



POPULATION SHIFT

The inevitability of demographic change in North America, related to race/ethnicity and to generational transition, will significantly affect chambers of commerce in the next decade and beyond. Few have addressed these changes already underway, much less those they will face in the coming decade.

Race, Culture and Chambers

The growth of non-white, Hispanic and multi-racial populations in America, along with the aging of the white population, will result in rapid increases in diversity in the marketplace, polling place and neighborhood. And thank goodness! Immigration and birth rates among minorities have kept the US growing (unlike many other highly developed economies), but these changes present both complications and opportunities for institutions like chambers, which have been struggling to increase inclusiveness for decades.

To put the data into perspective, in 2012, for the first time, the number of deaths among white Americans exceeded the number of births. While it might take until 2043 before non-Hispanic whites are not the majority in the U.S., most of the country's fastest growing markets will be majority non-white within the next 10 years, if they aren't already.

This is not just an inner-city phenomenon. According to recent research from Brookings Institution, virtually all of the black population growth in the Atlanta and Dallas regions has been in suburbs. Immigration is, of course, a factor contributing to these trends, but not in ways you might think. More than 26 percent of the population of affluent Fairfax County in Northern Virginia is foreign-born, with 38 percent of the population speaking a language other than English at home.

Traditional geographic assumptions about race are being challenged as never before. Younger college educated blacks are moving to the South in record numbers, as opportunities and inclusiveness continue to expand. The overall population of the U. S. grew by less than one percent last year. This means that any significant growth in one region is occurring only through attraction of people of childbearing age from other regions.

Racial diversification is still highest in a handful of melting pot states, but is increasing gradually in most parts of the country and more quickly in Sunbelt states. In 1990, Las Vegas was 75 percent non-Hispanic white. Twenty years later, that number is 48 percent white. Racial, and especially cultural lines are also blurring. Fifteen percent of all marriages are multi-racial, and the fastest growing census category self-identifies as multi-racial.

So What?

What do all of these interesting numbers have to do with chamber life and work? Even in some of today's most diverse communities and regions, where minority populations are significant, traditional chambers are remarkably white, and old. Building a future-focused chamber without an inclusion strategy would be, at best, unwise.

Chamber leaderships might develop a false impression that their organizations can thrive without diverse

representation in their memberships, boards or staffs. After all, although minorities and women total two-thirds of the population and 57 percent of the workforce, they account for only three percent of senior management positions in *Fortune* 1,000 firms, according to the 2014 Glass Ceiling Report from the Leadership Conference on Civil and Human Rights.

For a generation, chambers have expressed concern about the potential for serious problems as a result of the non-representative nature—gender, race, culture, lifestyle—of their memberships, staffs and boards. That worry has generated only limited action to address a chronic disconnect, which leads some skeptics to conclude that the situation has never been a true priority. Since minority business ownership and senior management representation are still extremely limited in our economy, chambers may believe that diversity and inclusion won't matter to their organizational and community futures. They would be wrong.

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If You've Seen One Chamber ...

Every community and chamber is different. In a metropolitan region like Orlando, the chamber is already living in the future when it comes to diversity of population. For a mid-western city like Omaha, where the population remains 80+ percent white, the demographic challenges may relate more to generational transition than cultural division.

Likewise, the composition of the business community (potential chamber members) shows vast statistical differences between the numbers in large states and small. Overall, the rate of minority business ownership in the U.S. is roughly 15 percent (up from 11 percent in just five years), but the "spread" within states ranges from near zero to 21 percent in California.

If a chamber doesn't address the inevitability of racial-cultural change over the next 10 years, its membership, audience, clout and future funding streams will be at risk. ACCE's Diversity and Inclusion Division attempts to focus chamber attention on these issues in three areas: workplace (equity of opportunity within companies), marketplace (increased markets for minor-

ity enterprises and recognition of the buying power of minority populations), and workforce (increasing minority representation on company and chamber staffs).

There are obvious business and moral reasons for chambers to address these issues, but also more subtle motivations. Talented, skilled young adults, who have long been expected to choose place first and job second, are increasingly settling in diverse communities. An inclusive community is also attractive for international talent seeking positions in the U.S. Likewise, site selectors report that larger employers consider diversity and equity initiatives when selecting locations for new or expanded facilities.

This is part of the reason that the St. Louis Chamber has had such aggressive programming and outreach aimed at greater inclusion of young and minority businesses. Long before the tragic situations in nearby Ferguson, the chamber had established itself as a proven champion of equity initiatives and cross-cultural dialogue. This sustained and proactive approach enabled them to play a meaningful role in 2014 that would not have been possible or credible if they had started their drive to engage across racial lines after the crisis was at hand.

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Down to Business

Every perennial chamber priority, from education to transportation, to business climate, to place-making is affected by demographic changes. For years, larger urban chambers have reported difficulties lobbying on behalf of the business community because city councils and officials question whether the chamber actually represents the true character of the business community. Fighting anti-business sentiment is more difficult when *them vs. us* perceptions are reinforced by the composition ▷

Population Shift

HORIZON INITIATIVE: CHAMBERS 2025

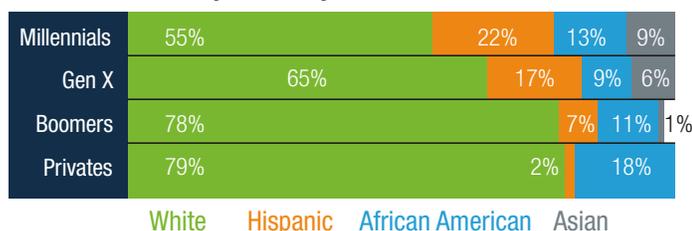
of chamber boards, memberships and staffs. Lack of perceived inclusion and equality of opportunity also feeds the political fragmentation identified elsewhere in this paper. Chambers will also play a role in ensuring that population demographic shifts are accepted in the region. Chambers need to model evolving pro-social behavior through the types of programs they offer and their own hiring.

In the absence of programming that seems valuable, small minority-owned businesses will seek to develop such support systems independent of the chamber. This could affect attendance, but just as importantly it can reduce the richness of networking at events. In addition, the conclusions formed by committees or planning councils of the chamber may simply be wrong without greater representation of the entire community.

Generational Transitions

The other major demographic trend facing the country and chambers relates to generational change. Generation and race/culture issues are tightly intertwined. Zogby research shows that while 68 percent of all current voters are white, just 55 percent of millennials (1979-94) identified in that category. Consider: those born 1926-45, a cohort Zogby calls the “Privates,” are 79 percent white; Boomers (1946-64) are 78 percent white; and Gen X (1964-78) are 65 percent white. This is a racial/ethnic sea change from previous decades.

Voters' Racial Composition by Generation



Source: *First Globals* by John Zogby and Joan Snyder Kuhl

Millennials will make up most of the workforce by 2025. Baby Boomers will have left, or soon will leave, positions of responsibility (except perhaps in incumbency bastions like Congress). Chambers have recognized for at least a decade the need to appeal to younger professionals, as they built YP networks, emerging leaders' programs, and linkages to higher education. This is all good, but it's not enough. To ensure the sustained viability and strength of the chamber, the organization itself must change its

stripes rather than merely attaching appendages for the young. How?

Other than a token representative from your YP group, are any of your board seats occupied by a young person? Do your board meetings inspire anybody, much less young people? How many of the programs you design that you think should appeal to younger audiences were created with the input and ownership of young members? Do you encourage, rather than discourage, staff to engage in business-hour connections to social media? Do you have any young people in decision-making positions on your team? Are the policy issues you advocate of interest to younger business people, and if yes, have you articulated the issue in their terms? Gen Y people are not enamored with political parties or traditional politics, but they are interested in issues of fairness and quality of life. Is your chamber? Many millennials are so-called “communitarians,” but some are also social libertarians. Perhaps they must find another group to represent their interests, even if they are business owners.

Millennials who choose to join chambers today might not mind paying dues, but they're not patient sitting at the kids' table hoping to someday be viewed as having paid the other kind of dues. And they won't have to. They are already large and will soon be powerful. Zogby International says: “At 70 million strong, [millennials in the U.S.] are larger than most developing and ‘emerging nations’ and warrant the same amount of attention from investors, policymakers, and managers as do nations like Turkey and Egypt, which each have the same population numbers.”

Note for Gray Haired Execs

Three suggestions for current chamber leaders about dealing with younger generations:

- Treat young professional members as the intellectual and emotional equal of your peers, not as your kids.
- Communicate with them through media they use and like.
- Open up your definition of “membership.”

Millennial Conformity? Not a Goal

The good news in dealing with generational change is that it is important, but not necessarily urgent. In fact, most chambers seem to be holding their breath knowing that eventually Millennials will move into the family/community phases of their lives, ▷

when careers are less fluid and geographic decisions more-or-less made. It is probably true that they, like generations before them, will then give more attention to improving the places they choose to call home. The reality, however, is that this generation is more globally connected than any before. Their networks are more likely to be in the cloud than the neighborhood. When they're older and established, they may still resist joining a club, and the chamber may be viewed as one. The issues they choose to support when they are in positions of authority and responsibility may not resemble those of their grandparents just because they've become parents.

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So, if they are opting out of politics and/or joining things, uninitiated as civic leaders, uninspired by the programs and positions of any local organization, blocked out of local decision-making and pandered to rather than embraced as peers, will they make good chamber members in the future? There are actually lessons from the past that might apply.

By 1974, anti-war and anti-establishment sentiments had driven wedges between the generations. Old guard community fathers didn't trust long-hairs, returning vets, or growing minority populations in the cities—and the feelings were mutual. Young people were better educated than their Greatest Generation parents. Anti-business sentiment was rampant. Yet the chamber movement thrived during the '70s and '80s by becoming less exclusive and hierarchical in governance. Chambers became more creative in programming and service-focus for members. They became aware of the need to address the changes occurring in communities, the economy and the country. The chambers of 2025 and beyond can thrive too, if they adapt to generational realities.

Educational Divide

One additional demographic concern is becoming a growing influence on the future of communities and the future work of chambers. This is the growing educational attainment divide. Half of the children who enter ninth grade urban public schools will not come out of high school ready for career or college. The numbers in distant rural areas and first-ring suburbs can be nearly as frightening. College degree attainment has remained stubbornly flat, even as education leaps are being made in developing nations around the world, and as job requirements call for more knowledge and new skills. Meanwhile, the skills gap continues to plague employers and potential employees as tens of millions of jobs go unfilled.

The societal burdens of a minimally educated underclass will affect hundreds of communities across the nation—the towns and cities in which chambers of commerce will strive to build prosperity. ☐☐

Action Steps: Population Shift

There are dozens of options that could help chambers deal with an increasingly diverse workforce, workplace and marketplace. The most effective ways to start, or accelerate the transition of your chamber are actually those that are closest to home and within your control, such as staffing decisions, board nominations, programming design and “letting go.” Without conscious efforts to address these four areas, it will be difficult to change the culture of your organization. Feelings follow action. ACCE's Diversity and Inclusion Council provides an open, safe, supportive platform for chambers that are serious about addressing race, gender and cultural diversity challenges. Tackling generation change requires chambers to make millennial preferences as much a part of the organization's life and work as programming aimed at Boomers and GenXers. As long as “young” programming is a sideline, the perception and brand of the chamber will remain “old.” Is it necessary to turn the reins of civic leadership over to activist millennials for the next 10 years of chamber life? No, but it is necessary to understand that *they* will have the reins in 10 years.