A Case Study in Change

Misha **Galperin**

In 1997, when John Ruskay and I became co-Chief Operating Officers of UJA-Federation of New York, we inherited an organization that had played a key role in many of the most important Jewish communal developments of the 20th century, but was in need of significant change if it was to continue to play such a role in the next century.

At that time, John was going through a very difficult personal and professional transition. His wife Shira was dying. UJA-Federation's then-CEO, Steve Solender, was "lent" to the newly formed United Jewish Communities, becoming acting CEO of that new entity; as a result, John had to take on more demanding responsibilities. When we joined forces together, we did so in an unusual partnership that continues to guide my professional work to this day.

That early work not only changed the way that UJA-Federation did business but has also helped shift the course and direction of federation work worldwide. I use our partnership as a case study in change and leadership and invite you to consider the ramifications of radical restructuring at this fragile time in our economy, when we are all confronting the enormous task of reinventing ourselves without losing our core values and mission.

BACKGROUND

The UJA-Federation of New York was formed in 1986 as a merger of two unlikely bedfellows: the Federation of Jewish Philanthropies of New York and United Jewish Appeal. The Federation was formed in 1917 predominantly by German Jews who saw their mission as fundraising and planning for local needs, in particular immigration and resettlement. UJA was controlled by Russian Jews who had a more international view of fundraising and saw their primary focus as providing aid for Jews in Palestine and, later, Israel and overseas Jewish communities in distress.

Although these concerns need not be exclusive, negotiating the politics and orientations of these two institutions was a monumental task, made more difficult by the baggage of history. The UJA was created in America in the early 1930s in response to the rise of Nazism in Germany. During the European war years and then the beginnings of a Jewish State, it was not hard to make the case that all energies needed to be directed eastward, across the Atlantic.

For many people, however, local needs were more paramount. The domestic agenda of delivering social services and building Jewish identity had a powerful pull on New York donors and dollars. Thus, two different institutions in New York fought over the same dollars until a compromise was reached. For six months a year, the UJA could make its appeal for Israel and overseas. The other six months were dedicated to the work of the Federation of Jewish Philanthropies and its local initiatives.

Dr. Misha Galperin *is CEO and executive vice president of the Jewish Federation of Greater Washington. He was chief operating officer of UJA-Federation of New York between 1997 and 2001.*

But something happened that tipped the balance. The Yom Kippur War broke out in 1973, just after UJA's campaign had already closed. Legend has it that Jews holding checks surrounded the UJA building, anxious to give money to their brothers and sisters in Israel. No one was going to deny them that "right," even though it fell in the "wrong" month. The two campaigns were then joined.

Although the campaigns were no longer seasonal, deeply ingrained patterns of giving were not easily changed. For a while, the status quo of 70/30 applied: 70% of money raised was to go overseas, with 30% staying in New York. This decision was not born out of a needs assessment or a priority-based strategic plan, but was merely an inheritance of history. When UJA and Federation became one organization, this "70/30 split" was enshrined in the bylaws. These bylaws needed to change before we could do anything new, and doing even that would require intense persuasion.

We needed to think differently about communal needs; we needed a larger overall mission that was expansive enough to consider a host of Jewish concerns while bringing people together in a genuinely collaborative way. When we said (and we said it often), "We are one people," we needed to prove that in the way that we organized our fundraising and community-building apparatus. Anything short of that would betray the complexity of the Jewish community.

A CASE STUDY IN CHANGE

John and I understood that we were standing in front of a mountain, where even the smallest of changes required a daunting uphill climb. What was needed was a total overhaul and revisioning of the central organization. Our basic assumption was formulated in one simple phrase: *The status quo is not sustainable.*

We began with creating a new mission statement. We needed it to be clear, inclusive, and focused on multiple aspects of Jewish living and caring across the lifespan and across the globe. In the late 1990s, the mission statement of UJA-Federation was streamlined as follows: *To care for those in need, strengthen Jewish peoplehood, and foster Jewish renaissance in New York, Israel, and throughout the world.*

Caring, peoplehood, and continuity became the pillars on which we would build an understanding among the more territorial of us that communities cannot be vibrant and functional without a more encompassing agenda. If we are truly one people then we had to break down the silos in an aggressive, intentional way. We created four commissions of lay leaders staffed by professionals:

Our basic assumption was formulated in a simple phrase: The status quo is not sustainable.

1. Caring Commission, which would focus on social services and creating a caring community
2. Commission on Jewish Identity and Renewal, which would focus on education and Jewish values
3. Commission on the Jewish People, which would focus on Jewish peoplehood, our collective identity, rescue, integration, and diversity
4. Jewish Communal Network Commission, which would focus on agency relations by examining agencies' needs, strengths, and functions in the context of our "affiliation" relationship with them

With the mission statement and commissions in place, we began to tackle the larger issue of changing the way we did business. We called our strategy

"Building for the 21st Century" and, in 1999, John and I laid out a plan that revisioned UJA-Federation according to three central ideas:

1. A market-based approach to fundraising
2. A content-based approach to achieving the three legs of our new mission
3. A priority-based approach to appropriations and allocations

We were determined to force collaboration through two lenses: celebrating our former success and questioning our current approach. It was important for our leadership to feel that we were not minimizing their hard work that took us to this point. It was leveraging rather than ignoring the earlier accomplishments of the New York federation system that helped us set the stage for our next challenge. In fact, on occasion, we quipped that "it ain't broke—so it's a perfect time to fix it."

We questioned whether the approach to fundraising we were taking was capable of moving us forward. For the first 50 years, our mission was to meet basic needs and help first- and second-generation immigrants integrate into American society. In the next decades, our mission expanded. Although we continued to meet local needs, we had to rescue Jews from harm's way throughout the world and become integral partners in building the Jewish State. We needed to become the premier catalyst and resource for the creation of caring Jewish communities, the strengthening of Jewish peoplehood, and the renewal of meaningful Jewish life in New York, in Israel, and worldwide. We were not only about meeting basic needs anymore or responding to crises; we needed to keep apace with what our constituents wanted. People became interested in spiritual growth and meaning. They wanted social and business networks that we had not provided. They wanted to expand our agencies' reach. We were not equipped financially to handle this sea change in needs.

Only ten years away from a new millennium, our thinking on fundraising was almost a century old. In light of this discrepancy, we put some basic questions to our lay leadership:

On occasion, we quipped that "it ain't broke—so it's a perfect time to fix it."

- How do we understand our mission in the context of today's challenges?
- How can we optimize our activities for maximum effectiveness and efficiency in meeting our mission?
- What do the answers to these questions imply for our organization and governance?

We also understood that people would have to change the way they viewed UJA-Federation. We would have to go from a taxing institution to an engaging organization. We would have to shift from an extractor of resources to a partner in delivering compelling Jewish experiences. We understood that a federation is a place not only where a donor's generosity was a given but also one that recognizes and appreciates the trust placed in it. We could no longer be an institution perceived as remote. We needed to be an organization where participation is a communal norm. Most of all, we needed to move from a legacy of fighting oppression and fear to becoming an entity that represented a freely chosen common identity. People in a democratic country not bound by the decisions of the past are not forced to join our mission; they participate out of their own independent desire for belonging and Jewish enrichment.

Financial Resources

Our first challenge was to move to a market-based approach to fundraising. We began by rethinking the way we treated donors, grouping them into appropriate categories that would allow us to meet their philanthropic needs and ours. We created a Philanthropic Leadership Group of high-profile donors, affinity groups for givers between $1,000–$10,000 clustered around personal or professional interests, and a community campaign to target lower level donors reached through dial-a-thons and mass marketing. This last category of donors had too often been neglected. Ignoring people who gave small gifts was a way that federations had classically alienated community members who knew little of their good works. We needed this group to expand our donor base, bring in new blood, and help educate the community at large about what a federation does.

This new segmentation of donors allowed us to reach more people more effectively and also to help move people through gradations of giving and leadership, creating better leadership succession. By focusing on all types of giving with each population, instead of "saving" individuals for endowment or the annual campaign, we were able to deepen and broaden our customer service and range of products. This new process also increased accountability for our fundraising and development team.

Content-Driven Leadership

Each of the four commissions we created had to establish a vision and work together with selected agencies to develop programs and activities in line with that vision. Although that sounds simple on paper, it was anything but in reality. We needed to work with agencies in a more cooperative fashion, creating greater alignment within an overall strategic framework that took the entire community into account. Not everyone was interested in a big picture view of community. Many people were territorial and resisted change; they cared about a limited agenda and fought against attempts to be incorporated into a larger vision. We understood going into this process that we would have to manage resistance, be appropriately persuasive, and also lose people along the way who just could not see the need or benefits of doing business differently. Opposition is a tool to be harnessed to keep us honest in our direction and aware that communities are comprised of diverse voices. We had to be energized by disagreement rather than paralyzed by it.

Priority-Based Appropriations

We charged a newly empowered Appropriations Committee to consider all resources and expenses at the same time and appropriate funds into three pools: (1) all unrestricted agency commitments, domestic and international; (2) all four commissions; and (3) the budget of our internal operations. We needed to track fundraising expenses by donor segment to account for the different costs of raising money. We needed to allow the level of allocations to be determined by communal priorities, not by inherited giving patterns. Vesting the executive committee with the authority to recommend priorities to the board led to greater consistency between mission-driven priorities and actual spending.

This three-pronged approach was both more mission *and* donor oriented. It increased our ability to balance fundraising expenses, other operational expenses, and targeted and unrestricted grants. It helped our lay and professional structures work more closely together, with greater alignment and accountability; it was more cost effective and focused on results. All of these practical outcomes would have sold the new vision on its merits alone. Yet there was something more important that it achieved. The earlier fundraising structure forced people to decide between local and overseas support, pitting people who supported local causes and who and what they knew against passionate advocates committed to supporting Israel and the overseas agenda, thereby polarizing the community.

By restructuring the way that we worked, we were asking people to make more nuanced, difficult choices about fundraising and allocations. It is not easy to prioritize identity building or caring for the elderly or early childhood education over a war-entangled crisis in Israel. What emerged was not greater conflict but a greater overall impetus to raise money. When people saw the large range of needs, rather than fighting over who got what, they become more energized to raise more money and to do so more effectively. We were no longer product driven but capacity and market driven.

LESSONS LEARNED

From this revisioning experience, I learned a great deal that influenced and continues to influence the way I approach my work at the Jewish Federation of Greater Washington. We cannot be afraid to change the field and the way that we raise and distribute money. We need to pay more attention to expanding our donor base, and we need to make strengthening Jewish peoplehood a central concern of all federation work.

One of the most influential factors in the success of the UJA-Federation restructuring was the support we received from consultants. We worked closely with a consultant who specialized in government, one who was deeply engaged in the federation system, and someone from the McKinsey & Company management consulting firm. These consultants offered us three different perspectives, rather than having insiders keep talking to themselves. We need to bring in fresh and different voices into the work that we do if we are to change.

One of the most influential factors in the success of the UJA-Federation restructuring was the support we received from consultants.

Perhaps what I learned most came from the way that I worked with John. We had to divide up responsibilities, but we worked in an integrated rather than a fragmented way. We had adjoining offices, and we even built a window between our offices so that we were aware of what we were each doing in the course of a day. We could not have asked our lay leaders and staff to work in a more integrated, systemic, and symbiotic way if the two of us did not model that in how we worked with each other. As a result we were able to lay out a plan of integration and strategic thinking that has and continues to shape the federations of two of the largest cities in North America.