the success of the system is predicated on core Jewish values that speak to the infinite value of humankind, our responsibility to one another, our responsibility to heal the world, and our responsibility to care. Those values will smooth the organizational bumps ahead and will propel the vision that radiates from them to assure that the North American Jewish community will always have dreams that far exceed even the most profound and special memories created by those before us.



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