10 MUST READ ARTICLES ON LEADERSHIP FROM STANFORD SOCIAL INNOVATION REVIEW
ON Leadership

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On Leadership: 10 Must Read Articles On Leadership from Stanford Social Innovation Review

By Eric Nee, Managing Editor, Stanford Social Innovation Review

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Please enjoy this compilation of Stanford Social Innovation Review’s top 10 articles on leadership. To view more articles on leadership, and articles on a wide range of other topics important to social change leaders, please visit ssir.org.

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Leading Boldly

Foundations can move past traditional approaches to create social change through imaginative—and even controversial—leadership.

By Ronald A. Heifetz, John V. Kania, & Mark R. Kramer

Three foundations shocked the city of Pittsburgh in 2002 by abruptly suspending their funding to local public schools. Collectively, these foundations – the Heinz Endowments, the Grable Foundation, and the Pittsburgh Foundation – had awarded nearly $12 million to the city school district over the previous five years. The foundations announced their decision in a news conference that attracted both local and national coverage – a sharp departure from their usual approach of working quietly behind the scenes. Foundation executives explained that they had completely lost confidence in the ability of the local school board to run the district.

“This was a wrenching decision for both our staff and our trustees,” Grable Foundation executive director Susan Brownlee told reporters. “The Pittsburgh Public Schools is the largest beneficiary of Grable funding. … But the system is so dysfunctional that we cannot put money into it.” Added Bill Trueheart, CEO of the Pittsburgh Foundation, “It’s clear the school system is in crisis.” School board members reacted angrily, accusing the foundations of strong-arm tactics that would harm children. “I can’t tell them what to do, and they shouldn’t tell me what to do,” said school board president Jean Fink. “They shouldn’t use money as a threat.”

The controversy, reported on local television and the front pages of both the Pittsburgh Post-Gazette and the Wall Street Journal, created an immediate sense of urgency within local government and throughout the community. The day after the foundations’ announcement, Mayor Tom Murphy stated, “The action of the foundation community is a wake-up call, one that I hope will force all of us to come together as a community
to address the ongoing problems facing the Pittsburgh Public Schools.”

Within a month, a Mayor’s Commission on Public Education was formed to conduct the first independent, comprehensive analysis of the city’s school system and make recommendations for change. Its 38 members represented a broad cross-section of business, civic, religious, and educational organizations, including representatives from all three foundations. Trueheart served as co-chairman.

A year later, the commission released a scathing report that recommended dramatic reforms to correct problems in the way the school district was governed and operated. Many of the district’s difficulties were traced to a school board long paralyzed by intramural conflicts. The report received extensive media coverage and in the next election, in early 2004, the president was ousted and another member chose not to run. A new majority on the board soon began to implement many of the commission’s recommendations.

Though numerous community representatives, government officials, parents, and voters were involved in this sweeping change, the foundations had unquestionably played a critical role in catalyzing public action. As the Post-Gazette noted, “It is difficult to parse the exact reasons for this improvement [in the schools] because it has several strands, but the July 2002 decision by the Heinz Endowments, the Grable Foundation and the Pittsburgh Foundation to withdraw their funding did serve to concentrate minds on the seriousness of the board’s dysfunction … and provided helpful context for the grassroots effort that led to the victory of several new board members, breaking the old majority and bringing the hope of better times.” All three foundations restored their funding to the schools in February 2004.

The case of the Pittsburgh Public Schools is an extraordinary example of foundations working in unison to take an active, visible, and controversial role in bringing about social change. Rarely do foundations so publicly communicate their dissatisfaction with a grantee, withhold funds, or use tactics that carry such risk of creating ill will. Was this an
example, as claimed by the former school board president, of foundations using inappropriate and coercive tactics? Or were the foundations exercising a highly effective form of leadership that served their missions and community well?

The need to exercise leadership without misusing authority is a constant source of concern for foundations. The immense scale of the social problems that many foundations tackle – education, healthcare, the environment – dwarf their considerable financial resources. If foundations are to achieve significant social impact, they must do so by leading others, not by acting alone. And as the Pittsburgh example demonstrates, they are well positioned to take on that role. Bolstered by their philanthropic wealth, foundations occupy a position of inherent stature and respect. They have access to media and to influential people in the government and community. Insulated from political and market forces, they have the unfettered ability to confront social issues and take unpopular positions in a way that other institutions in our society cannot.

At the same time, foundation executives express frequent concern about the imbalance of power between themselves and their grantees. As a result, foundations often try to avoid imposing solutions or conditions that might change the course of their grantees’ work, fearing that might create excessive dependence or adverse unintended consequences. Heated debate persists in the field over whether to make grants proactively or only respond to unsolicited applications. The fundamental dilemma of foundation leadership lies in this tension between the desire to achieve substantial impact directly attributable to the foundation and reluctance to impose an agenda on others.

This is, however, a false dilemma built on the conflation of leadership and the type of power that derives from authority. It assumes foundations that choose to take a proactive role in solving social problems must figure out the answer for themselves, and then impose it on their grantees. This traditional view of leadership has been displaced in recent years by a much more subtle, dynamic view of social change in which people and institutions that lead are not expected to know the
answer and bear the full responsibility for problem solving. Instead, they try to create and sustain the conditions through which stakeholders take responsibility for tackling tough problems and generating answers that are better adapted to the politics, culture, and history of their situation. This new approach, known as adaptive leadership, avoids the classic dilemma between proactive and passive grantmaking, offering foundations a far more powerful model for social change. It also challenges many traditional foundation practices and assumptions.

Asserting Leadership, Not Just Authority

Leadership is not the same as the authority and power of a corporate CEO or military commander. Formal authority depends on an established power hierarchy – the ability to tell people what to do and impose severe consequences for disobedience. By contrast, leadership is most usefully viewed as an activity rather than a formal position or personal characteristic, and it may or may not be accompanied by authority.

Presidents of the United States occupy a position of formal authority; sometimes they lead, other times they do not. But many others who are seen to be leaders do not occupy such power perches, such as Martin Luther King, Gandhi, and Margaret Sanger. They led with virtually no formal authority, and even their moral authority accumulated long after their leadership was under way. Political candidates have no formal power before they are elected, yet they can demonstrate leadership. Similarly, social entrepreneurs like J.B. Schramm, who revolutionized college access for low-income high school graduates, can lead significant social and political change without any formal authority.

Those who lead social movements often have a small base of formal power in their own organization or constituency. They also may have a wide network of informal authority in the community at large, where their words and actions carry influence despite having no enforceability. Often, however, their leadership extends far beyond their spheres of both formal and informal authority, influencing the behavior and thinking of
people who may not even know they exist. The Rev. King, for example, was usually not preaching to the choir; through his public demonstrations he was preaching to the rest of the nation.

Foundations likewise possess both narrow authority and the potential to exercise much broader leadership. A foundation’s formal authority is limited to its grantees, because it is only over those who accept its money that it has the power to impose conditions and consequences. On the other hand, foundations can use their stature, wealth, knowledge, and access to exert leadership over a much larger arena. They cannot tell people who do not take their money what to do, nor penalize them for disobedience, but they can influence their thinking and behavior nonetheless. In Pittsburgh, the foundations had no authority over the mayor, school board, media, or voters, yet their leadership set in motion a chain of events that had substantial impact on all the other players. This kind of leadership is much more powerful, although less common and often less comfortable for foundations to exercise.

However, such broad influence is especially important for foundations. Not only do they often lack the authority to impose a solution on a problem, frequently there is no single entity anywhere with sufficient authority to solve it. Improving a public school system or addressing disparities in healthcare are large, complex issues involving many different interested parties. Even if a foundation had discovered the solution to such an intricate problem, no single grantee would be in a position to implement it. In Pittsburgh, for example, many stakeholders could lay claim to some authority over the schools, yet no one individual or entity controlled the situation completely. The school board had the most direct authority but, as the subsequent elections proved, its members were beholden to the constituents that elected them. The mayor could bring the authority of his office to bear in mobilizing a task force, but he had no formal jurisdiction over the school board. Discontented Pittsburgh residents could voice their displeasure and vote certain board members out, but they could not directly control the board’s actions.

The Pittsburgh foundations exercised both authority and leadership, but
it was their leadership that produced results. Their authority was limited to withholding funds from the school system. But the amount withheld represented only a half percent of the school district’s overall budget, and had the foundations quietly taken this action alone, it might have had little or no effect. (Indeed, journalists seeking to substantiate the ex-school board president’s claim that the foundations’ action was harming schoolchildren could not find any discernible impact.) It was by publicly explaining why they were suspending the money, together with much work behind the scenes and through the mayor’s commission, that the foundations exerted leadership. They influenced the mayor, dozens of community representatives, and ultimately many thousands of voters who took action to shake up the school board. The foundations had no authority over these actors, but through their leadership the foundations highlighted a problem and created the conditions that led to progress.

Finding Solutions to Adaptive Problems

Complex social problems, like improving the public schools, are fundamentally different from technical problems, and the effective exercise of leadership depends on understanding this distinction.

Technical problems are well defined: Their solutions are known and those with adequate expertise and organizational capacity can solve them. When a foundation tackles a technical problem, it knows exactly who to fund, how much it will cost, and what the outcome will be. Examples of such problems are increasing access to higher education (by funding scholarships), increasing capacity for treating patients (by building a new hospital), increasing the efficiency of a food bank (by installing better inventory controls), or eradicating malaria (by underwriting vaccines). In each case, the problem is clear, the solution depends on well-established practices, and, given enough money, a single organization can implement the solution.

Adaptive problems are entirely different. They are not so well defined, the answers are not known in advance, and many different stakeholders are involved, each with their own perspectives. Adaptive problems
require innovation and learning among the interested parties and, even when a solution is discovered, no single entity has the authority to impose it on the others. The stakeholders themselves must create and put the solution into effect since the problem is rooted in their attitudes, priorities, or behavior. And until the stakeholders change their outlook, a solution cannot emerge.

Many fundamental social problems that foundations seek to address – from reforming education to ending hunger and homelessness – are adaptive. But in contrast to technical problems, merely throwing money at an adaptive problem rarely, if ever, works.

Solving adaptive challenges requires a period of work that can only be done by the stakeholders involved. Adaptive problems grow out of conflicting values among stakeholders, or internal contradictions between the values they stand for and the realities they face. Adaptive work, therefore, requires a change in values, beliefs, or behavior on the part of those with an interest in the problem, and such changes cannot be externally imposed.

The core of adaptive work is mediating these conflicts and internal contradictions, and providing the leverage that motivates people to learn new ways of thinking. Therefore the central task of adaptive leadership is mobilizing people to clarify what matters most, in what balance, and with which trade-offs. People and institutions that lead must harness, manage, and ultimately defuse conflict among interested parties so that each can adapt to the other and to the situation in a manner that brings about social progress.

It may seem as though large problems are adaptive and narrow problems are technical, but those criteria are not reliable. Even a very limited problem, such as preventing teenage pregnancies among ninth-grade girls in a single school, is likely to be adaptive. Conversely, a very large challenge, like developing an AIDS vaccine, is more a technical problem in the sense that it is likely to be solved eventually through ongoing funding of scientific research.
Nor is there an absolute distinction between technical and adaptive challenges. Many problems have both technical and adaptive elements, which must be teased apart because each requires a different treatment. The technical fix of distributing free condoms might help reduce teenage pregnancies, though it is unlikely to solve the problem entirely. And even after an AIDS vaccine is discovered, the challenge of delivering it to entire populations in countries that lack robust healthcare infrastructure will be largely adaptive.

Despite the eagerness of foundations to tackle adaptive problems, they often use tools that are inherently technical. Most grant requests – and the theories of change on which they rely – are based on the assumption that funding a particular activity will solve a given problem. But pressure to fit the round peg of adaptive work into the square hole of technically oriented foundation funding often causes distortions and unrealistic promises in the grant process. When a foundation applies a technical approach to an issue that requires adaptive learning, the result can be resistance and confusion on the part of grantees, a failed program, or even a collapsed organization.

The tendency to fight adaptive problems with technical tools may be the single greatest barrier to foundations’ effectiveness, and the reason that many multimillion-dollar foundation initiatives fail to create lasting social change. Tools that depend on a known answer and the authority and organizational capacity to impose a solution are not likely to be effective in solving adaptive problems that require multiple stakeholders to clarify their values, choose among painful trade-offs, develop previously unknown solutions, and implement them.

Thus foundations face a choice: They can continue to rely on the technically oriented approach to grantmaking they are used to, and settle for addressing important but far simpler technical problems, or they can depart from tradition and learn to use adaptive leadership to become more effective at meeting complex social challenges. Foundations that attack adaptive problems head-on, however, have to be willing to accept what may become far more controversial public profiles.
Spurring Stakeholders to Find Solutions

Adaptive leadership involves managing the conditions that enable people involved with complicated social issues to figure out and undertake solutions that ultimately require changes in their own ways of working. This highly results-oriented process requires one to play a clear, forceful role in keeping interested parties productively focused on the problem at hand. Adaptive leadership achieves positive change by provoking debate, encouraging new thinking, and advancing social learning. It mobilizes the parties to work toward a solution, rather than imposing one. The goal is to encourage shifts in mind-set and provide incentives for stakeholders to invent their own solutions.

A recent capacity-building initiative by three San Francisco Bay Area foundations – Peninsula Community Foundation, the Charles and Helen Schwab Foundation, and the Sobrato Family Foundation – provides an excellent example of this sort of funding.

Like many foundations over the past decade, these three had become increasingly aware of the importance of improving organizational effectiveness and building the capacity of nonprofit organizations. They began with a decidedly technical aspect of the problem, offering money to meet simple administrative needs like buying computers, phones, and copiers. The program was popular, and grant requests flowed in.

As they gained experience, however, the foundations realized much larger issues of organizational effectiveness were at stake. Many nonprofits also needed less tangible kinds of assistance – like leadership development and help in clarifying strategic priorities – but could not identify exactly what they were. This posed a problem since a purely responsive grantmaking model cannot work if grantees do not know what to ask for. Yet it seemed like a misuse of authority – and a recipe for failure – for the foundations to dictate the organizational-development needs of grantees. In fact, the more critical aspects of organizational capacity building demanded adaptive work, and it led the foundations to rethink their grants within a framework of adaptive
leadership.
The foundations’ three-year initiative was called the Organizational Capacity Grants Initiative (OCGI), and it involved joint grants from the three foundations to 16 human service agencies in the San Francisco region. The grants were not unusually large: Every agency received $50,000 annually for two years, and $25,000 in the third and final year. Each agency was free to identify its own organizational priorities and determine how the funds would be spent, although the foundations required recipients to go through a planning and prioritizing process to make this decision. Rather than use their authority to determine the answer, the foundations merely outlined the process and its overall direction. “Trust the agencies” became the foundations’ mantra.

Although they deliberately turned the work of setting priorities over to grantees, the foundations were far from hands-off participants in the process. Indeed, they devoted significant energy to making sure grantees learned how to improve their capacity.

A critical tool was a mandatory quarterly “learning cohort” meeting for the entire three years of the initiative, accompanied by annual retreats to provide further opportunity for reflection. The executive directors of all 16 grantees and program officers from the three foundations were required to attend all meetings. Outside experts were brought in as speakers and all participants at these gatherings were expected to share the obstacles and successes they encountered while trying to bolster their respective organizations.

The foundations believed many of the OCGI’s benefits would occur as a result of the conversations that took place at the meetings, and they invested time and money to establish honest dialogue that would facilitate learning. Patiently encouraging the right context for “active reflection” was a core principle of the foundations’ approach. As the OCGI evaluation report concluded, “It took time to cultivate trust but by the end of the second year, both agencies and foundations reported that there was full disclosure in their discussions, permitting those involved to learn from one another’s mistakes and accomplishments.”
By the end of the third year, OCGI had helped facilitate improved operations and mission accomplishment at the agencies – sometimes dramatically so. Besides strengthening management, fundraising, and the use of technology, many agencies reported a shift in thinking that significantly increased their capacity to serve clients. Two agencies agreed to merge, and all grantees reported they were more likely to examine “how they do their work,” not just “what they do,” in order to boost efficiency and effectiveness. As one agency reported, “The organization has made a major shift in how it defines success.”

Equally important was what the foundations learned. One shifted all of its subsequent grants from programs to capacity building. Another adopted the learning cohort model as a basic part of all future initiatives. And each foundation developed a much deeper understanding of the capacity-building constraints that their grantees face.

Grabbing Attention

Those who lead can use a number of techniques to initiate adaptive work. These include focusing attention on a problem, maintaining an atmosphere of productive distress, framing the issues, and mediating conflict. The degree of authority foundations have varies from situation to situation, influencing the way these techniques can be used. But in every case, they offer cogent tools for facilitating adaptive progress.

Getting people to pay attention to tough issues is the heart of adaptive leadership. This is an especially potent tactic for foundations, as they are in an unusually strong position to direct attention to specific issues through communications campaigns or merely by announcing their grantmaking intentions. Money talks, and that gives foundations – particularly when acting collectively – a powerful voice indeed.

Foundations can use their authority to hold the attention of their grantees, but they can also be highly effective at directing attention well beyond the scope of their authority. In Pittsburgh, the foundations
captured the attention of an entire city, but other foundations have focused it on an even larger scale. Joshua Reichert, director of environmental programs at the Pew Charitable Trusts, has successfully focused national attention on targeted issues, even though his foundation has no formal authority over the constituencies it seeks to influence.

For example, Reichert played a significant role in the 1998 passage of President Clinton’s “Roadless Rule,” which protected 58.5 million acres of national forest from infringement. As reported in the *New York Times*, the campaign “was the force behind the effort that generated more than a million public comments for the rule.” These comments provided critical backing for the U.S. Forest Service during its rule-making process.

This type of leadership is one that many with actual power would envy. In fact, in the face of Pew’s campaign, some authorities felt much less powerful than the foundation. “Pew’s environmental group is the 800-pound gorilla on environmental issues,” said Doug Crandall, staff director of the Republican-controlled House Subcommittee on Forests and Forest Health. On the other hand, such leadership tactics may not always permit sufficient input from all the parties involved to represent truly adaptive work.

Simple technical problems tend to resolve themselves quickly with the application of money and expertise. Adaptive problems, on the other hand, play out very differently over time. A step forward may be followed by a step back, and the level of distress experienced by participants will fluctuate over time. Harnessing this sense of disequilibrium – and making sure it stays productive – is a critical task of adaptive leadership.

The idea is to regulate this tension so that it stimulates but does not overwhelm people engaged in adaptive work. Stress should not be eliminated altogether – that would remove the impetus for adaptive work – but rather maintained at a level that motivates change. Think of an atmosphere of productive distress as a pressure cooker. The cook
regulates the pressure by turning the heat up or down, while the relief valve lets off steam to keep the pressure within a safe limit. If the pressure goes beyond the carrying capacity of the vessel, the pressure cooker can blow up. On the other hand, with no heat nothing cooks.

A foundation’s ability to create holding environments and use productive tension varies depending on the issue. The OCGI foundations found it easy to do so because they were working with grantees over which they held some authority. The foundations buffered the grantees from excessive stress through a deliberately protracted three-year time frame, regular meetings that gradually built trust, and by providing a consultant who served as a neutral intermediary between the foundations and the participating agencies. On the other hand, the foundations maintained gentle but unrelenting pressure by requiring grantees to report on their progress at regular intervals.

The Pittsburgh foundations had less control because there were so many stakeholders in the public school district. Yet they used their money, political influence, and the media to instigate and sustain a consistent level of productive distress that mobilized the city. The foundations did not merely announce that they were terminating their grants and walk away. They turned off the flow of their funds at first, but used the promise of reopening it as leverage for change. Second, they remained actively involved by helping set up and lead the mayor’s commission, which served as a yearlong forum for public debate. The commission, made up of a cross-section of community representatives charged with a time-limited task, provided a useful structure to keep the distress level high but also productive. Third, the foundations devoted constant attention to the media in order to keep public interest focused on the issue. In these ways, the foundations helped sustain the pressure on the community to do adaptive work.

This takes time and patience, yet foundations often seem reluctant to embark on projects of protracted or uncertain duration. As the Pittsburgh example shows, however, adaptive work can also move fairly quickly, and a lot can happen in a year. Using a technical approach to problems
that require an adaptive solution may seem like a shortcut to social change but in reality, it just wastes time.

Another important function of adaptive leadership is to frame complex issues so people can comprehend the opportunities and challenges they face. Individuals and institutions that lead must be able to identify when an issue is ripe for public attention and corrective action. Whether it is ripe enough hinges on whether it is generating a widespread feeling of urgency. Has the issue fastened itself in people’s minds? The public is more likely to pay attention to proposed solutions to a problem it is already concerned about.

Timing is everything. Had the Pittsburgh foundations halted their funding at a point when local citizens were not ready to address school deficiencies, they likely would have been roundly vilified and corrective action never would have been taken. As it turned out, government and community representatives were chomping at the bit to get involved in the schools’ problems. The foundations knew the dysfunctional school board was a key roadblock to change, and they framed the issue accordingly. This provided the community with a clear and concrete step they could take – and the timing enabled the mayor’s commission to prepare its report before the next school board election. The foundations’ actions provided the right impetus at the right time for others in the community to come forward and begin their adaptive work.

**Courting Conflict**

By its nature, adaptive work does not often fall within established organizational and social structures. A wide variety of interest groups, organizations, and communities may hold pieces of information about the problem. Moreover, the solution may require adjustments in the attitude and behavior of many people across political, ethnic, religious, and socioeconomic boundaries. If stakeholders are excluded from defining and solving the problem, the result may be an incomplete or unworkable solution.
Adaptive leadership, therefore, plays a critical role in easing conflict among various stakeholders in a way that leads to positive change. But this is often a messy process. Those who exercise adaptive leadership must ensure that all voices – not just the loudest or most powerful – are heard. At the same time, they must regulate the conflict they have unleashed so that it doesn’t get out of hand.

For foundations to lead in this manner they must become accustomed to setbacks, uncomfortable public pressures, and a time frame that tries the patience of both foundation executives and stakeholders. What’s required is leadership that views controversy and conflict as allies rather than obstacles in achieving reform.

The notion of foundations bringing interested parties together is hardly new. Foundations frequently convene groups to discuss specific issues, but these meetings rarely result in adaptive progress. This may be partly because such gatherings are one-time events that often end inconclusively. Mediating multiparty conflict is a protracted activity that often results in sharp confrontations and painful choices.

Another difficulty with traditional foundation gatherings is the failure to include most, if not all, of the major stakeholders. For example, foundations often limit the participants to grantees or other nonprofit agencies working on an issue. But one cannot do adaptive work on an environmental issue without including industry, government, and environmental representatives, or on an educational issue without parents, teachers, union officials, and school administrators. Inviting such diverse groups is sure to trigger a much less comfortable and polite discourse, but it is this discomfort that helps spark adaptive change.

Foundations have the added challenge of channeling conflict without letting their wealth and influence overpower the discourse. There is much evidence that grantees will not speak with candor in front of potential funders. Other stakeholders may be swayed by a foundation’s inherent stature and defer to its wishes, whether spoken or merely implied.
The Pittsburgh and OCGI foundations clearly recognized the need to pursue their objectives through a participatory decision-making process. Both sets of foundations recognized the adaptive nature of the work. And while they clearly focused attention, framed the issues, and helped formulate solutions, they also effectively orchestrated a process that gave the work of determining the specific required actions back to the people and organizations most affected by the issues. The two groups of foundations, however, operated on very different schedules and possessed very different levels of control over stakeholders.

Given that their grantees were not facing immediate crises, the OCGI foundations deliberately designed a three-year process at the outset. This enabled the momentum for change to build slowly. Most of the conflict that took place was within the OCGI organizations themselves, as various constituencies – staff, board members, donors, and beneficiaries – wrestled with how to best allocate limited funds to improve their agency’s ability to achieve its mission. And because the only issue to be resolved was the use of grant dollars, the foundations were in a strong position to specify a decision-making process the agencies had to go through in order to get their funds.

For the Pittsburgh foundations, it was essential to employ a much shorter time frame. The severity of the foundations’ initial action – suspending their funding in order to rivet public attention – helped influence government and community representatives to mobilize quickly and engage the segment of the public that supported the deadlocked school board. Although their control was limited, the Pittsburgh foundations were able to help select the participants, objectives, and decision-making procedures of the mayor’s task force. Through their own participation and use of the media, they were also able to ensure that the necessary voices were heard and that the process did not spiral out of control. Their actions, however, subjected the foundations to a level of public controversy that went well beyond any normal foundation initiative.
Taking the Heat

Most foundations have long tended to adopt a low profile and shy away from controversy. When exercising adaptive leadership over their own grantees, as with the OCGI, foundations can continue to act quietly. But when they are working to influence those beyond their control, such as legislators, voters, or other funders, a much higher profile and media support are often required. In such cases, foundation executives will need the fortitude to withstand sometimes-intense public pressures associated with involvement in a controversial and complicated social issue. Pew, for example, is not only one of the most important participants in framing the national debate in its environmental areas of interest, it is also one of the most controversial. As Reichert notes, “If you ride the ridges, you get shot at more often than if you stay in the valleys.” For many foundations, acutely conscious of their responsibility for careful stewardship of their donor’s good name, stirring up public political brawls may be unacceptable.

Maintaining an environment of tension in which adaptive work can be conducted also is a departure from the norm. First, it requires a time commitment that is much longer than the typical foundation grant cycle – often requiring years of sustained effort before any conclusive results are known. Throughout this period, a foundation must actively supervise the adaptive work, a demand that would tax the limited staffing of many foundations today.

Second, foundations are naturally inclined to reduce, rather than heighten, distress. Well-meaning program officers often bail out a financially troubled nonprofit or try to ameliorate an immediate crisis. Yet such short-term assistance may release the pressure that was needed for adaptive work, paradoxically enabling the grantee organization to avoid the hard learning required to become a more sustainable entity.

Adaptive leadership also calls into question traditional approaches to strategy and evaluation. Employing a strategy is often mistakenly taken to mean that a foundation must design and follow an agenda from which
it cannot deviate. And evaluation is often used to test whether the foundation’s initial hypothesis about the consequences of an intervention was valid, and whether the end result can be directly attributed to the foundation’s funding. Each of these approaches represents a mechanistic model in which the foundation begins with a hypothetical solution, pursues it through a predetermined plan, and then looks back to see if the plan worked. But while these tools are useful in rectifying technical problems, they are ill suited to adaptive leadership.

Correctly used, strategy is a highly flexible tool. It requires neither that the answer be known at the outset nor that an agenda be rigidly adhered to. Instead, it depends on clarity of objectives, thorough research, and careful alignment of the foundation’s goals, resources, and actions. Adaptive progress requires experimentation. One has to be able to alter the master plan as lessons are learned.

Similarly, evaluation should be a dynamic, forward-looking tool for measuring progress toward goals. Adaptive work must be measured through milestones of progress toward an ultimate outcome, as well as by process indicators such as more widespread understanding of the issues, a greater will to change, or new collaborations forged across old boundaries within a community. Foundations that are the most disciplined in leading adaptive work find that goal setting and evaluation are essential parts of their approach to creating change. The OCGI foundations, for example, were very explicit in identifying goals and evaluating progress. Rather than using evaluation to grade grantees’ performance, the foundations viewed it as a catalyst for learning.

Finally, adaptive leadership requires focus. It is a sharp departure from the common foundation pattern of funding hundreds of grants in multiple fields with minimal staffing and frequently changing objectives. Most foundations cannot effectively shine the spotlight of attention or sustain productive distress on more than one or two major issues at a time. The process of framing an issue should provide a broad range of community actors with both the motivation for change and the direction of that change. And that will not happen unless a foundation has done its
homework and has enough expertise to communicate it in a compelling way. Money will always be central to the role that foundations play, but with any given problem a foundation’s focus, skill, and experience matter more than the amount of money it invests.

Perhaps this is the biggest shift in thinking of all: If foundations are to become effective institutions of adaptive leadership, they must understand the value of employing their expertise, political access, media skills, and bold strategies, rather than just their grant dollars, to generate change in society. They should reject the artificial dichotomy between proactive and passive grantmaking, and firmly lead social change without imposing the answers.

Notes


2 For a more complete discussion of adaptive leadership, see Heifetz, R.A. Leadership Without Easy Answers (Cambridge, MA: Belknap/Harvard University Press, 1994).


4 Interview on June 17, 2004 with Alexa Culwell of the Charles and Helen Schwab Family Foundation; Sterling Speirn of the Peninsula Community Foundation; and Lisa Sonsini of the Sobrato Family
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The Most Impactful Leaders You’ve Never Heard Of

Network entrepreneurs are ensuring that systems-level, collaborative efforts not only succeed, but thrive.

By Jane Wei-Skillern, David Ehrlichman, & David Sawyer

Collaboration has taken the social sector by storm. Collective impact, social media, and other tools play important roles, ensuring that the right structures, resources, and technologies are in place for groups to successfully work together. But while these approaches have advanced collaboration in practice, we believe that on their own, they are insufficient for achieving transformational change. In the rush toward readily available solutions to social problems, we often overlook a powerful missing link.

In our research and experience, the single most important factor behind all successful collaborations is trust-based relationships among participants. Many collaborative efforts ultimately fail to reach their full potential because they lack a strong relational foundation.

The new leaders at the heart of some of today’s most sophisticated, large-scale solutions to the world’s social problems—network entrepreneurs—are undoubtedly some of the most accomplished leaders that you’ve never heard of, and they are ensuring that systems-level, collaborative efforts not only succeed, but thrive.

How is a network entrepreneur different? Rather than leading with a top-down approach, network entrepreneurs focus on creating authentic relationships and building deep trust from the bottom up. This focus on relationship-building costs relatively little yet ultimately makes a tremendous difference in impact. Network entrepreneurs ensure that the power of others grows while their own power fades, thereby developing capacity in the field and a culture of distributed leadership that
dramatically increases the collaboration’s efficiency, effectiveness, and sustainability. These individuals foster unique cultures and values among their networks that enable those networks to sustain and scale impact.

We think of network entrepreneurs as representing an evolution of social entrepreneurs. Like social entrepreneurs, they are visionary, ambitious, and relentless in pursuit of their missions. But where social entrepreneurs often struggle to scale their own organizations despite heroic efforts, a network entrepreneur’s approach expands far beyond the boundaries of their own organization, supporting peers and partners across sectors to solve the problem. Not surprisingly, the potential for impact increases exponentially when leaders leverage resources of all types—leadership, money, talent—across organizations and sectors toward a common goal. And as a result of this work, we celebrate the change-generating network itself above any single person or institution.

This kind of humble leadership is of course not new. Jim Collins wrote about the unwavering resolve and humility of “level 5” leaders. Robert K. Greenleaf extolled the virtues of “servant leaders.” Martin Luther King Jr. said that these leaders balance power and love—the power to get things done with the love to make all boats rise. And as philosopher Lao Tzu famously noted in the 6th century BC: “When the best leader work is done the people say, ‘We did it ourselves.’”

Despite this, the understanding and ability needed to apply this philosophy directly to social impact work has been limited. Newly formed, often funder-driven collaborations tend to capture the spotlight, while practitioners who have catalyzed collaborations from the ground up in the field for years or even decades quietly build momentum and continue to increase the impact of their work.

Network entrepreneurs lie behind the following three examples of remarkable social impact:

- StreetWise “MBA” through Interise (a nonprofit organization that functions as a network to help existing small business
owners develop their companies), created net new job growth at five times the rate of the private sector as a whole. And since the financial recovery began, these businesses have continued to create jobs at five to seven times the rate. What’s more, 93 percent of these businesses are owned by women, minorities, immigrants, or Native Americans, or are located in a low-income community.

- During a deadly cycle of bombings in Lebanon, the Lebanese association Offre Joie (“Joy of Giving”) mobilized a coalition of volunteers across the ethnic spectrum to rebuild bombed neighborhoods across sectarian lines for 172,000 days. The coalition’s community impact was recognized by 45 percent of Lebanon’s population and honored with the nation’s highest civilian award. Working behind the scenes, network catalyst Dreams InDeed helped focus the mission, reinforce values, and weave the network.

- And for more than 15 years in the field of education, there has been a vast expansion of pre-school classrooms in Connecticut, thanks to a new Office of Early Childhood and more than $50 million of new money allocated to school readiness. By training and supporting parent and community leaders, and working in close alignment with government and other advocacy groups, the network has demonstrated endurance and resilience. Some parents and community leaders who engaged with these efforts have gone on to serve in the Connecticut state legislature as advocates for early childhood education. Even during periods of serious budget deficits and cuts to many programs, early childhood education programs were largely preserved or even increased. Governor Dannel Malloy has identified universal access to early childhood education as “critical to Connecticut’s future.” These outcomes are a direct result of advocacy by 52 communities as part of the William Caspar Graustein Memorial Fund Discovery Initiative.

**The Four Principles of Network Entrepreneurship**
We have found that despite huge differences in issue area, scale, resources, and formal roles, network entrepreneurs and their networks are remarkably similar. The networks that network entrepreneurs catalyze all demonstrate the following four operating principles:

1. **Trust not control.** Strong relationships among network partners and a culture in which actors routinely invest resources into building long-term, trust-based relationships—without the expectation of control or even recognition—is critical to collaborative success. Network entrepreneurs emphasize “return on relationships” above all else. Unless they are built on a foundation of mutual respect and integrity, collaborations are unlikely to succeed, regardless of how much formal structure or strategic planning went into them.

2. **Humility not brand.** Unlike social entrepreneurs so often held up as hero-like figures, network entrepreneurs are largely anonymous by design. Early in a network’s development, these leaders are important visionaries, and stewards who help foster a healthy network culture and develop a sustainable structure. But they are deliberate about ceding their power to the collective leadership of the network and developing leadership capacity throughout the network.

3. **Node not hub.** Network entrepreneurs are keenly aware that they are few among many working across the larger system, and in this way they embody a special type of system leader, powerfully articulated by Senge, Hamilton, and Kania in a recent *SSIR* article, “The Dawn of System Leadership”. Networks entrepreneurs not only connect to the larger system around them and foster generative conversation, but also deliberately catalyze and lead action-oriented networks that are aligned around a defined shared purpose and built on the foundation of deep relationship. They develop a culture where no individual or organization seeks to be the brightest star. Partners and peers mobilize a constellation of resources and skills that enables the achievement of a shared vision. The
network becomes the primary vehicle for delivering mission impact. Consequently, there is as much focus on engaging trusted peers outside the network entrepreneur’s organization as there is on tasks within the organization.

4. **Mission not organization.** Network entrepreneurs are far more motivated to achieve maximum impact than to advance themselves or their organizations. The network entrepreneur acts as a participant, eschewing personal or organizational status in service to the mission. They often put the interests of their peers ahead of their own, as “supporting all boats to rise” actually serves the mission best. Network entrepreneurs, for example, often refer potential donors to peers that can better deliver a program or service; they don’t simply seek to maximize their own organization’s budget. When all network participants adhere to this principle, it becomes self-reinforcing; it greases the wheels of current collaborations and opens the doors to future partnerships.

Over the coming weeks, seven network entrepreneurs—working in environmental conservation, education, economic and community development, and beyond—will share their perspectives and lessons from more than 100 years of collective experience pioneering networks for social change. Contributors include Interise’s Jean Horstman, William Caspar Graustein Memorial Fund’s David Nee, Interaction Institute for Social Change’s Curtis Ogden, Energy Foundation’s Eric Heitz, Housing Development Consortium’s Marty Kooistra, Maddie’s Fund’s Rich Avanzino, Sustainable Conservation’s Ashley Boren, and Joy of Giving’s David Haskell.

We hope that the wisdom and insight of these leaders will help inform future collaborations and fuel even greater social change.

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To the Rescue

Beating the heroic leadership trap.

By Roger Martin

New York City Mayor Rudolph Giuliani became a national hero for his leadership during the Sept. 11 crisis. He oversaw rescue and recovery, consoled grief-torn families, and reassured the public, while helping to get the New York Stock Exchange up and running within a week. “Giuliani’s performance ensures that he will be remembered as the greatest mayor in the city’s history,” wrote *Time* magazine, in naming the mayor Person of the Year 2001. “Giuliani’s eloquence under fire has made him a global symbol of healing and confidence.”

The mayor’s greatest achievement, however, came in the last weeks of an autocratic administration during which his style took considerable heat. In dealing with the New York public schools, for instance, Giuliani failed miserably. What made the difference? Fundamentally, it emerged from the manner in which Giuliani seized responsibility.

The Sept. 11 terrorist attacks were beyond the capacity of any person to rectify. Appropriately, Giuliani’s message reflected that. “Tomorrow New York is going to be here,” the mayor said. “And we’re going to rebuild, and we’re going to be stronger than we were before. … I want the people of New York to be an example to the rest of the country, and the rest of the world, that terrorism can’t stop us.” He signaled he would give all he had, leaving no doubt he would need the talent and energy of thousands of others to succeed.

With the public schools, the mayor’s message was different. “He governed by hammering everyone else into submission,” *Time* wrote. Reflecting on his approach, Giuliani told the magazine: “People didn’t elect me to be a conciliator. … They wanted someone who was going to change this place. How do you expect me to change it if I don’t fight with somebody? You don’t change ingrained human behavior without
confrontation, turmoil, anger.” As a result, hundreds of people in the public schools who Giuliani needed became passive followers.

Take-charge leadership misapplied not only fails to inspire and engage, it produces passivity and alienation. And this is true not only in the for-profit and government sectors. When nonprofit leaders assume “heroic” responsibility for making critical choices, when their reaction to problems is to go it alone, work harder, and do more—with no collaboration or sharing of leadership—their “heroism” is often their undoing.

Such action often leads to an organizational affliction I have dubbed the “responsibility virus.” A leader senses a subordinate flinch under pressure and responds by taking a disproportionate share of responsibility, prompting the subordinate to hesitate and become passive. The heroic leader reacts by leaping to fill the void. The passive employee retreats further, abdicating more responsibility, becoming distant, cynical, and lethargic. The leader, unable to cope with an impossible workload, becomes contemptuous and angry. A once-promising project becomes rudderless and spirals toward failure.

The good news is, the virus can be treated. During two decades of work with struggling organizations, I have devised a set of management tools to help them avoid the virus and, if stricken, to battle back.

The first tool is the “frame experiment,” which helps individuals mired in over- or underresponsibility improve relationships and collaborate. The second tool, the “responsibility ladder,” helps subordinates take on increasing responsibility, preventing their bosses from becoming overresponsible. The final tool, the “choice structuring process,” helps group members collaborate to make inspired and robust decisions, avoiding groupthink, and inoculating against the virus.

Taken together, these tools can help nonprofit leaders suppress the lurking heroic leader, while elevating employees at every level into leadership roles they can handle, resulting in high-quality decisions and reduced burnout.
Origins of the Virus

The responsibility virus is pervasive and ancient. The philosopher Hegel described the tendency to flip from dominance to subservience, “the master-slave dialect,” as one of the driving forces of human history.\(^4\)

Why is it so pervasive? Psychologists have shown how much people dread doing the wrong thing, so much so that they go to great lengths to avoid making choices, or even viewing themselves as choosers. Irving Janis, a social psychologist and leading scholar of group behavior, found that the heart rate of participants in certain experiments quickened as they were about to find out whether they made a “right choice.”\(^5\) Social and cognitive psychologist Leon Festinger showed that many people avoid choices between equally desirable options by postponing them or pretending there is no choice to be made.\(^6\)

The roots of the virus, then, can be found within our deepest human motivations. Like the gamblers studied by Ellen Langer, who want to take responsibility for their predictions once they win, but blame chance whenever their hunches go wrong, it is human nature to claim credit when things go well and to avoid blame when they go badly.\(^7\)

Chris Argyris, professor emeritus at Harvard Business School, has delineated what he calls the “governing values” behind this human predilection: In any interaction, people want to win, maintain control, avoid embarrassment, and stay rational.\(^8\) Confronted by failure or the anticipation of failure, they either “fight,” seizing total responsibility for “winning,” or “flee,” assuming no responsibility, so that if they “lose,” it’s not their fault. Merely adding employees to a choice-making situation does not help, as the literature on “groupthink”\(^9\) and conformity to group norms\(^10\) makes clear. In situations in which responsibility could be shared, the fear of failure triggers extreme responses that can actually undermine collaboration.
Case I: The $100 Million Fundraising Strategy

How does the virus take hold internally, within an organization?

Consider the case of FreshStart, a nonprofit that provides targeted educational help to at-risk youth, some with criminal records, helping them overcome poverty and drugs. In 1996, the nonprofit hired Jack as executive director, charging him with turning around the organization’s lagging performance. Jack had spent his career in private equity, buying laggard companies, turning them around, and selling them, yielding impressive gains for investors. He was young and well educated, with a history of success. He took his new post with trepidation (he was completely new to the nonprofit sector) as well as exhilaration (he believed he could make a difference).

Jack set an ambitious five-year goal: Increase fundraising 150 percent, from $40 million to $100 million. He went to speak with Derek, the development director, about the new goal – and was surprised to find that Derek didn’t share his enthusiasm for the plan. Derek had spent his career in nonprofit development, and he had a strong record, but he was concerned about this new “cowboy” who had come in from the “outside.” Undeterred, Jack asked Derek to work up a fundraising strategy, showing how the organization could hit its new goal.

The two began calling prospective donors, and Jack was perplexed by Derek’s passive approach. Jack found himself jumping in more forcefully to make FreshStart’s case, and as he did, Derek faded further into the background, relinquishing responsibility. Prospective donors began calling Jack for follow-up, leaving the executive director with less time for his other responsibilities, including strategic planning and managing senior executives. On prospect calls, Jack found himself working virtually alone.

A month passed, and Derek, sinking slowly into underresponsibility, failed to deliver the new fundraising strategy. He spoke in vague terms about the project, mentioning that an MBA from a local university was helping out with it as a volunteer, but indicating there were
“complications.” The strategy document Derek eventually turned in was incomplete, confusing, and unhelpful. Jack, frustrated and pressured by his board, decided to write the strategic plan himself. Two weeks later, Derek resigned.

Jack was somewhat relieved by Derek’s sudden resignation, seeing an opportunity to bring on a like-minded development director. He hired Sheryl for the task, giving her an upgraded job title and salary to match. But by then, Jack was afraid of getting burned, and it was not easy for him to trust his new hire. When Sheryl asked Jack for permission to fill a vacant development position and add another staff member, Jack insisted on seeing her strategic plan first. Sheryl described her plans informally, leaving Jack frustrated. Slowly, and unintentionally, he began to exclude Sheryl from his inner circle. She began to feel Jack had no confidence in her ability, and began a retreat.

For a second time, Jack found himself with a passive development director. He could not blame this on the prior administration, however; Sheryl was his handpicked hire. He wondered if nonprofit development officers were passive by nature. Within six months, Sheryl resigned to take a lesser position at another organization. “Jack was domineering,” she said. “He wouldn’t give me a chance.”

Jack, meanwhile, wondered what had gone wrong. Others had worked happily for him, yet he had developed a reputation for browbeating his top fundraisers. Something had to change.

**The Frame Experiment and the Responsibility Ladder**

The remedial tool for breaking out of this self-sealing loop once it has started is the “frame experiment.”\(^{12}\) In this experiment, individuals develop an alternate framework about themselves, the other individual, and the task at hand. The leader’s frame changes from “I know the right answer” to “I have an important point of view,” allowing that a subordinate might have an alternate position that could contribute to a better solution. This qualified opening encourages inquiry, prompting
subordinates to assume responsibility.

It is not easy for individuals to develop alternate frames, in part because it can feel like a loss of control. Many leaders are queasy about approaching an interaction with the notion that their view might be wrong. For this reason, leaders should try the experiment for just one specific interaction that they can plan in advance. Directors can plan a meeting, at which they decide ahead of time they will be receptive to an approach they had previously shunned. Applying this approach to a planned interaction enables the leader to take the time to thoroughly adopt the altered frame before starting a conversation. This is no easy task, which is why it’s advisable for leaders to have an out: If they are feeling uneasy, they can return to their old frame and continue the conversation. Most people find this to be an acceptable bargain, and, when they actually try it, they are pleasantly surprised when their colleagues present a new, valuable lens, without taking advantage of the opening.

In the case of FreshStart, what if Jack had adopted the following frame: “I think it is reasonable to ask Derek to come up with a $100 million fundraising campaign, but I might be missing something. My task is to find out how I might be making the situation worse and how we can fix it together.” Had that been Jack’s frame, he may have been able to plan a five-minute conversation, starting out: “Derek, I am getting nervous. I have asked you several times for a new fundraising strategy. Have I been obscure about what exactly I want? Is this a task that you feel uncomfortable with? Help me understand.”

This opening might have encouraged Derek to say something like: “I’m glad you asked. I can tell that you have a very clear idea what a ‘fundraising strategy’ would look like, but I don’t understand what you want. In my experience, all that is required is to set a goal and go after it. I have never seen the kind of formal strategy you describe. So if you could help me get started, pointing out examples of good fundraising strategies and other resources, I would be relieved.”
For Jack, the level of learning evidenced, the mutual trust engendered, and the quality of thinking displayed constitutes a wholly positive revelation, arresting the downward spiral. Many come out of frame experiments willing to broaden them, taking altered frames into their next conversations, and creating upward spirals with their own momentum.

But how can a nonprofit build on that momentum? One way is by using the “responsibility ladder” (sidebar, left). At the heart of the responsibility virus are unproductive conversations about “distribution of responsibility.” At FreshStart, for example, Jack had asked Derek to assume a great deal of responsibility by developing a new fundraising strategy, essentially saying, “You’re in charge.” Meanwhile, Jack assumed no responsibility himself.

But what if a “responsibility conversation” could go beyond simply “I’m in charge” or “You’re in charge”? This is where the ladder can help. The ladder has six rungs, each representing a higher level of responsibility. On the lowest rung, an employee assumes no responsibility. By failing to produce a coherent strategy and sinking into passivity, Derek was standing firmly on this rung.

But what if Derek had said: “I know you want me to produce a plan, but I don’t know where to begin. If you provide direction I will internalize this lesson, so that in the future I will know what approach you want me to take”? This would have placed Derek on the second rung, signaling his interest in developing choice-making skills to share a greater burden moving forward.

Now suppose Derek is ready to help make a particular choice. He would step on to the third rung, asking Jack to help structure the decision by framing it among mutually exclusive options. At FreshStart, those options might have been a fundraising campaign focused on corporate donors interested in helping at-risk youth move into the labor pool; a campaign focused on foundations that support education; a broad, direct mail or phone solicitation campaign; or some hybrid of those three. At
this level, Jack still makes the choice, but Derek comes to understand the choice-making process, and gives his input rather than fading into passivity.

The fourth rung is an important step up: Derek takes responsibility for structuring the choice himself, stopping short of making specific recommendations. Derek might have said, for instance, “I know we need to raise more money; these are the ways we might do that, and these are the corresponding problems.” This leads naturally to the fifth rung: Derek analyzes the options and makes a recommendation. On the top rung, Derek makes the decision unilaterally, informing Jack afterwards.

For his part, Jack was not clear about what rung he wanted Derek to step on. Did he want Derek to develop and decide on the fundraising strategy? Or was he asking Derek to develop a recommendation for Jack to consider?

If Jack had used the frame experiment, he could have had a productive dialogue with Derek, and figured out the appropriate rung for Derek to step up on to, thereby defeating the virus.

Case II: ‘Nobody Lifts a Finger to Help Me!’

The virus can also infect an organization’s external operations. Consider a case from the International Development Agency (IDA), one of the world’s most elite economic development organizations. In 1993, Pierre, an idealistic and ambitious employee, was assigned to the IDA’s Private Sector Development Unit, which delivered services to clientele in the developing world. Pierre was the perfect choice for the post. The handsome 35-year-old, fluent in seven languages, had finished at the top of his class as an undergraduate in his native France, going on to graduate school in North America, financed by full scholarship, to study development economics. In his final year of study, major investment banks in New York and London plied him with offers, but he was more interested in a career in public service, working to overcome
Third World poverty. He had been with the IDA for four years, doing exemplary work to improve power and transportation infrastructure in Africa, when he was tapped for the private sector unit. His first major undertaking for the unit was a project to boost the flagging peanut industry in Senegal.

Pierre made a promising start, traveling to Senegal numerous times to study the industry. He learned quickly, and before long, he had a firm understanding of the problem: Thousands of Senegalese farmers grew peanuts in relatively small quantities and sold them to inefficient and often corrupt middlemen, who transported the peanuts nationwide and sold them to inefficient processors, who made peanut butter and other peanut products and sold them at subscale prices on the global markets. The inefficiency of the system hurt Senegal at multiple levels. The poor farmers were getting gouged; the processors didn’t make much money because of their high costs and low margin selling internationally. Senegal had the potential for generating far more wealth from the industry.

Pierre’s key contact was Hakeem, the minister of agriculture, a man who tended to observe rather than initiate. A somewhat portly man in his mid-50s, Hakeem laughed uproariously when, toward the end of the first day’s session, Pierre suggested that they work through dinner. “My young friend,” Hakeem said, “we have to put some food in front of you because when you eat will be the only time you will stop talking!” Hakeem had already picked out a favorite restaurant, with a wide selection of local delicacies and lovely ambiance. Pierre enjoyed the food, but was put off by Hakeem’s refusal to talk about the project over dinner. The Senegalese soon came to see Pierre as a serious man who did not give them much of an idea of what was on his mind, and who never asked their opinions.

Still, Pierre came up with a bold plan to restructure the Senegalese peanut industry: He would create a cooperative to collect and transport the peanuts to the processors. The cooperative would be partially owned by the farmers, giving them a better cut, and would replace the
inefficient middlemen. Under the plan, the processing industry would be dramatically consolidated and the remaining processors would be equipped with substantial new capital to build efficient plants, lowering their processing costs. Additionally, they would be assisted in marketing internationally by a single marketing cooperative, which would have the scale to negotiate big deals globally.

Pierre traveled back to Senegal to deliver his restructuring plan. Hakeem was lukewarm from the start. He objected to performance conditions (including a monitoring agency to prevent graft and corruption) that were standard IDA requirements. And he seemed overly concerned about the fate of the middlemen. Undaunted, Pierre forged ahead, making modifications based on Hakeem’s concerns.

Back at the IDA, Pierre tried to devise a compromise plan. In his view, the agency needed to soften its stance, particularly on the monitoring agency, and work with him to convince Hakeem that Senegal must also show some flexibility. Pierre reviewed the situation with his superior, but was informed the agency’s position was firm. Pierre returned to his office furious. “I’m trying to help these people,” he thought, “and nobody lifts a finger to help me!”

After nine months, with little forward progress, the IDA shelved the Senegalese project. Pierre felt betrayed. When he told Hakeem the project was cancelled, Hakeem flew into a rage. “How can you do this?” he asked. “We’ve already started spending, expecting your funds. Now we will have to stop and our budget will be in deficit. You aren’t here to help, but to be the imperialists who have always terrorized us.”

For his part, Pierre began to wonder whether he was foolish to give up an investment banking career to help ungrateful clients in the developing world.

Pierre, however, had seen no merit in collaborating. Hakeem recognized this, becoming passive, which only convinced Pierre that his doubts about Hakeem’s capabilities were accurate. Pierre treated the IDA officials charged with approving the program as obstacles rather than
valuable collaborators, and they quickly grew tired of his overbearing attitude. The virus was running rampant.

Inoculating against the Virus: Choice Structuring

In Senegal, Pierre conducted the analysis and made all the restructuring decisions on his own. While he consulted with various Senegalese, including Hakeem, they were never a key part of his decision-making process.

But what if Pierre, Hakeem, and the agency officials had a tool to help them reach compelling choices, a tool that generated group commitment without violating the governing values and triggering the responsibility virus? The seven-step process I call “choice structuring” is just such a tool.

As a general rule, until a choice is framed as a choice it cannot be made. Furthermore, group members will not truly engage in the process, because they cannot yet understand a decision’s consequences. As the first step in the process, then, the group must discern a tradeoff, identifying at least two mutually exclusive options. Pierre might have started with two options: (1) Senegal can leave the current peanut industry in place and work to improve its efficiency, or (2) Senegal can achieve efficiencies by restructuring the industry, eliminating the role of certain midlevel players.

The next step is to broaden the list, being as inclusive as possible, creating an atmosphere in which options can be offered without fear of embarrassment. Options should be framed as stories describing positive outcomes, with internally consistent logic, but they do not need to be proven or even carefully vetted. As long as group members can imagine that a given option could be valid, it makes the initial cut.

In the Senegal case, Pierre may have considered many options, but he only presented one. While his choice made perfect sense to him, it was impossible for the Senegalese to support it without understanding why
other options might have been ruled out.

Once the options have been enumerated, group members must specify the conditions that would need to be met for the stories to be plausible. Each option may have three or four conditions—the logic and data that would have to hold true for it to be valid. At this stage, group members are still not interested in opinions—they just want to know what would have to happen for everyone to feel committed.

For Pierre’s plan to have made sense, for example, it would have to hold that consolidation of the fragmented processing sector into a few large processors would reduce costs, and that selling Senegalese peanut products through a single international marketing cooperative would result in better overall prices.

The fourth step executes a 180-degree flip. Now leaders want to know which of the listed conditions are least likely to hold true. What are the barriers blocking each choice? Skeptical group members must be encouraged to raise concerns. For example, Hakeem had deep concerns about Pierre’s plan to eliminate the middlemen. While Hakeem knew that some of these players were corrupt, others were hardworking entrepreneurs and collectively, they had considerable political clout. Even if the middlemen could be eliminated without too much controversy and recrimination, Hakeem was not certain it was desirable. What was he going to say to friends in the business who would be replaced by the cooperative? However, without an invitation from Pierre, Hakeem was unwilling to outline his concerns. They remained hidden barriers to choice.

Next, the group must design ways to test each barrier. Typically, the most skeptical group member will have the highest standard of proof, and should, therefore, design the tests. Without his or her commitment, any “consensus” would be false.

The second-to-last step involves testing the barriers, starting with the condition group members feel is least likely to hold up. If Hakeem’s concern had come to light, he would have designed a test that would
have allowed him either to gain confidence that middlemen could be eliminated, making restructuring a viable option, or confirming his doubts. In the latter case, the option would have been eliminated.

Now it’s time for the seventh and final step: Making a choice. In the past, with the stakes high, this might have been a fertile breeding ground for the responsibility virus. But with choice structuring, the last step is simple and anticlimactic. The group has a shared understanding of the logic structure underpinning each viable option. The most skeptical member has set standards of proof and overseen the analysis.

The group needs only to review the test results. In essence, the choice is presold; there is no need for serious debate. And there is no cause for the virus to flare up, since the governing values are not threatened.

Without realizing it, Pierre had presented Hakeem with only one option—with no conditions laid out, no barriers identified, no tests designed, and, not surprisingly, no commitment. The virus took hold and spread until it was out of control, eventually undermining the entire project.

Pierre had sent Hakeem and the Senegalese a signal: “I am the hero! Stand aside and be saved!” He could have structured a choice process that produced a robust decision-making chain, yielding a choice backed by consensus. He is not the first hero to make this mistake. And, unfortunately, he won’t be the last.

Notes


11 This example comes from a personal experience that prompted me to begin researching over- and underresponsibility. The situation is disguised and all names are pseudonyms.

12 Diana Smith, a founder of the consulting firm Action Design, created the tool. Smith introduced me to the concept when we worked together on a consulting assignment. Thus far it exists only in unpublished work by Smith and Action Design.

13 This example is based on a case from my consulting work. The situation is disguised and all names are pseudonyms.

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Leadership Development: Five Things All Nonprofits Should Know

Why leadership development takes courage but is the best investment a nonprofit can make.

By James W. Shepard, Jr.

Despite a big uptick in attention paid to nonprofit leadership development over the past decade, a lot of misunderstanding remains. Many organizations think leadership development is too expensive, that it’s all about training or sabbaticals, that it’s a “nice to have but not necessary” employee benefit, or that executive leaders should focus on other things.

But those organizations are wrong—and wrong enough to seriously imperil their vision and mission. After years of working helping nonprofits and other organizations develop strong leadership, I believe these are the five most important things every executive needs to know:

1. Leadership development investments provide high returns on investment (ROI). The data is clear and compelling: many studies have demonstrated the very high ROI of effective human capital management and leadership development initiatives. An earlier post in this series explored a number of recent nonprofit studies, but those are just the tip of the iceberg. Dozens of other studies encompassing a diverse set of organizations (including nonprofits, for-profit companies, and public sector organizations), spanning countries worldwide, and across dozens of diverse fields (such as health care, education, media, and manufacturing) all point to the same conclusion. Just as the science on climate change is now beyond debate, the headline of these studies is clear: Investing in an organization’s human capital management and leadership development capabilities pays for itself and continues to produce tangible benefits that far exceed the costs.
2. Strengthening leadership development results in more mission impact, higher revenues, lower costs, and greater stability. A high ROI is not just a financial concept; strengthening leadership development produces concrete improvements in the areas nonprofits care most about. Consider the following quotes from real nonprofits that have made such investments:

“Previously, when we had turnover, it hurt our program results; now it doesn’t.”

“We were able to hit our growth goals because we made a focused effort to forecast and then develop the talent we needed.”

“It is clear to me that the team we’re building now is much more capable of delivering on our organizational strategies.”

Investing in leadership development isn’t a distraction from programs; it’s how you ensure that your organization achieves its potential impact.

3. Most nonprofits spend their leadership development dollars ineffectively. Over the past 50 years, corporations have invested billions of dollars studying and refining how to most effectively develop current and future leaders. What has emerged is a handful of best-practice principles that run through all the best programs at both corporations and nonprofits. Unfortunately, only a small number of nonprofits are practicing and sharing these guidelines.

The 70-20-10 Model for Learning and Development is one example. Professional development experts have demonstrated that about 70 percent of learning happens on the job through carefully chosen “stretch” assignments, 20 percent happens as managers and peers help employees succeed in those assignments, and only 10 percent happens through formal training. Yet we’ve observed that most nonprofits focus leadership development resources on the most expensive and smallest part: the 10 percent allocated for training, books, conferences, and sabbaticals—all essential but insufficient on their own. We need to learn how to take advantage of these kinds of principles so that we can get the
most from our limited leadership development resources.

4. **Most nonprofits can achieve high-quality leadership development if they have courageous leadership.** Designing and implementing a highly effective leadership development program is actually relatively simple. It is also quite hard—hard, because it requires courage. A great program will create a deep pool of talent and ready successors for important roles. As a nonprofit executive leader myself, it can be unnerving to work with one or more people on my staff or board who will soon be ready to take my place; being indispensable is in many ways much more comfortable.

What’s more, great leadership development programs often move developing leaders into a variety of roles to provide a breadth of learning opportunities. Again, it takes courage to move an employee from a role in which he is highly successful to another where he is less proven, even if it is the right development opportunity.

Great leadership development programs also tend to focus limited resources on employees who are considered the most capable of becoming future leaders. It takes courage to choose which of your employees is going to get outsized attention because of her high leadership potential, and which will not; those you do not select may get angry or even quit.

Finally, it takes courage to invest in leadership initiatives when making payroll is in question. The good news is that I see this kind of courage regularly, at all levels of nonprofit management.

5. **Nonprofits can make big improvements for free right now.** Even with limited or no additional funding, organizations can make immediate progress on leadership development. If your nonprofit has time to do just one thing, recruit an experienced executive with expertise in leadership development and succession management onto your board, and give them an explicit mandate as head of your new Human Capital board committee. (To start, look to your corporate partners and LinkedIn network.) If you live in a city served by the Taproot Foundation, apply
for a free Leadership Development and Strategic HR service grant. If you have a bit of money to spend, apply to host a senior human capital management expert as a temporary Encore Fellow. There are free case studies and a wealth of other written resources available. Every great journey begins with just one step: Take yours today.

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The Dawn of System Leadership

The deep changes necessary to accelerate progress against society’s most intractable problems require a unique type of leader—the system leader, a person who catalyzes collective leadership.

By Peter Senge, Hal Hamilton, & John Kania

With the passing of Nelson Mandela in late 2013, the world celebrated a remarkable life. But the spotlight on Mandela’s accomplishments relegated to the shadows much of the reason that he has had such a lasting impact, in South Africa and beyond. Above all, Mandela embodied a system leader, someone able to bring forth collective leadership. In countless ways, large and small, he undertook interventions aimed at bringing together the remnants of a divided country to face their common challenges collectively and build a new nation.

In the four delicate years between Mandela’s release from prison in 1990 and the first open election, he supported a scenario process that brought together the formerly banned black political parties to work through their alternative visions for the future of South Africa. Exploring their different ideologies and their implications openly and together resulted in the moderating of potentially divisive differences that could have ripped the nation apart, such as whether or not to nationalize critical industries.¹

Perhaps the most transcendent example of Mandela as a system leader was the Truth and Reconciliation Commission, a radical innovation in the emotional healing of the country that brought black and white South Africans together to confront the past and join in shaping the future. The simple idea that you could bring together those who had suffered profound losses with those whose actions led to those losses, to face one another, tell their truths, forgive, and move on, was not only a profound gesture of civilization but also a cauldron for creating collective
leadership. Indeed, the process would have been impossible without the leadership of people like Bishop Desmond Tutu and former President F. W. de Klerk.

Even more, the process invited the thousands who participated to step forward in co-creating a new reality for South Africa—and, in so doing, to embody an ancient understanding of leadership; the Indo-European root of “to lead,” leith, literally means to step across a threshold—and to let go of whatever might limit stepping forward.

At no time in history have we needed such system leaders more. We face a host of systemic challenges beyond the reach of existing institutions and their hierarchical authority structures. Problems like climate change, destruction of ecosystems, growing scarcity of water, youth unemployment, and embedded poverty and inequity require unprecedented collaboration among different organizations, sectors, and even countries. Sensing this need, countless collaborative initiatives have arisen in the past decade—locally, regionally, and even globally. Yet more often than not they have floundered—in part because they failed to foster collective leadership within and across the collaborating organizations.

The purpose of this article is to share what we are learning about the system leaders needed to foster collective leadership. We hope to demystify what it means to be a system leader and to continue to grow as one. It is easy when we talk about exemplars like Mandela to reinforce a belief that these are special people, somehow walking on a higher plane than the rest of us. But we have had the honor to work with many “Mandelas,” and this experience has convinced us that they share core capabilities and that these can be developed. Although formal position and authority matter, we have watched people contribute as system leaders from many positions. As Ronald Heifetz has shown in his work on adaptive leadership,² these leaders shift the conditions through which others—especially those who have a problem—can learn collectively to make progress against it. Most of all, we have learned by watching the personal development of system leaders. This is not easy
work, and those who progress have a particular commitment to their own learning and growth. Understanding the “gateways” through which they pass clarifies this commitment and why this is not the mysterious domain of a chosen few.

Today, many of us are “swimming in the same river”—trying to cultivate collective leadership in diverse settings around the world even while our larger cultural contexts remain firmly anchored to the myth of the heroic individual leader. This search for a new type of leadership creates a real possibility to accelerate joint learning about system leaders. For undoubtedly we are at the beginning of the beginning in learning how to catalyze and guide systemic change at a scale commensurate with the scale of problems we face, and all of us see but dimly.

**Core Capabilities of System Leaders**

Though they differ widely in personality and style, genuine system leaders have a remarkably similar impact. Over time, their profound commitment to the health of the whole radiates to nurture similar commitment in others. Their ability to see reality through the eyes of people very different from themselves encourages others to be more open as well. They build relationships based on deep listening, and networks of trust and collaboration start to flourish. They are so convinced that something can be done that they do not wait for a fully developed plan, thereby freeing others to step ahead and learn by doing. Indeed, one of their greatest contributions can come from the strength of their ignorance, which gives them permission to ask obvious questions and to embody an openness and commitment to their own ongoing learning and growth that eventually infuse larger change efforts.

As these system leaders emerge, situations previously suffering from polarization and inertia become more open, and what were previously seen as intractable problems become perceived as opportunities for innovation. Short-term reactive problem solving becomes more balanced with long-term value creation. And organizational self-interest becomes
re-contextualized, as people discover that their and their organization’s success depends on creating well-being within the larger systems of which they are a part.

There are three core capabilities that system leaders develop in order to foster collective leadership. The first is the ability to see the larger system. In any complex setting, people typically focus their attention on the parts of the system most visible from their own vantage point. This usually results in arguments about who has the right perspective on the problem. Helping people see the larger system is essential to building a shared understanding of complex problems. This understanding enables collaborating organizations to jointly develop solutions not evident to any of them individually and to work together for the health of the whole system rather than just pursue symptomatic fixes to individual pieces.

The second capability involves fostering reflection and more generative conversations. Reflection means thinking about our thinking, holding up the mirror to see the taken-for-granted assumptions we carry into any conversation and appreciating how our mental models may limit us. Deep, shared reflection is a critical step in enabling groups of organizations and individuals to actually “hear” a point of view different from their own, and to appreciate emotionally as well as cognitively each other’s reality. This is an essential doorway for building trust where distrust had prevailed and for fostering collective creativity.

The third capability centers on shifting the collective focus from reactive problem solving to co-creating the future. Change often starts with conditions that are undesirable, but artful system leaders help people move beyond just reacting to these problems to building positive visions for the future. This typically happens gradually as leaders help people articulate their deeper aspirations and build confidence based on tangible accomplishments achieved together. This shift involves not just building inspiring visions but facing difficult truths about the present reality and learning how to use the tension between vision and reality to inspire truly new approaches.
Much has been written about these leadership capabilities in the organizational learning literature and the tools that support their development. But much of this work is still relatively unknown or known only superficially to those engaged in collaborative systemic change efforts.

**Gateways to Becoming a System Leader**

Many years ago, a mentor of ours, William O’Brien, past CEO of Hanover Insurance Companies, posed an important question, “Many business leaders espouse ideals like vision, purposefulness, and growing people to grow results. If these aims are so widely shared, then why are such organizations so rare?” O’Brien’s answer was simple, “I think it is because very few people appreciate the nature of the commitment needed to build such an enterprise.” We believe this insight also applies to budding system leaders seeking to help build collaborative networks for systemic change.

Watching people grow as system leaders has shown us repeatedly the depth of commitment it requires and clarified the particular gateways through which budding system leaders begin their developmental journeys. These gateways do not define the whole of those journeys, but they do determine whether or not they ever commence. Those unwilling to pass through them may say all the right things about system leadership, but they are unlikely to make much progress in embodying their aspirations.

**Re-directing attention: seeing that problems “out there” are “in here” also—and how the two are connected** | Continuing to do what we are currently doing but doing it harder or smarter is not likely to produce very different outcomes. Real change starts with recognizing that we are part of the systems we seek to change. The fear and distrust we seek to remedy also exist within us—as do the anger, sorrow, doubt, and frustration. Our actions will not become more effective until we shift the nature of the awareness and thinking behind the actions.
Roca, Inc., is a community youth development organization founded in the Boston area in 1988. Roca works with youths whom, by and large, no one else will work with. Many of the organization’s staff are former gang members who now work on the streets to help current gang members redirect their lives. In 2013, 89 percent of the high-risk youth in Roca’s program for parolees and ex-convicts had no new arrests, 95 percent had no new technical violations, and 69 percent remained employed. On the strength of these outcomes, in 2013 Massachusetts entered into a $27 million social impact bond with Roca, whereby Roca will be paid to keep at-risk youth out of prison, receiving remuneration directly in proportion to the positive outcomes they achieve.

Critical to Roca’s success has been its ability to build transformative relationships with the young people it works with. It does this by what it calls “relentless” outreach and relationship building. “Our first job is simply to ‘show up’ for kids,” says founder and CEO Molly Baldwin. “The truth is that many have never had someone they could count on consistently in their lives.”

Showing up for young people means using processes like “peacekeeping circles,” a Native American practice that Roca has adapted and applied in diverse settings, from street conflicts to sentencing and parole circles. The practice begins by getting all the critical players in any situation into a circle and opening with each person saying a few words about his deepest intentions. The central idea behind the circle is that what affects the individual affects the community, and that both need to be healed together. “We learn to listen to each other in a deep way in circles,” says Roca youth worker Omar Ortez. “You see that a problem is not just one person’s problem, it is all our problem.”

Developing peacekeeping circles has not been easy, including for Baldwin herself. At Roca’s first circle training 15 years ago, “Forty people came—young people, police and probation officers, community members, and friends,” recalls Baldwin. “Halfway through the opening session, everything blew up. People were screaming, the kids were swearing, everyone was saying, ‘See! This is never going to work!’
Watching the session break down was wrenching, but eventually I understood how committed I was to divisiveness and not unity, how far I was from being a peacemaker. I understood on a visceral level the problems with ‘us and them’ thinking, and how I perpetuated that, personally and for the organization. Continuing to insist, ‘I’m right, you’re wrong! The issue is you, not us, because we hold the moral high ground!’ was a big source of what was limiting our ability to truly help people and situations.”

In their book *Leading from the Emerging Future*, Otto Scharmer and Katrin Kaufer describe three “openings” needed to transform systems: opening the mind (to challenge our assumptions), opening the heart (to be vulnerable and to truly hear one another), and opening the will (to let go of pre-set goals and agendas and see what is really needed and possible). These three openings match the blind spots of most change efforts, which are often based on rigid assumptions and agendas and fail to see that transforming systems is ultimately about transforming relationships among people who shape those systems. Many otherwise well-intentioned change efforts fail because their leaders are unable or unwilling to embrace this simple truth. Baldwin’s development as a system leader started with her willingness to face her own biases and shortcomings (and how these shortcomings limited Roca’s effectiveness in their work) and her openness to gradually setting a tone for the whole organization.

Today, this willingness to open the mind, heart, and will has extended far beyond the four walls of Roca as the organization has evolved into a critical interface between gangs, police, courts, parole boards, schools, and social service agencies. Indeed, many of Roca’s important allies are the police departments in the communities it serves. It has been a long journey for former social activists who often saw the cops as the enemy.

**Re-orienting strategy: creating the space for change and enabling collective intelligence and wisdom to emerge** | Ineffective leaders try to make change happen. System leaders focus on creating the conditions that can produce change and that can eventually cause change to be self-
sustaining. As we continue to unpack the prerequisites to success in complex collaborative efforts, we appreciate more and more this subtle shift in strategic focus and the distinctive powers of those who learn how to create the space for change.

For Darcy Winslow, the journey to becoming a system leader began in 1998 when she was responsible for Nike’s advanced research department and was reviewing a gas chromatograph toxicological analysis that showed, she says, “for the first time the chemicals embedded in one of our top running shoes. Our VP of product looked at the results—the known toxins embedded in our products and processes and the many chemicals that posed uncertain risks—and then surprised us, by asking what we thought he should do. We figured he was the head of this part of the business and would know. But after some time, we understood. The stuff that was in our products was there because of cost, function, and our design and material choices. The real question became, ‘Who could—and should—lead in tackling this truly complex problem?’”

Over the ensuing weeks and months came an epiphany for Winslow. “Nike creates products,” she says. “Our first maxim is, ‘It is in our nature to innovate.’ The people we had to reach were the designers. While Nike had about 25,000 employees at that time, there were only about 300 designers. Five to 10 percent of our designers represented only 15 to 30 people. Suddenly, building an initial critical mass seemed far less daunting. So I went knocking on doors.”

With the report in hand, Winslow simply showed the results to designers and asked what they thought. “You could tell within two minutes if the person was stirred up to do anything,” says Winslow. “If they weren’t, I moved on. If they were, I asked for a second meeting.”

Soon Winslow was bringing together groups of engaged designers and others in related product creation functions, and a new network started to emerge. “If you tell a great designer something is impossible—like you cannot make a world-class running shoe without glues—they get very
excited. It is the challenge that engages them.” Within two years, about 400 designers and product managers convened for a two-day summit where leading sustainability experts and senior management explored together the concept of design for sustainability. A movement was born within Nike.

Today, Nike’s efforts have spurred collective leadership throughout the sports apparel industry on waste, toxicity, water, and energy. For example, the Joint Roadmap Towards Zero Discharge of Hazardous Chemicals, a joint initiative of Greenpeace, Nike, Puma, Adidas, New Balance, and others, aims to systematically identify major toxins and achieve zero discharge of hazardous chemicals in the entirety of the sport apparel manufacturing industry worldwide, starting in China.7 (Winslow left Nike in 2008 and is now managing director of the Academy for Systemic Change.)

We are all on a steep learning curve in understanding this gateway of creating space for change, but it seems to be crucial not only in initiating collaborative efforts but in what ultimately can arise from them. A few years ago, one of us co-authored an article describing five conditions for achieving progress at a large scale through a disciplined approach to collaboration called “collective impact.”8 Today as we research and observe effective collective impact initiatives, what stands out beyond the five conditions is the collective intelligence that emerges over time through a disciplined stakeholder engagement process—the nature of which could never have been predicted in advance.

Systemic change needs more than data and information; it needs real intelligence and wisdom. Jay Forrester, the founder of the system dynamics method that has shaped our approach to systems thinking, pointed out that complex non-linear systems exhibit “counterintuitive behavior.” He illustrated this by citing the large number of government interventions that go awry through aiming at short-term improvement in measurable problem symptoms but ultimately worsening the underlying problems—like increased urban policing that leads to short-term reductions in crime rates but does nothing to alter the sources of
embedded poverty and worsens long-term incarceration rates. Another systems thinking pioneer, Russell Ackoff, characterized wisdom as the ability to distinguish the short-term from the long-term effects of an intervention. The question is, How does the wisdom to transcend pressures for low-leverage symptomatic interventions arise in practice?

System leaders like Baldwin and Winslow understand that collective wisdom cannot be manufactured or built into a plan created in advance. And it is not likely to come from leaders who seek to “drive” their predetermined change agenda. Instead, system leaders work to create the space where people living with the problem can come together to tell the truth, think more deeply about what is really happening, explore options beyond popular thinking, and search for higher leverage changes through progressive cycles of action and reflection and learning over time. Knowing that there are no easy answers to truly complex problems, system leaders cultivate the conditions wherein collective wisdom emerges over time through a ripening process that gradually brings about new ways of thinking, acting, and being.

For those new to system leadership, creating space can seem passive or even weak. For them, strong leadership is all about executing a plan. Plans are, of course, always needed, but without openness people can miss what is emerging, like a sailor so committed to his initial course that he won’t adjust to shifts in the wind. Even more to the point, the conscious acts of creating space, of engaging people in genuine questions, and of convening around a clear intention with no hidden agenda, creates a very different type of energy from that which arises from seeking to get people committed to your plan. When Winslow went to the designers, she went with basic data and a big question, “What do you think about this and what should we do?” Her success in building an extraordinary network of collaboration and shared commitment over 15 years, whose ripples are still spreading, started with this basic shift in strategy. System leaders understand that plans and space are the yang and yin of leadership. Both are needed. But what is needed even more is balance between the two.
Practice, practice, practice: all learning is doing, but the doing needed is inherently developmental | Bringing together diverse stakeholders with little history of collaboration, different mental models, and different and even apparently competing aims is a high-risk undertaking. Good intentions are not enough. You need skills. But skills come only from practice. Everybody wants tools for systemic change. But too few are prepared to use the tools with the regularity and discipline needed to build their own and others’ capabilities.

This is why system leaders like Baldwin and Winslow never stop practicing how to help people see the larger systems obscured by established mental models, how to foster different conversations that gradually build genuine engagement and trust, and how to sense emerging possibilities and help shift the collective focus from just reacting to problems to releasing collective creativity. The practice is internal and external, and it requires discipline.

Fortunately, a rich set of tools has emerged from diverse fields over the past few decades for developing these core system leadership capabilities. The tools that matter have two functions: they produce practical benefits and they affect how people think and see the world. As the inventor Buckminster Fuller said, “If you want to change how a person thinks, give up. You cannot change how another thinks. Give them a tool the use of which will gradually cause them over time to think differently.”

What follows are examples of a few of these tools and how they can be applied to develop each of the core leadership capacities.

Tools for seeing the larger system. Tools that help people see the larger system integrate the different mental models of multiple stakeholders to build a more comprehensive understanding. Often this starts with simple questions, like Winslow’s “Do we know what is in our product?” For educators, it might be “What happens for the child when she or he is outside of school?” Systems mapping can be used to extend this inquiry by helping stakeholders build a visual picture of the relationship and
interdependencies beyond the boundaries they normally assume.

For example, in an initiative focused on improving children’s asthma outcomes in Dallas, a steering committee composed of doctors, hospital administrators, community agencies, insurance providers, the city health department, faith based organizations, built-environment executives, philanthropists, and public schools worked together to map out the system of children’s health of which they were all a part. Leaders of the effort agreed up front that they needed all these different views of children’s asthma in order to develop a full perspective. It was also clear, as the group engaged in initial dialogue, that each person’s perspective on the causes of poor asthma outcomes, and the solutions to produce better outcomes, was different.

The systems map the group developed helped all involved to see the entire system better, and for each professional to see aspects affecting children’s health that were less evident in their own work. Eventually, the group created what it called the “asthma wellness equation,” which translated insights from the systems map into an illustration that knit together the science of asthma triggers, the practices of asthma management, and the leadership of families and community in creating support structures that promoted a sense of efficacy within asthmatic children themselves. (To see a copy of the illustration, go to www.ssireview.org.) This map especially helped clinical professionals to put in perspective the often-overlooked influence of family and community on asthma, not just clinical interventions. It also helped non-clinical actors, such as schools and public housing administrators, see more clearly how their actions linked to those within the medical community.11

Tools for fostering reflection and generative conversation. Tools that help foster reflection and generative conversation are aimed at enabling groups to slow down long enough to “try on” other people’s viewpoints regarding a complex problem. These tools enable organizations and individuals to question, revise, and in many cases release their embedded assumptions. Examples include the peacekeeping circles used
Two other tools we have often seen used by system leaders are “peer shadowing” and “learning journeys.” Both tools have been used to build the Sustainable Food Lab, a network of more than 70 of the world’s largest food companies and global and local NGOs (half NGOs, half companies) working together to make “sustainable agriculture the mainstream system.” Starting in 2004, with Oxfam, Unilever, and the Kellogg Foundation as initial conveners, a team of 30 senior managers from food businesses and social and environmental NGOs spent time in each others’ organizations and traveled together to see aspects of the food system they had never seen. Corporate executives visited farmer co-ops and social activists saw the operations of multi-national food companies. “This almost never happens in our normal busy focus on tasks and results,” says Andre van Heemstra, a member of the management board at Unilever and the founding Lab team. Gradually, as business and NGO partners got to understand one another better as people and as professionals, the cognitive dissonance between them became less, and the power of their differing views grew. “We do see the world very differently, and that is our greatest strength,” said a corporate participant about a year into the process. Today the Lab has become a powerful incubator for collaborative projects, such as companies and NGOs learning together how to manage global supply chains for long-term reliability based on the health of farming communities and ecologies. Practices like Learning Journeys are regularly incorporated into projects and gatherings.

Embedded in tools like peacekeeping circles, dialogue interviews, peer shadowing, and learning journeys is a disciplined approach to observation and deeper conversations called the “Ladder of Inference.” System leaders committed to practicing with the ladder learn to pay better attention to how their often unconscious assumptions shape their perceptions, from what data they notice and do not notice to the conclusions they draw. The ladder also provides a reorientation path for shifting behavior, from asserting subjective assumptions as reality, to identifying what facts people actually have and the reasoning by which
they interpret those facts. Winslow calls it “an essential tool for the deeper listening that builds networks of collaborating change leaders.”

**Tools for shifting from reacting to co-creating the future.** Building the capacity to shift from reacting to co-creating is anchored in relentlessly asking two questions, What do we really want to create? and What exists today? This creative tension, the gap between vision and reality, generates energy, like a rubber band stretched between two poles. Helping themselves and others generate and sustain creative tension becomes one of the core practices of system leaders.

One approach embodying creative tension that we have seen help large, multi-stakeholder initiatives is the Appreciative Inquiry (AI) Summit. An initiative begun in 2010 used an AI Summit to bring together police, grassroots advocates, courts, probation officers, state agencies, private agencies, education institutions, health care providers, and philanthropy to reform the New York state juvenile justice system. At the outset, few thought it possible to get this group of 20 stakeholders to agree (one group was actually suing another). But no one had ever brought them together for real dialogue and to explore the visions they might share.

To start, people were encouraged to collectively imagine that “The rates of recidivism in New York state have become the lowest in the nation … and the New York state juvenile justice system has become a model for other communities across the nation.” Buoyed, almost miraculously, by collectively imagining the dimensions of this compelling future, the group eventually was able to agree on two goals they could work together on: improving public safety and effectively rehabilitating youths who were involved with the state justice system.

Within ten months, the group had turned those goals into a full-fledged reform plan. A year later, components of this reform plan were adopted by the governor, passed into legislation, and rolled out in communities across the state. Today, three years into the reforms, New York has 45 percent fewer youths in the custody of the state juvenile justice system, without any increase in crime. Many of those initially involved cite the
AI Summit as a seminal event that turned the tide from people holding on to past realities into a network of organizations and individuals excited about a more compelling future.

This example illustrates something we have seen again and again. The basic idea of shifting from problem solving to creating is not complicated, but the impact can be immense. “As managers, we are all good problem solvers,” says Winslow. “But it is easy to get so caught up in reacting to what we don’t want and completely fail to tap the heart and imagination of people’s genuine caring for what they do want, and to use this energy to transcend the ‘us versus them’ mindset.” We have also seen that nurturing the collective creative approach happens most reliably in concert with helping people see the larger system, fostering reflection, and having different quality conversations—each of which is also bolstered in the AI Summit.

Last, system leaders are ever mindful of the composition and character of groups practicing with learning tools like those above. Tools become truly developmental only in the hands of people open to their own development. But you can also have open groups who have little power to take action, just as you can have powerful groups with little openness. No group is perfect. This is why system leaders never stop working at the fine art of “getting the right people in the room.”

**Guides for Moving Along the Path**

Clearly the path to becoming a system leader is not a simple journey. As in any daunting undertaking, it is useful to have a few simple guides to keep in mind.

**Learning on the job** | Growing as a system leader is a process that never ends, and to be successful it must be woven into the work itself. Although training and other episodic interventions can help, they are most useful when embedded in a work culture that fosters ongoing reflection and collaboration. Most organizations are consumed by the tasks at hand. Others spend large amounts of money on staff
development with little return. The missing element is often a clear vision for how the work itself becomes developmental. This means employing models of change that weave together outcome, process, and human development—made operational via embedded developmental practices like Roca’s peacekeeping circles or the Sustainable Food Lab’s learning journeys.

**Balancing advocacy and inquiry** | All change requires passionate advocates. But advocates often become stuck in their own views and become ineffective in engaging others with different views. This is why effective system leaders continually cultivate their ability to listen and their willingness to inquire into views with which they do not agree. Leading with real inquiry is easy to say, but it constitutes a profound developmental journey for passionate advocates. As collaborative networks grow in sophistication, they learn how to institutionalize the balance of advocacy and inquiry. For example, the Sustainable Food Lab has a great many passionate advocates. Recognizing that passionate advocacy can put others on the defensive (even though they may agree with what is being advocated), the Lab’s NGO-Business steering committee declared that all major meetings would be “no pitch zones,” safe spaces for thinking together rather than a place where people come seeking to engage others in their own agendas.

**Engaging people across boundaries** | We are often most comfortable with those with whom we share a common history and views. But operating within our comfort zones will never lead to engaging the range of actors needed for systemic change—whether it is the police for Roca or the multinational food corporations for the NGO founders of the Sustainable Food Lab. Though always challenging, reaching across boundaries can have immense payoffs. “Innovation often only comes from seeing a system from different points of view,” says Winslow.

**Letting go** | System leaders need to have a strategy, but the ones who are most effective learn to “follow the energy” and set aside their strategy when unexpected paths and opportunities emerge. In the Sustainable Food Lab there are many companies that have become
leaders who had little prior commitment to sustainable agriculture until artful system leaders helped them see a bigger picture. In one case, an internal corporate advocate for “pro-poor” business practices had made little progress. When she talked to her vice president about the plight of the rural poor, he was sympathetic but responded that this was the work of charities, and she should reach out to their corporate foundation. A colleague pointed out her boss’s deep concern about the long-term supply of important products and the implicit alignment with her concerns. When she showed the vice president how the company might be unable to source critical food products if it didn’t invest in the well-being of farming communities, he said, “Why didn’t you just tell me that if we don’t do these things we won’t have product on the shelf?” Today, the company is a global leader in sustainable food supply chain innovations. “Once I could let go of my advocacy for the poor,” she says, “I discovered how to help my busy managers see the problem in a way they could get their hands around.”

**Building one’s own toolkit** | The variety of helpful tools and approaches available today is large and growing, and system leaders should be knowledgeable about what is available. In our work, tools we use regularly come from a variety of places, including a few mentioned here: the “five disciplines” approach to systems thinking and organizational learning, Theory U and Presencing, Appreciative Inquiry, Immunity to Change, Roca’s peacekeeping circles, and the Change Labs and scenario planning of Reos Partners. Recently, several of us have started a process of organizing these tools to provide an integrated tool kit for systemic change. But it is important to remember that building a tool kit is more than just putting arrows in your quiver. It is about learning, over time, through disciplined practice, how to become an archer.

**Working with other system leaders** | Growing the capabilities to become a more effective system leader is hard work. It needs to happen in difficult settings and under pressure to deliver tangible results. It is naïve, even for the most accomplished system leader, to think that she can do it alone. We know of no examples where effective system leaders
achieved broad scale success without partners. You need partners who share your aspirations and challenges and who help you face difficult changes while you also attend to your own ongoing personal development—balancing task time with time for reflection, action, and silence. You need to engage with colleagues who are at different stages in their own developmental journeys. And you need help letting the unexpected emerge amid urgency and time pressure. Connecting with others who are also engaged in this journey can help lighten the load and foster the patience needed when organizations or systems seem to be changing at a slower rate than you yourself are changing.

Dawn Awakening

We believe system leadership is critical for the times in which we now live, but the ideas behind it are actually quite old. About 2,500 years ago Chinese philosopher Lao Tzu eloquently expressed the idea of individuals who catalyze collective leadership:

The wicked leader is he whom the people despise.
The good leader is he whom the people revere.
The great leader is he of whom the people say, “We did it ourselves.”

The real question today is, Is there any realistic hope that a sufficient number of skilled system leaders will emerge in time to help us face our daunting systemic challenges? We believe there are reasons for optimism. First, as the interconnected nature of core societal challenges becomes more evident, a growing number of people are trying to adopt a systemic orientation. Though we have not yet reached a critical mass of people capable of seeing that a systemic approach and collective leadership are two sides of the same coin, a foundation of practical know-how is being built.

Second, during the last thirty years there has been an extraordinary expansion in the tools to support system leaders, a few of which we have touched on in this article. We have observed numerous instances where
the strategic use of the right tool, at the right time, and with the right spirit of openness, can shift by an order of magnitude the ability of stakeholders to create collective success. With the right shifts in attention, networks of collaboration commensurate with the complexity of the problems being addressed emerge, and previously intractable situations begin to unfreeze.

Last, there is a broad, though still largely unarticulated, hunger for processes of real change. This is undoubtedly why a person like Mandela strikes such a resonant chord. There is a widespread suspicion that the strategies being used to solve our most difficult problems are too superficial to get at the deeper sources of those problems. This can easily lead to a sense of fatalism—a quiet desperation that our social, biological, economic, and political systems will continue to drift toward chaos and dysfunction. But it can also cause people to be more open to seeking new paths. Compared to even a few years ago, we find that many today are exploring new approaches that move beyond the superficial to ignite and guide deeper change. Organizations and initiatives like those described in this article have succeeded because of a growing awareness that the inner and outer dimensions of change are connected. As our awakening continues, more and more system leaders who catalyze collective leadership will emerge.

Notes


3 Good summaries of the systems thinking and organizational learning

4 With less than 5 percent of the world’s population, the United States has more than 25 percent of the world’s prison inmates, and incarceration rates are wildly uneven: according to the US Department of Justice, almost one in three African-American men can expect to go to prison in his lifetime, compared to 16 percent of Hispanics and 6 percent of whites.

5 In the pay for success program, some portion of the $45,000 per year it costs the state to incarcerate a person goes back to Roca for reductions in prison time. If they fail to keep enough out of prison, they lose money. If they succeed, they make money, which they will use to expand the number of youths they can serve. It is a simple idea, but it has never previously been implemented on this scale. (*Boston Globe*, September, 2013).


7 [http://www.roadmaptozero.com](http://www.roadmaptozero.com)


9 Similar problems afflict many foundation strategies, where it has become fashionable to focus on “accountability for measurable outcomes,” typically to be achieved within arbitrary time frames dictated by the foundation rather than the systemic reality of the situation at hand.


13 See Senge et al., op. cit.


15 New York State Division of Criminal Justice Services (DCJS): Uniform Crime Reporting and Incident-Based Reporting System, Probation Workload System, and DCJS-Office of Court Administration Family Court JD/DF Case Processing Database. New York State Office of Children and Family Services detention and placement databases.

17 So far we have identified more than 130 different tools used in systemic change processes (www.academyforchange.org).

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The Nonprofit Leadership Development Deficit

Succession planning is the number one organizational concern of US nonprofits, but they are failing to develop their most promising pool of talent: homegrown leaders.

By Libbie Landles-Cobb, Kirk Kramer & Katie Smith Milway

In more than a decade of research on nonprofit leadership, we at The Bridgespan Group have observed little change in the No. 1 organizational concern expressed by boards and CEOs: succession planning. In survey after survey of nonprofit leaders succession planning comes out on top. In fact, it is mentioned twice as often as the next concern. Our most recent research provides a clue as to why. Only 30 percent of C-suite roles in the nonprofit sector were filled by internal promotion in the past two years—about half the rate of for-profits. Even more concerning, this low promotion rate did not vary by the size of the organization: larger organizations, which should have more opportunities to promote internal talent, are not doing so.

Despite the many articles and numerous discussions about the need for organizations to develop their human capital, too many nonprofit CEOs and their boards continue to miss the answer to succession planning sitting right under their noses—the homegrown leader. Our new study surfaced what we call a leadership development deficit. The sector’s C-suite leaders, frustrated at the lack of opportunities and mentoring, are not staying around long enough to move up. Even CEOs are exiting because their boards aren’t supporting them and helping them to grow. This syndrome is coming at a significant financial and productivity cost to organizations, undermining their effectiveness and hampering their ability to address social and economic inequities. “In the for-profit sector, I saw organizations saying ‘a known is better than an unknown’ and work to promote from within,” says Amy Smith, chief strategy officer and president of Action Networks, at Points of Light. “I see nonprofit organizations looking outside first for talent instead of
exploring the expertise they already have in house.” This syndrome won’t change unless boards, management teams, and funders change their ways.

**Turnover Treadmill**

In our 2006 study, *The Nonprofit Sector’s Leadership Deficit*, Bridgespan predicted that there would be a huge need for top-notch nonprofit leaders, driven by the growth of the nonprofit sector and the looming retirement of baby boomers from leadership posts. In 2015 we tested those predictions by surveying 438 nonprofit C-suite executives, interviewing dozens of senior and emerging leaders, and analyzing 20 related outside studies. We found that our predictions were pretty much on the mark—the need for C-suite leaders grew dramatically. But we also found, happily, that supply grew with it. Organizations largely found leaders to fill the demand.

Crisis averted? Unfortunately not, because those jobs keep coming open. Our research finds that demand for effective nonprofit leaders today is as high as ever. Survey respondents had to fill 43 percent of C-suite roles in the past two years. Some of this was due to growth—13 percent of these positions were new in the past two years. Much of it, however, was because senior staff left the organization. In the past two years, one in four C-suite leaders left her position, and nearly as many told us that they planned to do so in the next two years. If these projections turn out to be true, the nonprofit sector will need to replace the equivalent of every C-suite position over the next eight years.

Why the recurring exodus? Surprisingly, little is due to the wave of retirement we have all been expecting: only 6 percent of leaders actually retired in the past two years. Instead, the major reason is turnover: 12 percent of all nonprofit leaders left their jobs to go to other organizations, and another 7 percent were asked to leave. When asked about future plans, one third of respondents said that they intend to leave in the next two years. Meanwhile, the largest source of replacement talent came from other nonprofits, exacerbating a turnover treadmill at a
time when the sector needs experienced, capable leaders more than ever. (See “Leadership Turnover by the Numbers.”)

<table>
<thead>
<tr>
<th>Leadership Turnover by the Numbers</th>
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<tbody>
<tr>
<td>Percent of total C-suite positions filled in the past two years, by reason position was vacant</td>
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<tr>
<td>• 13% of positions were new roles</td>
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<tr>
<td>• 25% of existing C-suite leaders left their organizations</td>
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<tr>
<td>- 6% retirement</td>
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<tr>
<td>- 7% asked to leave</td>
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<tr>
<td>- 10% left for another nonprofit organization</td>
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<tr>
<td>- 2% left the nonprofit sector</td>
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<tr>
<td>• 5% positions were open due to other reasons</td>
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<tr>
<td>Percent of positions filled by where new hires came from</td>
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<tr>
<td>- 44% from other nonprofits</td>
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<tr>
<td>- 29% from internal promotion</td>
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<tr>
<td>- 20% from for-profits</td>
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<td>- 5% from government</td>
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<tr>
<td>- 2% other</td>
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<tr>
<td>Number of years survey respondents expect to remain in their roles</td>
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<tr>
<td>- 11% less than 1 year</td>
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<tr>
<td>- 21% 1-2 years</td>
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<tr>
<td>- 36% 3-5 years</td>
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<td>- 31% more than 6 years</td>
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**True Costs and Root Causes**

Some level of turnover at an organization is inevitable—in fact, it can be healthy—and all organizations need to have recruiting and onboarding practices in place to deal with it. Undesired turnover, however, whether voluntary or involuntary, can exact a significant price to the organization. The transaction costs alone of finding and attracting a new employee, particularly at the senior level, can be as high as half of her annual salary. But the costs to an organization in productivity,
fundraising, and distraction (as members of the board and senior team turn to recruiting and onboarding critical staff positions), can add up to tens or even hundreds of thousands of dollars more.\(^7\) (See “The Costs of Unwanted Executive Turnover.”)

![Key Elements of the Cost of Unwanted Executive Turnover](image)

One study suggests that losing a star performer in a senior development role costs nine times her annual salary to replace.\(^8\) Then there are the effects on program outcomes. Another study found that student achievement is lower the year after a principal leaves the school, and that it takes an average of five years for new principals to have a positive impact on student outcomes.\(^9\) For-profit research suggests that the time it takes for an external hire to become productive is twice as long as for someone hired from within;\(^10\) that the true costs of onboarding an external hire are up to twice the departing executive’s salary; and that as many as 40 percent of externally hired executives fail within the first 18 months.\(^11\)

**The Costs of Unwanted Executive Turnover**

Given these high costs in dollars, productivity, and effectiveness, nonprofits should have enormous incentive to attack the root causes of turnover. Not surprisingly, the majority of our survey respondents (57
percent) attributed their retention challenges at least partially to low compensation, an issue that can feel daunting to many nonprofits. Lack of development and growth opportunities ranked next, cited by half of respondents as a reason that leaders leave their organizations. Fortunately, this is a problem that nonprofits can address cost effectively, regardless of size, by developing emerging leaders already on the payroll.

This data highlights an alarming and broader challenge for the nonprofit sector. Ultimately, an organization that fails to develop its people will find it more difficult to effectively achieve its goals. This is something many for-profit organizations understand well and invest accordingly. Indeed, corporate CEOs dedicate 30 to 50 percent of their time and focus on cultivating talent within their organizations. Nonprofit CEOs who don’t follow suit are missing a key lever for boosting their impact.

When we asked respondents what was missing in their development, two themes emerged. The first was a lack of learning and growth. We repeatedly heard that leaders feel compelled to leave their organizations to move to the next level. The data that we cited at the outset—only 30 percent of senior roles in the sector were filled by internal promotion in the past two years—confirmed this. Aside from getting promoted, many people that we interviewed wanted to expand their skills and broaden their experience within their roles. “I haven’t even had the right experiences to move to the next level if I wanted to,” says a C-suite executive at a Jewish federation. “I need to learn to manage people and to build my external networks.”

The second reason people left was because of a lack of mentorship and support. Other respondents told us they lacked an internal champion to support their career growth and inquire as to their job satisfaction. We heard this from all stages of the leadership pipeline, including CEOs, who said that their boss, the board, failed to mentor them or, worse, made life more difficult by micromanaging. “My plans to stay or leave change relatively frequently,” says the executive director of a youth development organization in Pennsylvania, “and relationships with the
board are the primary factor.” She went on to describe the difficult experience of working with a very directive board chair who treated her more like executor than executive. This is a common story: In a recent poll conducted by the research organization Waldron, the number one reason CEOs say they would leave their current role, other than to retire, was difficulty with the board of directors.¹³

Some organizations systematically develop and support promising leaders, but too few. In our survey, more than half of respondents ranked their organizations lower than 6 out of 10 on their ability to develop their staff. When asked why, respondents said that their organizations lacked the talent management processes required to develop staff, and that they had not made staff development a high priority. Only 16 percent felt that their organizations actually lacked the capability to offer appropriate training and experience, a surprisingly low percentage given that external training is the solution to leadership development that many default to.

Indeed, a major cause of leadership turnover—nonprofits’ failure to cultivate homegrown talent, which drives senior staff to leave for growth opportunities elsewhere—appears addressable. But our research and experience indicate that the solution requires the skill and will on the part of senior leaders, boards, and funders to build processes for leadership development within organizations.

**Reversing the Trend**

To understand what it takes to effectively support and develop leaders, it’s useful to explore exactly how adults learn. Studies in the academic and corporate world¹⁴ find the most indelible lessons stem from a combination of learning through doing, learning through hearing or being coached, and learning through formal training. The Center for Creative Leadership has helped corporations like American Express get this combination right, championing an approach called the 70/20/10 Model for Learning and Development, which asserts that adults learn approximately 70 percent through on-the-job stretch opportunities, 20
percent through coaching and mentoring, and 10 percent through training programs to grow discreet skills.¹⁵

The majority of this learning takes place within the organization—through the practices and behaviors of its leaders. It doesn’t require a raft of expensive external trainings or programs, although it does require time and dedication to building a talent development system. One way to think about 70/20/10 is as the do-it-yourself approach to leadership development.¹⁶

Cesar Bocanegra, the COO of education crowdfunder DonorsChoose.org, which finances classroom-based projects, attributes the low turnover of its senior leaders to the leadership development approach of CEO Charles Best. “He is an amazing leader and excellent manager,” says Bocanegra. Best has used DonorsChoose.org’s growth—from 25 employees when Bocanegra started in 2007 to 75 today—to expand executives’ aegis. “I began as VP for operations,” says Bocanegra, “then, two years later I became COO and added oversight of human resources.” He adds that the culture of continuous improvement means everyone is looking for the next way to stretch her skills and processes. Individuals assign themselves stretch goals—and they often need mentoring to attain them.

Bocanegra cites the story of a colleague who took on the challenge of deepening outreach to teachers. She came up with a novel idea: giving teachers a promo code that they could share with friends and family. Her idea was that anytime the friends or family used the code to make a donation, DonorsChoose.org would match it, effectively turning teachers into fundraisers. Of course it also meant DonorsChoose.org would be on the hook to produce matching funds. But senior management encouraged her creativity and coached her on the “how.” Over the course of a year, with mentoring and peer collaboration, they worked the kinks out, offering the code for a limited time only—seven days—and finding corporations willing to sponsor it with their logos. That promo code is now the leading driver of new donors to DonorsChoose.org, and its creator developed new skills in fundraising and community building.
in implementing it.

With 70/20/10 leadership development embedded in its culture, DonorsChoose.org has not had a single member of its seven-person executive team leave the organization in eight years, enabling them to gel as a team and lead the organization to greater levels of impact.

Allowing people to stretch and grow isn’t just about getting promoted. It’s also about building new skills and experiences at all points in a career. “We have an association conference every year,” says Chuck Wingate, executive director of Bethesda Mission, Harrisburg, Pa. “I send a younger person to represent our organization [in order] to send the message that we are committed to that person’s future at our organization. They are almost always the youngest person at that conference—why aren’t other organizations giving similar opportunities to their staff?” This is particularly important in smaller organizations where there are simply fewer rungs on the career ladder to move upward.

One of the most common obstacles to effective leadership development cited by interviewees was the size of their organization. Small and typically flatter organizations provide fewer opportunities for promotions, even for the most promising staff. However, our research shows that skill development can compensate for lack of upward trajectory. Stretch opportunities abound in smaller organizations where a large number of responsibilities are divided among a small number of people. This can feel like staff members are being thrown in the deep end. But with support and coaching, the deep end can offer exciting challenges that grow skills. Building the most effective leaders possible is particularly critical for smaller organizations, where any weak link can weaken the entire chain.

Some leaders fear that their leadership development investments will walk out the door. Recent for-profit research, however, suggests just the opposite. CEB, a provider of corporate best practices research and analysis, found that staff members who feel their organizations are
supporting their growth stay longer than those who don’t, because they trust that their organizations will continue to invest in them over time. Emerging leaders still may ultimately leave the organization to progress in their careers, but if an organization is able to delay that exit by months or years by offering greater development opportunities, they’ll reap the benefits in the meantime. Adam Simon, director of leadership initiatives at the Charles and Lynn Schusterman Family Foundation, highlights the virtuous cycle: “When you invest in developing talent, people are better at their jobs, people stay with their employers longer, and others will consider working for these organizations in the first place because they see growth potential.”

**Connecting Talent Development to Organizational Goals**

In Bridgespan’s 2012 book, *Nonprofit Leadership Development: What’s Your ‘Plan A’ for Growing Future Leaders?* based on collaborative research with 30 nonprofits committed to leadership development, we identified four elements organizations should have in place to align their strategy for talent to their goals for impact.

- Managers who are committed and effective talent champions with accountability to mentor and develop others.
- Identification of development opportunities aligned to organizational goals and individual needs, and differentially allocated to the most promising rising stars.
- Co-created individual development plans that help staff members identify what skills they need to develop to push the organization toward its goals, what development opportunities they should take advantage of, who their mentors will be, and where supplemental formal training will be valuable.
- Mechanisms to ensure follow-through on development plans, including linkages to performance reviews rooted in strategic objectives.

Sister Paulette LoMonaco, executive director of Good Shepherd Services in New York City has invested significant senior executive
time in order to link everyday work to leadership development that ties directly to the future needs of her organization. “First, we looked at our future leadership needs, then defined future skills and capacities to meet those needs, and embedded those skills into the criteria by which we assess our top leaders in the organization,” says LoMonaco. “From there, our executive team created development goals for their respective direct reports.”

LoMonaco and her senior team identified development experiences and assignments to help 50 emerging leaders meet leadership development goals. They also identified the mentoring and formal training needed to help individuals to move up in responsibility. Good Shepherd’s CFO Greghan Fischer, for example, saw strong potential in a quietly competent member of her finance team named Yan Li. Fischer created the following development goals and accompanying 70/20/10 assignments for her:

- **Strengthen communications during meetings**: CFO to provide mentoring and an outside coach.
- **Guide more senior program directors on budgetary and strategic questions**: CFO will provide stretch opportunities to lead budget meetings.
- **Provide big picture context for financial goals**: CFO will coach on situating fiscal objectives within the broader GSS strategy.

Fischer began with mentoring, personally coaching Li and giving her practice in leading budget meetings. At each meeting she observed Li’s leadership style and afterward provided feedback. To help Li overcome her natural reticence, Fischer brought in a communications coach. Li’s stretch assignment began when Fischer took maternity leave: Li took charge of all budget meetings, which forced her to translate her analytical skills into clear recommendations. “She stepped in and led budget meetings and did it so well that people felt clarity and support,” says LoMonaco. “And Li pushed others to grow in their analytics; she is teaching and directing more senior program directors. The
transformation is striking.” On Fischer’s return, she promoted Li to assistant director of contracts. “She will now stretch us all to think of things a little differently, role modeling for others that they can grow in confidence and position, too,” says LoMonaco. “She literally has found her voice.”

**Getting Started**

For organizations keen to advance their missions, and avoid succession setbacks, growing leaders from within is a smart start. But doing so takes focus, resources, and action on the part of nonprofit executives, their boards, and their funders.

For starters, nonprofit executives need to uncover and attack the root causes of turnover, broadening their focus from recruiting new leaders to fill recurring gaps, to prioritizing growing and retaining the talent that they already have. To do this effectively, the CEO and executive team need to define the organization’s future leadership requirements, identify promising internal candidates, and provide the right doses of stretch assignments, mentoring, formal training, and performance assessment to grow their capabilities. Organizations can start small, perhaps focusing on supporting a few emerging leaders, and then build momentum and systematization over time, putting processes in place for the broader organization. There are resources available to help organizations do this well—including Bridgespan’s Nonprofit Leadership Development toolkit, and AchieveMission’s Nonprofit Human Capital Management Resource Center.

Executives also should be candid about their need for grants to help build the skills and capacity of the organization to do talent management well and to have the resources to supplement on-the-job learning and mentorship with high-quality training and support.

Bethany Henderson, executive director at DC Scores, a Washington, D.C., afterschool program for urban youth, asks funders for resources for leadership development for her senior team. “Training and
development are just part of our regular management process,” says Henderson. “We give each [manager] a…staff training budget…to give [reports] as many opportunities to learn as possible.” To fund this, Henderson seeks funding earmarked specifically for leadership development. “Earmarking forces your hand in a good way,” she says. “It is often tempting to dedicate all funding to program operations… earmarking it takes it out of the calculus.”

Board members should hold themselves accountable for effective succession planning and work to minimize the risk that their entire leadership team could turnover in the next decade. They need to make leadership development a priority, committing time and attention to making sure the right resources are allocated to leadership and staff development within the organization. They should hold the CEO accountable for prioritizing leadership development within the organization and should work directly with the CEO to ensure she is getting the support to develop and thrive in her role. “When I was promoted to the executive director role, my board was very conscious and deliberate about my development,” says Michelle Freridge, executive director of the Asian Youth Center, San Gabriel, Calif. “The board really worked with me to get the training and support I needed to be successful.”

Funders, too, can help take the inside answer to succession planning—homegrown leaders—off the endangered species list and simultaneously strengthen the organizations they fund. As one funder says, “Having effective leadership is a critical requirement for achieving the programmatic outcomes funders are looking for in their investments.” Effective talent development calls for capacity investments in recruiting, training, and performance measurement, yet 58 percent of our survey respondents had not received any funding earmarked for talent development in the past two years. Notably, only 1 percent of foundation funding goes to leadership development.19

Not only is there a need for more resources, but those investments need to be laser focused on the root causes of turnover, which can differ by
the field or context in which those investments are being made. Addressing root causes may steer funders away from supporting traditional approaches, such as fellowships, training, and conferences, and toward helping grantees to build their internal leadership development capabilities, growing talent now and into the future across their portfolio of grantees.

When Bridgespan first projected a rapid rise in demand for nonprofit leaders nine years ago we were concerned that the sector might not be able to find enough high quality leaders to meet the growing demand. Those fears went unrealized, but a different deficit, a leadership development deficit, has exacerbated the revolving door for talent and made it harder to address the sector’s perennial concern, leadership succession. Nonprofit leaders, their boards, and their funders need to begin taking steps to do a better job of developing internal leaders to bridge the leadership development deficit. Only then will the turnover treadmill slow down and succession planning improve.

Notes


3 Many interpreted this prediction as a “shortage” of leaders—but our focus was in fact on whether organizations would find the quality of leader they needed.

4 The interviews for this study were conducted between 2014 and 2015 and included a mix of survey respondents and other emerging and senior
nonprofit leaders.

5 In this study, “senior” leadership was defined as CEOs and all senior functional leadership that report directly to the CEO or COO.

6 Some have hypothesized that low nonprofit leader retirement rates can be explained by financial concerns caused by the recent recession. Our data, however, do not foreshadow a significant uptick in retirements in the coming years. Survey respondents predicted the same rate of retirements in the next two years as they saw in the last two years.


11 Ibid.


15 Ellen Van Velsor, Cynthia D. McCauley, and Marian N.


17 *The New Path Forward: Creating Compelling Careers for Employees and Organizations*, CEB, 2015.

19 Kramer and Nayak, op cit. p. 85


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Katie Smith Milway is a partner with The Bridgespan Group in Boston and coauthor of *Finding Leaders for America’s Nonprofits* (Bridgespan.org: 2009).


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Worst Practices of a Social Entrepreneur

You can learn more from your mistakes than from your successes.

By Paul Schmitz

As president and CEO of Public Allies, a national leadership development organization headquartered in Milwaukee, I’ve learned a lot from the best practices of other social entrepreneurs. But I’ve learned even more from our “worst practices” – what we suck at, how we’ve screwed up, and what we’ve done to get better.

Every time I present my list of worst practices at conferences and meetings, nonprofit leaders approach me with their own secret shortcomings, saying that they have no one with whom to discuss them. Yet it turns out that our shortcomings usually aren’t so secret. My staff was not shocked when I showed them the list of things I suck at, which include being punctual, thinking through processes, completing administrative paperwork, and dealing with interpersonal conflict.

As painful as it may be, though, when we own up to our weaknesses and strengths, others can better complement our leadership. Once in a management team meeting, for example, a VP asked me about my process for planning an upcoming board meeting. As was my habit, I created one on the spot. But my process of creating a process frustrated the team. The VP said, “Why can’t you just say, ‘I don’t know, what do you think?’ and let us help you create a process?” I thanked her for “driving into my blind spot and honking” – a phrase I’ve come to use when someone steps in to make up for my faults. Now when I am asked for process, I more likely say: “I don’t do process. Please suggest one,” instead of inventing one on the fly.

After 14 years on the job, I have wrestled with this and other worst practices, which are classic foibles not just of social entrepreneurs, but of all leaders. Here is a sampling:
**Fake it until you make it.** Early in my career, I attended a community building retreat with staff and participants in our leadership program. As a 25-year-old social entrepreneur with no management experience, I was still in that “fake it until you make it” period. I thought I was doing a pretty good job until the facilitator pulled me aside to diagnose the problem with our community – me.

Apparently, my perfectionist, micromanaging, seat-of-the-pants management style was creating a culture of fear and dishonesty. I asked the facilitator how he figured me out, and he told me my shortcomings were obvious to everyone. Although I was shocked and a bit wounded by my unveiling, I was also relieved to stop pretending. Fortunately, the facilitator donated his services for many weeks, meeting with my team to help us directly address our interpersonal challenges, understand and value each other’s work and leadership styles, and learn how to communicate more honestly and openly with each other. We became a stronger team.

Twelve years and a few dozen team-building retreats later, I still don’t hide my shortcomings very well, nor do I try to. Instead, I have learned that when I accept feedback, ask for help, and commit to improvement, things are better than when I don’t own my stuff. Admitting my shortcomings also sets a tone for others on my team to reveal their vulnerabilities and allows us to build a more effective team.

**Strive to be liked, rather than respected.** Leaders like to be liked. We need people to follow us, and we don’t want to disappoint or upset them. Social entrepreneurs in particular face skeptics, naysayers, and even opponents on our road to making social impact. And so we like our internal space – our office and staff – to be nice.

But being nice can hurt. I developed a bad habit of avoiding tough decisions like budget cuts or staff dismissals because I did not want to hurt people’s feelings. Rather than preparing people for bad news, I withheld information, hoping to protect them while I found the heroic fix. When I couldn’t find the fix, I apologetically “suggested” a decision
that no one liked or respected.

In one case, an employee was not a good fit for our organization. But rather than tell him, I stopped giving him projects. My friendly manner did not mask my passive-aggressive actions, and he eventually resigned, disgruntled. By trying to be nice and not making the hard choice, I actually hurt him more.

A few years ago, a strategy consultant sat in on our management team meetings and helped us build our decision-making muscles. We learned that although not everyone may have liked our decisions, we were more respected, created less conflict, and respected ourselves more when we made tough decisions and steadfastly stood by them.

*Give freedom first, and then build fences.* From the beginning, our organization’s culture prized local leadership and local innovation. Believing ourselves to be very progressive, we limited structures, rules, and requirements. For instance, our supervisors didn’t manage. They coached. We ended up with a network of local chapters that created distinct mission statements, operated alternative programs, opted out of evaluation processes, and even offered employees different benefits.

But in the end, we were a single 501(c)(3). The clash between our centralized structure and our decentralized culture grew worse. For example, one local site signed a lease to move into a larger, more expensive office. When we disagreed with the move because of the expense and liability, the local site passionately argued that we were defying their local autonomy and acting contrary to our own philosophy. Conflicts between sites only grew as we sought to standardize our mission, program requirements, evaluation systems, and operating policies.

To reconcile this clash of culture and structure, we eventually formed a team of local directors and national staff that created a new operating agreement with explicit standards of accountability. We realized the hard way what I heard from a Fortune 500 CEO: “By building fences up front – clear goals, expectations, and decision boundaries – you allow people
the freedom to innovate because they know their limits and are accountable. It is a lot easier to open a gate when people’s performance and innovation earns them that right than to build fences around people who’ve had free rein.”

**Say “yes” to everything.** For many years, we believed that strategy meant, among other things, experimenting with mission-related programs. Our strategy was an open door with few parameters for evaluating new ideas or innovations, which meant we said “yes” too often. Before long, we had an unwieldy network with sites operating new programs with inconsistent activities of varying quality, which compromised our signature program.

In time, it became clear that we needed to hone our strategy. We assembled a team, conducted focus groups, and hired a management consultant to help us create a theory of change – a statement of the problem that we are trying to solve, activities that address the problem, and our desired intermediate and long-term outcomes. Our theory of change helped us understand that instead of operating multiple programs, we should grow our signature program, support alumni of our signature program, and disseminate our practices through a new consulting arm. This newfound focus helped us expand without confusing our brand or compromising quality. It also taught us that a good strategy helps an organization say “no” more than “yes.”

**The Best Policy**

As social entrepreneurs, we often fear that exposing our weaknesses will hurt our funding. Indeed, many funders communicate – often between the lines – that our mistakes and failures will end their support. This encourages dishonesty.

Nonprofits and those who support them benefit much more from honest discussions of challenges. Organizations that share their worst practices can benefit by inspiring public confidence, encouraging learning and innovation, and building greater trust among leaders and organizations.
Sharing worst practices can also prevent us from reinventing bad wheels.

In *Good to Great*, Jim Collins writes about leaders with both personal humility and organizational ambition. Embracing one’s worst practices is a great way to begin expressing that humility. And weaknesses are not all bad, because often they are related to our strengths. People may struggle with my lack of organization, but they still appreciate my inventiveness, passion, and drive. And I may struggle with someone’s type A personality and lack of creativity, but I still appreciate her timeliness and attention to quality. All our glasses are half empty and half full – none of us can be fully defined by our fullness or our emptiness.

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Freeing the Social Entrepreneur

Social entrepreneurs are often reluctant to relinquish control and create strong leadership teams. Unless they make this important transition, the organizations entrepreneurs worked hard to create are unlikely to scale or have the desired impact.

By Chantal Laurie Below & Kimberly Dasher Tripp

Suzanne Morris, a successful investment banker working at Lehman Brothers in New York City, decided to make a significant life change by going to work for a small nonprofit that was poised for growth. She accepted a position as chief operating officer (COO) of an organization that helps female entrepreneurs grow their businesses through confidence-building tools and training, a mission that resonated strongly with Morris. She came to the job with a love of problem solving and a penchant for growing and managing teams as well as a deep admiration for the organization’s celebrated CEO.

During her first week on the job, Morris learned that she was the organization’s fourth COO in a year and a half.1 Morris was told that she would be responsible for human resources (HR), legal, technology, and board management, as well as responsible for managing everyone except the controller, who reported to the CEO (and happened to be the CEO’s sister). Morris felt that if she’d survived the rough-and-tumble world of investment banking, she could certainly tackle this challenge.

Over the next nine months, however, Morris learned that the dynamic CEO whom she had admired resisted processes and systems, asserted tight control over all details, avoided delegation, felt threatened by opposing views, and contributed to a negative staff culture. It seemed that the CEO was not prepared for a strong management team or aware of the opportunity that having a strong team would present. Although Morris felt that she contributed to the organization’s overall development, she decided that her skills could be better used elsewhere.
and left. By refusing to relinquish control, the CEO missed an opportunity to fully engage Morris and capitalize on her strengths.

Awkward leadership transitions like this one are not uncommon, particularly when an organization is young and growing fast. When this type of transition is handled poorly, it can cause high employee turnover, low morale, inefficient systems, loss of credibility with stakeholders, and decreased impact. When the transition is handled well, it can help vault a small organization into the high-growth phase.

Instead of resisting change, social entrepreneurs must embrace it at this critical inflection point by creating a leadership team of qualified and driven individuals. Ultimately, as a recent Bridgespan Group report put it, “augmenting the experience and capabilities of the senior leadership team is often the most visible sign of change in organizations that are becoming more strongly managed.” With strong management come strong systems, infrastructure, talent development, programming, and, ultimately, meaningful impact.

To understand how social entrepreneurs can make the transition from running a start-up to creating an organization that is able to scale up, we interviewed dozens of social sector leaders. From these interviews we identified the steps that social entrepreneurs must take to build a team and the five leadership roles that an organization must have for it to be successful at this stage of its development: the evangelist, scaling partner, connector, program strategist, and realist. Before exploring these roles in detail, it is useful to look at one social entrepreneur’s successful effort to create a leadership team.

**Vision Spring’s Experience**

In 2001, Jordan Kassalow, a practicing optometrist, and business partner Scott Berrie formed the Scojo Foundation, a nonprofit organization that sells inexpensive eyeglasses to the poor, and Scojo New York, a for-profit optometry business. Five percent of Scojo New York’s pre-tax profits are directed to fund the work of the foundation (which in 2008
changed its name to VisionSpring.) Since its founding, VisionSpring has trained more than 5,200 entrepreneurs, who have sold more than 360,000 pairs of glasses. VisionSpring believes that it can help reduce poverty in the developing world by selling affordable glasses to tailors, mechanics, artisans, and other professionals who need to see well to do their work.

In 2003, when the Scojo Foundation was just getting off the ground, Kassalow and his then senior director, Graham Macmillan, created a strategic plan that wasn’t just about programs, but was also about people. “We tried to envision the organization five years down the road,” says Kassalow. “What management roles will we need at that point?” They drew boxes for each role—20 in total—and divided the roles between them. Kassalow’s positions included CEO, director of development, director of business development, and country manager. Macmillan’s roles included everything related to finance, sales, operations, and HR.

The two founders then began the process of shedding roles by asking which jobs we “hated the most and were least good at doing,” says Kassalow. Over time they chipped away at the boxes, erasing their names and putting in the name of a new employee with stronger skills in that particular field. The goal was to have Kassalow’s name in only two places: the evangelist box and chief fundraiser box. When Macmillan decided to leave VisionSpring last fall, the board pushed Kassalow and Macmillan to define the skills Macmillan’s replacement would need so that Kassalow could continue to shed additional roles. A job description for the position—now called COO instead of senior director—was created that highlighted deep financial, accounting, and people management experience, along with multi-sector experience and a certain gravitas. Government experience would be icing on the cake.

Kassalow filled the new position by hiring Sean Mayberry. Mayberry has senior executive experience at Population Services International, Intel Corp., and the U.S. Department of State. As Mayberry gets settled into his role as COO, Kassalow looks forward to replacing his name
with Mayberry’s in a few more boxes.

**Building the Team**

It is rare for an entrepreneur to begin thinking about how to build a management team as early as Kassalow did. More often, entrepreneurs put off constructing a management team until they have no other choice. Kassalow provides a model for the steps that social entrepreneurs can and should take to create a strong leadership team that is capable of taking an organization to scale: Recognize that you can no longer do it all alone; hold frank conversations with your board about the transition; and hire strategically rather than opportunistically.

One of the remarkable traits about social entrepreneurs is their ability to play many roles. They care deeply about how their vision is implemented and feel personally invested in the outcome. Social entrepreneurs are often so involved in all aspects of the organization that they end up holding up decision making, losing talent, and creating bottlenecks. At some point, grumblings of dissatisfaction from employees or frustrating inefficiencies emerge and need solutions. To avoid getting to this detrimental stage, the entrepreneur must recognize that he can no longer do everything himself and preemptively prepare to let go. Before hiring any high-level managers, he needs to assess his own strengths and weaknesses honestly. Social entrepreneurs must ask themselves questions such as What do I enjoy doing? What am I really good at doing? What am I not good at doing? What kind of people do I need around me?

Board members play a particularly important role at this stage of the process. They should instigate conversations with the social entrepreneur about building strong, talented management teams, preparing for leadership succession. To ensure that this happens, entrepreneurs should fill their board with opinionated members who bring skills, networks, and experience to the organization. Entrepreneurs must use the start-up stage as an opportunity to build trust with board members and ensure that board members are invested in the vision and long-term
sustainability of the organization. This trust enables entrepreneurs to heed advice that can often feel personal or be difficult to hear. Strong boards help entrepreneurs grow comfortable with dissenting voices, challenging ideas, and evolving roles.

Entrepreneurs should map out their senior management hires ahead of time. Too often, they see an oncoming cash flow crisis and hire someone with an accounting background, or decide they are overwhelmed with direct reports and hire a COO. “Social entrepreneurs are often encouraged or forced to get a person or a skill set in immediately,” says Sally Osberg, president and CEO of the Skoll Foundation. They “often go into it feeling cornered.” Kevin Flynn, director of client services at Commongood Careers, sees this behavior frequently. “We hear, ‘I need someone who is an entrepreneurial CFO and can do technology and fundraising and also code in Java,’” says Flynn.

The Leadership Team

Once the social entrepreneur has spent time in honest self-reflection and frank board discussions, it’s time to create a new leadership team. The entrepreneur must approach leadership team development with the same thoughtfulness and determination that he applies to creating his vision or he risks making the wrong hires. Our research indicates that there are five essential leadership roles in an organization that is ready to scale up. These roles may or may not be filled by five separate people; in some cases multiple roles can be filled by one person. The five roles are the evangelist, scaling partner, connector, program strategist, and realist.

Evangelist

The most important member of the leadership team is the evangelist—the person who is deeply passionate about the organization’s mission and convinces others to help fulfill it. When the founder is still at the organization, he is the person who fills the role of the evangelist. If the founder has been replaced, it is the entrepreneur who is running the
organization (often with the title of CEO, president, or executive director) who becomes the evangelist.

The evangelist has a number of responsibilities. First, he is the organization’s visionary, continually refining its mission and strategy and making sure that priorities are established and met. He needs to share his vision with people inside and outside of the organization, especially with the leadership team. Willy Foote, president and founder of Root Capital, explains that the evangelist is going to see new opportunities that may not fit with the current organization’s strategy, and his role is to “get the team to believe in the value of disruption, while being very cautious to court disruption not destruction.”

The evangelist also maintains the organization’s culture. For example, when Mike Feinberg, cofounder of the Knowledge Is Power Program (KIPP), served as CEO of the KIPP Foundation, he ensured that each conference room held the name of a children’s book that held significance on the KIPP school campuses. All new hires learned the symbolism of these books and embraced the metaphors associated with them. For example, The Polar Express represented the message that all “KIPPsters” (students who attend a KIPP school) can “hear the bells” even when naysaying communities, peers, or adults try in vain to convince them that college is not an option. Each evangelist will choose a different way to keep the organization’s culture alive, but he needs to be the person who constantly reminds others of the importance, characteristics, and values of the organization’s culture.

The evangelist is also the external face of the organization. People want to understand the evangelist’s underlying motivations for leading the organization and be captivated by the organization’s founding story and long-term vision. The evangelist can skillfully weave together the organization’s mission and programs with stories that express it in personal terms in order to truly “evangelize” and convert nonbelievers.

**Scaling Partner**
The second role that is required is the *scaling partner*. This person is the organization’s pragmatist, someone who can think strategically and make the evangelist’s vision a reality. Sometimes this position is called the COO, and other times the deputy or managing director. The scaling partner must enjoy creating and managing systems that improve organizational efficiency, as well as creating systems that allow staff members to enjoy their jobs and feel valued and rewarded.

“A lot of organizations are looking for entrepreneurial people who can build the plane while flying it,” says James Weinberg, founder and CEO of Commongood Careers. “But at [the scaling] stage, they actually do need someone to just build the plane.” Or as Osberg says, the scaling partner is “someone who can unleash the productivity of the organization by ensuring that people spend their time in the right way.”

Erin Ganju, former COO and current CEO of Room to Read, is a good example of a scaling partner. In 2001, Ganju first offered to help founder and executive chairman John Wood manage his burgeoning organization. Wood recognized right away that Ganju was a good potential scaling partner because she could think big, yet was also detail oriented and enthusiastic about tasks that he didn’t like doing. Before joining Room to Read, Ganju had worked as a product line manager at Unilever and as a financial analyst at Goldman Sachs. She immediately put her strong project management skills to use at Room to Read. She helped develop a strategy for entering new countries, formalized program design, and helped channel Wood’s fundraising talents into specific programmatic areas. Ganju enjoyed managing operations, talent, and processes while Wood preferred public speaking, fundraising, and building a worldwide network of allies. Ganju was the perfect scaling partner for Wood.

As crucial as the scaling partner position is, it is also the most delicate and controversial of the five roles. At its worst, the position can become what Gretchen Anderson, former director of business development for On-Ramps, calls “a dumping ground for the CEO.” The role of the scaling partner works only when it is a yin and yang match with the
founder, a true partnership stemming from trust and leadership. The scaling partner should be the first person the founder hires on the leadership team so that he can be a sounding board for all future hires.

**Connector**

The role of the *connector* is to fill in the gaps left by the entrepreneur as he focuses on being the evangelist. Traditionally, this position might be called a vice president or director of development. It is also akin to the role that the chief of staff plays for a politician, maximizing the politician’s time and ensuring access to important people. The connector makes sure that the evangelist is speaking to the right audiences at the right time and capitalizing on all opportunities. In addition, the connector ties development efforts to programs and manages existing funding relationships, freeing the evangelist to spend time on other activities.

Even with these clearly defined responsibilities, the connector role can conflict with the evangelist, particularly in the area of fundraising, and cause tensions if the roles aren’t clearly defined. Donors are the lifeblood of the organization, and having more than one person manage those relationships is risky. Even though it is difficult to divide these roles, it is important that it be done so that the organization can grow.

Jeff Berndt, a partner at New Profit Inc. who oversees investor relations, communications, and fundraising, is a good example of a connector. Berndt has four primary responsibilities. The first, which he describes as “wearing out the soles of my shoes,” is meeting regularly with a variety of constituents to build the New Profit network and deepen its long-term relationships. The second task is to make sure that Vanessa Kirsch, New Profit’s president and founder, meets with the right people. “Vanessa is gifted and has great instincts; our team has to Navy SEAL her in and out to maximize her impact.” The third task is to make sure that the management team, and ultimately the entire staff, has the tools they need to sell the organization. The fourth and final task is to build the fundraising team, a complex operation that caters to the needs of the
entire organization.

Program Strategist

All organizations—whether they are focused on education, health, or climate change—need a program strategist who is an expert in that particular field and whose role is to ensure that the programs achieve the desired outcomes. The program strategist not only has issue area expertise, but also understands how the programs are implemented in the field. This role brings credibility and expertise to the organization and its programs that may not have existed. The program strategist not only looks at how programs are running day-to-day, but also thinks about how the innovation can be scaled up, diversified, and perfected. Foote describes the program strategist as the “sacred flame” of the organization, responsible for creating a bridge between the reality of the programs and the vision of the evangelist. Without a program strategist with a strong voice on the leadership team, an organization can stray from its mission and end up scaling programs that do not produce the desired outcomes.

Ajuah Helton, the first chief program officer at BUILD, a four-year college preparation organization, is a good example of a program strategist. In 2007, BUILD evaluated a student’s performance solely on his grade point average (GPA), dismissing students below a certain threshold. The policy was intended to honor the program’s academic rigor and motivate students to perform better in school. The problem with this policy is that it often ended up dismissing the very students BUILD was designed to help, sometimes in their senior year of high school. As chief program officer, Helton analyzed data and collaborated with staff to create a new way of evaluating student performance. The result was the BUILD score. Instead of judging students solely on their GPA, the team also began evaluating students on other characteristics, such as commitment and passion, which served as strong indicators for longer-term success and better supported BUILD’s theory of change. Without Helton’s extensive experience in education, credibility with the
team, and overview of trends, BUILD ran the risk of scaling efforts that would have reduced the organization’s impact.

Realist

Every organization needs someone on the leadership team who plays the role of the realist, the person who keeps the organization grounded in financial reality. This person is often called the chief financial officer (CFO). Placing the financial function on equal footing with other senior management roles ensures consistency, practicality, and coordination within the organization. “The finance person is the bedrock position,” says Jim Fruchterman, founder and CEO of Benetech. “He or she inserts a culture of frugality and ethics, accountability for financial results, and reality.” The realist is more than a financial officer, he is also the person rolling up his sleeves and “minding the store.”

The importance of having a strong and skilled realist is demonstrated by the traumatic series of events that a New York-based nonprofit recently underwent. The organization had 26 international offices, almost 90 staff members, and only two accountants. The board, evangelist, and scaling partner all understood the need for a realist, so they hired an executive from a leading New York law firm. The person had experience managing financial operations at a for-profit, but he was not a certified public accountant (CPA), had never run financial operations at a nonprofit, and had never directly managed accounting. For almost a year he claimed to be revamping the financial systems and yet very little changed in practice. Because of a host of internal oversights, the organization did not have the systems to distinguish unrestricted from restricted funds, double-dipped into reserves because of inadequate and decentralized expense management practices, and raised new grants without having adequate overhead to meet expenditures.

In February 2009, believing that the organization was $5 million in debt, the vice president of finance finally explained the financial crisis to the president of the organization (the evangelist). In short order, an interim CFO who had a CPA and strong accounting skills was hired. She
personally audited the organization’s books and traveled to every regional office to fix financial systems and expense practices and to institute cost-cutting measures. A recent external audit shows that the organization is about $2.5 million in debt. The organization will likely survive because of the strength of its programs and reputation, new leadership and systems, and committed and generous donors. Its long-term future will be decided by how the board and management team navigate the next six months. As this example shows, organizations with world-class programs, visionary founders, and strong partners can suffer dramatic setbacks without a talented realist.

Other Considerations

The five roles describe the skills needed in a successful leadership team. These roles may overlap, however, and may not always be held by a single person. For example, Julie McGuire, director of development at Spark, currently plays both the realist and connector roles. By owning cash flow and revenue projections for the organization, McGuire is able to connect development directly to the internal functions of the organization. Another example is Mayberry, who plays the realist and the scaling partner roles at VisionSpring, responsible for all internal operations, including managing talent, performance, financials, and operations.

There are other roles besides these five that may be needed in a leadership team as the organization grows. Marketing officers, chief technology officers, or chief people officers often appear in organizations that have passed the first major inflection point and are embarking on another scaling push. These roles are valuable, but can be combined with other positions or outsourced until the organization can afford to have unique positions created. The five principal roles, however, can’t be outsourced or compromised when developing a leadership team for an organization poised for growth.

Although our research and interviews focused on social entrepreneurs, many of our findings can also be applied to for-profit start-ups. Google’s
Eric Schmidt, for example, could be described as a scaling partner to founders Larry Page and Sergey Brin, even though Schmidt’s official title is CEO. Schmidt brought sound business practices to complement the creative and technical genius of the founders. The connector role at a nonprofit, to cite another example, is similar to the vice president of marketing and sales position at a for-profit. Both require someone with extensive networks and the ability to help strategically position the organization and its CEO. And it goes without saying that the realist plays a critical role in the for-profit sector where the bottom line is measured in dollars and cents and serves as the ultimate indicator of a company’s success.

When social entrepreneurs understand their strengths and priorities, and develop a leadership team composed of people with disparate and complementary skills, it creates what Wood calls “the perfect combination.” In a note of caution, however, Wood points out that “if you only have a lot of corporate refugees who know strategy and process, they can scale like champions, but you won’t have deep programs. Conversely, if you only have a lot of programmatic specialists with nonprofit backgrounds, your programs are incredible, but they don’t scale.” The solution, Wood continues, is to “find your perfect combination and scale the heck out of it.” When social entrepreneurs stop thinking of leadership positions as simply a solution to an immediate problem, and begin to create roles and hire talent with the same vision and foresight that they use to perfect their idea and mission, scale becomes a natural progression rather than an elusive goal.

Notes

1 In the interest of privacy, Suzanne Morris’s name has been changed and the name of the organization has not been revealed.

Chantal Laurie Below is an executive coach at Teach For America. She began her career as a Teach for America corps member in Washington, D.C. Below then served as the manager of fellow programs at the KIPP Foundation. After KIPP, she joined BUILD, where she launched the organization’s first expansion site and served as its West Coast regional director.

Kimberly Dasher Tripp is the founder and principal at the consultancy Strategy for Scale. She was previously a program officer at the Skoll Foundation, and a program officer on the Henry J. Kaiser Family Foundation’s entertainment media partnerships team. Tripp began her career as a member of the policy studies team for the United Nations Association of the United States of America, building its program on post conflict peace building and the rule of law.

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3 Names are not included here by request of the organization.
Monk, Architect, Diplomat

Three types of leadership are needed to build a successful organization.

By Mark Albion

In 2005, the leaders of Social Venture Network (SVN), a group of social entrepreneurs, asked me to research why members had difficulty scaling social enterprises up from founder-led to second generation-led organizations. Instead of scaling, why did they almost always sell their companies to larger enterprises? We all believed that a lack of finances was the primary culprit.

From a group of 400 social entrepreneurs, SVN executive director Deb Nelson and I selected 75 members for me to interview. It was a diverse group of entrepreneurs: 66 percent had founded a forprofit and 40 percent had founded a nonprofit; 60 percent were male and 40 percent were female; and 89 percent were white and 11 percent were racial minorities. All of them had experienced the challenge of scaling.

Surprisingly, our research of best practices and common obstacles revealed that scaling challenges rarely rose from financial limitations, but were generally due to a lack of leadership skills. To successfully scale up, these entrepreneurs needed to think differently and lead differently from their peers. They had to understand that social entrepreneurship is not just a form of entrepreneurship but rather an instrument for social change. They needed to define their businesses less in terms of products or services and more as vehicles for personal, organizational, and global transformation—a transformation they realized must begin with themselves.

Our research indicated that to make that transformation from entrepreneurial founder to successful leader depended on leading more like a monk, an architect, and a diplomat. As monks, these social entrepreneurs become more mindful of their leadership role in the company and their impact on people; as architects, they spend most of
their time on the immeasurable process known as company culture; and as diplomats, they become expert collaborators inside and outside of their organizations. Let’s look more closely at these three transitions critical to leading for scale.

**Be a Monk, Not a Father**

Monks invite you to become spiritually engaged in your work. They do this by subtly modeling the values they want to impart. They listen carefully, never direct you paternalistically, and always strive to help you find your way.

Successful social entrepreneurs recognize that their primary role is to turn the organization’s mission and values into practice. Like monks, they know that everything they say and do—and don’t say or do—sends signals through the company about what values are important.

So be mindful of your powerful effect on people in your organization. No matter what the formal company documents say, you make values visible. If respect for others is an important company value, what do you do when you, the CEO, walk into an office where two co-workers are engaged in a business conversation? Do you interrupt them because you and your agenda are more important, or do you wait your turn until they are finished? Gun Denhart, cofounder and former CEO of children’s clothing company Hanna Andersson, responded by saying: “I wait until they’re finished. If it goes on, I’ll leave and come back. I don’t break in and interrupt their work. Unfortunately, I’ve seen that rudeness too often from ‘important people.’ ”

Don’t feel you need to know everything. If you did, there’d be no room for anyone else to contribute. Admit to “not knowing,” even as you help others develop their competence. This creates an atmosphere of honesty and transparency, where employees share information and responsibility, accept doubt, and expect help in finding sustainable solutions to business challenges.
Another way to lead like a monk is to incorporate spirit into your work. At RSF Social Finance, a San Francisco-based socially responsible financial services organization, when monthly financial statements are sent to investor clients, each client’s company representative personally initials each page of the statement. In these moments, they are mindful of their client’s situation and of communicating that attention simply. Over the last 60 years, that one practice has received more positive response from investors than any other of the bank’s client services.

Entrepreneurs can extend that mindfulness beyond traditional company boundaries, too. One CEO, for example, after recognizing how her seasonal business affected the working hours of her distributors’ employees, shared her market research with her distributors so they could better predict work cycles and not increase seasonal employee stress.

Be an Architect, Not a Captain

“Who’s really the head of a ship?” a CEO once asked me. He answered by saying: “It’s not the captain. It’s the designer. The captain manages through the design. Don’t dazzle everyone with your performance. Ask yourself how you can build the team.”

Too often, social entrepreneurs never make what is likely the most difficult transition of them all: moving from addressing a social cause personally to creating a social enterprise to address that cause. The reason? They took their company culture for granted, interviewees said. That culture is the foundation of organizational effectiveness.

On the day he sold the company, Jay Coen Gilbert, cofounder and former CEO of AND 1, a basketball footwear and apparel company, told me: “Never underestimate the things you can’t count. The most important thing you have at your company is your culture; through it you engage your values, build commitment, and inspire action.” AND 1’s founders had lost control of the company culture. Intoxicated with their recent rapid growth, an aggressive internally competitive culture
developed that eroded AND 1’s employee relationships. The founders couldn’t imbue new hires with their foundational collaborative culture in time.

Becoming the architect of a leadership-distributive culture—a culture of shared leadership—is challenging. Founders typically try to control everything. But they must find a way to let go of control while remaining involved. If they don’t, they minimize the opportunity for others to grow into leadership roles. Not only does growth make this less possible, but it also makes good people leave and others never graduate into leadership roles.

Before its sale to FedEx, for example, copy giant Kinko’s consisted of 128 separately owned corporations under the umbrella of Kinko’s Service Corp., each with its own leadership team. Each team was responsible for its operating results and strategy consistent with corporate values and goals. A state-of-the-art voice mail system complemented training; the 128 teams of 23,000 co-workers could share leadership strategies and tactics at any hour of the day.

Kinko’s CEO and founder Paul Orfalea put a premium on personal growth. The service corporation offered many services company-wide, including monthly professional development through Kinko’s University. Programming at all Kinko’s educational retreats ended at 3 p.m. each day to allow time for personal balance. Orfalea explained his job as helping people develop their intellectual competencies and become more compassionate and balanced human beings: “If I take care of our co-workers, they take care of the product, the product serves the customer, and that takes care of the profit.”

Successful social entrepreneurs have redefined corporate growth as this less measurable process, their people’s personal growth. As one CEO put it: “We have changed our measure of success away from continual material growth, to internal growth. We can create both more personal and social change by deepening our relationships. We are growing consciousness and relationships—all the things that make life interesting
Be a Diplomat, Not a Dictator

The finding we found most surprising during our research was the extent to which successful social entrepreneurs collaborate. They consider themselves compassionate diplomats and create collaborations that defy traditional boundaries, so they can share their business advantages with other companies. Sometimes they even give their advantages away to competitors.

Judy Wicks, founder and former CEO of Philadelphia’s White Dog Cafe, focuses on her brand’s success and on creating an industry model for social change. “Our relationship with people, animals, and nature is more important than dollars,” Wicks proclaimed. “That’s why I’m happy not only to give my advantage away to my competitors, but I’ll even educate them.”

Wicks was referring to her cruelty-free menu. When she discovered that the factory farm system treated pigs inhumanely, she took pork off the menu. She then found a local farmer who raised free-range pigs. She not only purchased pork from his farm, but also lent him $30,000 for a larger refrigerated truck so that he could deliver to other restaurants in the city. Wicks went on to provide consulting for other restaurants interested in buying from local farmers, leading to an increased demand for humanely raised local pork and other healthful farm products as competitors followed her example. She then helped increase the supply of pork by raising $40,000 to help four more local pig farmers switch to freerange practices. The press, politicians, consumers, and other business leaders commended Wicks publicly, and more customers flocked to her restaurant.

Wicks concluded: “How can my business be based on the suffering of other creatures? Constant growth for increased profits is destroying life. We must build an economy based on compassion for all of life.”
Social entrepreneurs are as passionate about their work as anyone. Yet leadership is an act of liberation, not of control, and it starts with unleashing your passion and finding your way. Paradoxically, this will happen only when you help others reach their full potential and uncover their passions—when you inspire them to dream more, do more, and be more.

Mark Albion is a former Harvard Business School professor who cofounded six organizations, including Net Impact, and was the first social entrepreneur to receive the distinguished entrepreneur of the year award, presented at Indiana University, in 2010. This article is based on his book *True to Yourself: Leading a Values-Based Business*.

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Leading Change Through Adaptive Design

Change is fun. Change is hard. Between those truths, there yawns a large gap that poses a challenge for would-be change makers. Yet by integrating two widely influential practices—design thinking and adaptive leadership—social innovators can manage transformative projects in a way that’s both creatively confident and relentlessly realistic.

By Maya Bernstein & Marty Linsky

Tim Morehouse, a silver medalist in team fencing at the 2009 Summer Olympics in Beijing, didn’t always feel a drive to excel. As a kid, he lacked focus and ambition. But fencing, he now says, gave him the resources and the inspiration to dream big. He regards fencing—with its focus on discipline, practice, patience, and seeing the big picture—as a metaphor for meeting the essential challenges of life.

Today Morehouse is a social activist and entrepreneur. His mission is to take fencing out of its elite milieu and to make it widely accessible to children and adults everywhere.1 Children, he points out, encounter images of sword fighting in many forms of entertainment. He wants to use that familiarity with the sport as a way to spark an interest in fencing among kids—disadvantaged inner-city boys and girls, in particular. Fencing, he believes, can nurture qualities that will help those kids grow into successful adults.

When Morehouse set out to realize this goal, he knew that he faced huge obstacles. The cost of the equipment needed for a school to maintain a fencing program, for a gym to offer fencing, or for an individual to take up the sport, is often prohibitive. And few physical education teachers have the training that fencing experts believe is necessary to teach fencing or to coach a fencing team.

Morehouse engaged IDEO, a firm that specializes in design thinking, to help him create fencing equipment that would meet several criteria: It
had to preserve the essence of the sport. It had to be inexpensive enough to keep cost from being a barrier to entry. And it had to be simple enough to use that teachers who are relatively unfamiliar with the sport could easily adopt it. The design thinking process at IDEO resulted in prototype equipment items that largely met Morehouse’s goals. Standard fencing equipment, for example, includes a cord that runs from each fencer to a scoring machine—a feature that costs several thousand dollars. IDEO designed a relatively inexpensive system that syncs each player’s foil electronically to a scoring mechanism.

But members of the fencing establishment didn’t hail Morehouse as a savior of the sport. Nor did they embrace the equipment innovations that he had developed. They argued that those innovations would mark a departure from “real fencing” and suggested that only people with years of training could teach the sport. They regarded his efforts as a threat, and they moved to thwart his project. Morehouse was flabbergasted. He had the makings of a solution that would bring their sport to disadvantaged young people. What was the problem?

At this point in his journey, Morehouse happened to sit next to Marty Linsky (one of the coauthors of this article) on a flight from San Francisco to New York City. That serendipitous encounter led to a series of conversations between Morehouse and Linsky about the practice of adaptive leadership. When Morehouse looked at the problem from an adaptive perspective, he realized that for many people who care deeply about fencing, his project represents the potential loss of a cherished and comfortable environment. Although many of these people give lip service to the goal of increasing participation in the sport, they are wary of relinquishing the sense of exclusivity that fencing provides. Morehouse used the tools of adaptive leadership to develop a new approach to engaging with the people and organizations that embody the values of exclusivity in fencing. He now understood that the fencing establishment could impede, or even derail, what he is trying to accomplish. Morehouse began to appreciate the sense of threat that they were experiencing, and he adjusted the pace of his work so that it wouldn’t seem overwhelming to them. He listened to them, tried to
accommodate their concerns whenever he could, and modified his behavior so that he would come across less as a crusader than as an embodiment of their expressed desire to see fencing thrive.

Then he returned to IDEO and resumed work on developing innovative, cost-effective equipment. Slowly but steadily, he began to collaborate with willing members of the fencing establishment to pursue the changes that he believed would increase the reach of the sport among young people. He attracted favorable publicity to his project, and he held a few well-attended fencing exhibitions—steps that demonstrated his ability to generate immediate benefits for the sport.

Morehouse launched the project less than three years ago, and already it has come a long way. His efforts have brought fencing to more than 15,000 schoolchildren, most of whom attend schools in low-income areas. He and his team have trained 115 physical education teachers to teach and coach the sport. More than 50 schools in nine US states now offer fencing for the first time ever. This school year, more than 5,000 kids in New York City alone will take part in fencing activities that include both new after-school programs and new varsity teams.

**Two Faces of Change**

Design thinking and adaptive leadership are two well-regarded forms of organizational practice—two powerful approaches to leading systemic change. Each area of practice reflects the environment from which it emerged and in which it flourishes. Design thinking, a product of the West Coast, is optimistic and playful, sunny and casual, innovative and entrepreneurial. Adaptive leadership, born on the East Coast, is pragmatic and severe, somber and formal, highly established and highly “Establishment” in its orientation.

We can trace the origins of design thinking to the work of Herbert A. Simon, a social scientist and Nobel laureate who referred to design as a “way of thinking.”² But over the past 25 years, this practice has become closely associated with the Hasso Plattner Institute of Design at Stanford
University (commonly known as the d.school). Practitioners in fields that range from aviation to health care come to the d.school to learn about the practice. Adaptive leadership, meanwhile, originated at Harvard University’s Kennedy School. There, people from a diverse array of fields and roles—current and future politicians, policy makers, and executives—take lessons on how to lead adaptively. Each practice area has a prominent institutional home: IDEO, a global design thinking firm based in Palo Alto, Calif., and Cambridge Leadership Associates, a consulting firm in New York City that bills itself as the mother ship of adaptive leadership.

Design thinking embodies the spirit of “creative confidence,” to cite the title of a book by David Kelley and Tom Kelley. It teaches those who lead change to access their innate creativity, their sense of hope, and their potential to make the world a better place. (David Kelley is a founder of the d.school. He and his brother, Tom, are both principal figures at IDEO.)

Adaptive leadership, as Ronald A. Heifetz explained in his book *Leadership Without Easy Answers*, embodies relentless realism. It teaches those who lead change to accept that their work will be difficult, risky, politically contentious, and personally gut-wrenching. (Heifetz teaches at the Kennedy School and is a cofounder of Cambridge Leadership Associates.)

One of us, Maya Bernstein, has experience in the practice of design thinking. The other, Marty Linsky, has a background in the practice of adaptive leadership. (Linsky collaborated with Heifetz on two books that expanded on the latter’s first book about leadership.) In our work, both separately and together, we have found that neither approach provides a complete solution to many of the problems that we encounter in working with clients.

Design thinking work is exciting, fast-paced, and highly accessible. But in many cases, it fails to produce deep changes in the norms, values, and behaviors that underlie a given design challenge. Adaptive leadership
work is gritty, honest, and complex, and it carries the potential to make a lasting impact on the human dynamics that affect an organization. All too often, however, people experience this practice as emotionally exhausting and excessively negative in spirit. It can reveal the proverbial elephant in the room, but it offers few tools for taming the beast.

At the same time, we have noticed that design thinking and adaptive leadership can complement each other in useful—and, indeed, profound—ways. We aren’t the first observers to note the potential for synergy between design thinking and adaptive leadership. Chris Ertel and Lisa Kay Solomon, in their recent book *Moments of Impact*, point to the benefits of weaving together these two approaches. Designers today, they say, must “navigate their way through a world of adaptive challenges.” In our work, we have taken this insight further by exploring theoretically how each area of practice can best complement the other. We have also started to test ways to synthesize the two practices.

Inspired by our work with change agents such as Tim Morehouse, we are developing an approach that integrates design thinking and adaptive leadership into a single, seamless method of managing complex change projects. We call this approach *adaptive design*. It builds on the work of people who pioneered those two established practice areas, and it flows out of our experience in helping people and organizations deal with a wide range of seemingly intractable challenges. It also stems from our recognition that a deep synthesis of the two disciplines can facilitate greater progress than either of them can achieve on its own.

**Design Thinking (and Its Limits)**

In design thinking, practitioners use the principles of human-centered design to solve problems in the business, social, and educational sectors. Human-centered design places people at the center of the design process. This approach originated in the field of product design, and it starts with a simple principle: If you design a chair, design it for the person who will sit in it for eight hours a day. More recently, design thinking
practitioners have begun to apply this method to services (such as low-cost health care) and to organizational improvements (such as better schools).

Design thinking is an iterative process that includes four steps: empathy, definition, ideation, and prototyping.

The purpose of the first step, empathy, is to gather insights about the true needs of users or beneficiaries. Consider a classic example of the design thinking process. In 2007, a group of Stanford students were charged with redesigning an infant incubator for use in developing countries. They traveled to Kathmandu, Nepal, and visited the neonatal units of hospitals there. Instead of immediately trying to design a new incubator, the student team spent time observing women in local communities, talking with them, and working to understand their lives. This process resulted in a critical insight: Most premature Nepalese infants were born in rural areas and never made it to a hospital.
The next phase of design thinking, *definition*, involves reframing a challenge on the basis of insights that emerge from the empathy phase. During this phase, designers generate language that serves two purposes: It helps concretize the challenge, and it recasts the challenge as an opportunity. An integral part of this process is the use of “How Might We” questions. In the incubator redesign project, the students changed their framing of the challenge from “We need better hospital incubators for premature babies” to “How might we save the maximum number of premature babies’ lives?” Through this technique, design thinkers simultaneously identify root problems and create an opening for creative solutions.
In the following two modes, designers mobilize untapped wells of creativity to generate ideas that they can test quickly both for impact and for feasibility. In the *ideation* phase, designers produce as many ideas as they can muster. Here, quantity trumps quality, and the hope is that exploring silly, wild, or unlikely ideas will lead to ingenious ones that just might do the trick. In *prototyping*, designers work quickly to create mockup versions of a product or service. The goal at this point is to gauge how a given innovation affects users. Through prototyping, the Stanford students arrived at an idea that resulted in the Embrace Incubator—a light, small device that looks like a sleeping bag and can keep an infant warm for up to four hours. Each Embrace device costs just $25, and users can “recharge” it simply by submerging it in boiling water. By making it easier for mothers to transport their babies to a hospital, this newly designed incubator has radically reduced the rate of infant mortality in rural areas.

**What design thinking is good for** | Practitioners who use design thinking are better able to understand the people they are serving. They develop the courage to fail and make mistakes, and they learn that they can design their way out of many (if not all) problems. The steps of the design thinking process feel intuitive and natural. In addition, design thinking helps to instill a creative mindset within both individuals and institutions. When people work with a “design mind,” they become more optimistic, more collaborative, and more willing to take risks.

**Where design thinking falls short** | In many cases, the strengths of design thinking are the very qualities that pose the greatest threat to established institutions. And design thinking, on its own, lacks the conceptual and practical tools needed to manage the consequences of that perceived threat. Collaboration, creativity, rapid action, and comfort with failure can also be significantly counter-cultural. In young institutions, people often celebrate this way of working. In more established institutions, however, it can be threatening. When people in those organizations begin to think and behave like designers, they inevitably disrupt the status quo. Sometimes their efforts are so disruptive that they put their jobs at risk.
Adaptive Leadership (and Its Limits)

Two core principles distinguish adaptive leadership from other leadership approaches. The first principle is that leadership is available to anyone, regardless of position. The second principle is that leadership is dangerous, unsettling, and even subversive work. Adaptive leadership also emphasizes two core distinctions—the difference between exercising authority and exercising leadership, and the difference between technical problems and adaptive challenges.

People in positions of power exercise authority. Authority figures provide direction, protection, and order. No family, organization, or country can survive and thrive unless the people in positions of authority do their jobs competently. Exercising authority is important work, but it has nothing to do with exercising leadership. In fact, leadership is not about meeting expectations; it’s about challenging them. It’s about telling people what they need to hear—especially when what they need to hear differs from what they want to hear. Challenging people’s expectations generates resistance and pushback. That is what makes leadership dangerous. Ask Mahatma Gandhi, or Martin Luther King Jr., or Anwar Sadat.

Adaptive leadership focuses on challenges that are not primarily technical. Technical problems are susceptible to clear definition, and they have clearly identifiable solutions. Adaptive challenges, by contrast, are hard to define precisely. Solving them involves changing hearts and minds, and solutions of that kind often threaten people’s self-identity. Take the example of a broken leg. Fixing it might be a complex task, but it’s amenable to the competent application of medical expertise. Now compare dealing with that problem to dealing with a disease like Parkinson’s, multiple sclerosis, or cancer. With those conditions, the work of change falls largely to a patient and his or her family members, who must adapt to a new and unwelcome reality.
Adaptive leadership is uncomfortable because it involves helping people through loss. After all, we don’t resist changes that we think will be exciting or good for us—starting a new job, moving to a new city, getting married, having children, winning a lottery. But we do fear and resist the need to leave behind something that we cherish. Part of the work of adaptive leadership, therefore, is identifying the losses that come with any change. The adaptive leadership process involves three steps: observation, interpretation, and intervention.

In the observation phase, people step back from their immediate work in order to see what is happening around them. Adherents of adaptive leadership use the metaphor of “getting on the balcony” to describe this
activity: Practitioners, even as they are in the midst of action, must stand apart from the fray so that they can notice larger systemic patterns.

A commitment to careful observation was evident in the work that Linsky did with Proskauer Rose, a global law firm based in New York City. The firm had a two-headed governance system that worked well to solve short-run, non-firm-wide problems. Yet that structure also allowed some departments in the firm to become fiefdoms, and it created barriers to cross-firm communication. For that reason, some partners in the firm were working to create a single culture for their organization, but they had been unable to make serious progress toward that goal. Then, at off-site meetings that brought the two governance bodies together, members of the firm began to view the problem through an adaptive lens. And they saw a pattern: Each decision that they had made about structure or process was reasonable on its own terms, but those decisions had cumulatively reinforced a culture that preserved fiefdoms and fostered intense internal competition.

The next phase, interpretation, requires practitioners to make sense of their observations. The work of interpretation can be difficult. People will gravitate toward interpretations that are narrowly technical and that favor consensus. They will resist interpretations that are systemic in scope or that focus on conflict and loss. Yet systemic disruption, conflict, and loss are inevitable aspects of real change work. At Proskauer Rose, members of the firm began to understand that they would have to choose between two futures: By staying on their current path, they would protect the autonomy of individual departments and maximize the opportunity for short-run financial gain. By choosing an alternative path—one that involved nurturing a single set of values, practices, and norms—they could create a more inviting work environment and a stronger firm over the long term.

In the last phase, intervention, practitioners undertake customized experiments that focus on the human element of the change process. In that vein, partners at Proskauer Rose took a few small, relatively low-risk steps to advance their one-firm vision. They altered how the firm
compensates members for collaboration, for example, and they restructured certain legacy departments that no longer aligned with the financial expectations of the firm.

What adaptive leadership is good for | Adaptive leadership involves the paradoxical embrace of relentless optimism about the prospect for changing the world and brutal realism about the obstacles to doing so. People who want to lead change often focus on the former rather than the latter. But by retaining a sense of both optimism and realism, practitioners can keep the optimism from becoming naïve and the realism from becoming cynical. The biggest mistake that people make in trying to lead change is that they treat adaptive challenges as if they were technical problems. Adaptive leadership makes it easier to distinguish technical elements from adaptive ones. It also offers tools that equip practitioners to manage themselves as they conduct this risky and difficult work.

Where adaptive leadership falls short | Adaptive leadership provides few resources for fleshing out the elements of an imagined future or for devising specific interventions. Many people, moreover, find that adaptive leadership offers little in the way of excitement or inspiration. Alongside managing the loss, pain, and fear that often come with change, practitioners need to engage people by providing a sense of fun, a spirit of collaboration, and visible signs of progress. At Proskauer Rose, adaptive leadership was essential to enable members of the firm to identify and confront the choices that they faced. Yet adaptive methods were not enough to help them generate innovations that would fundamentally recast how they did business together.

The Process of Adaptive Design

Each of these areas of practice—design thinking and adaptive leadership—features strengths that have the potential to compensate for the weaknesses of the other. In our work, we have begun to combine these well-established practices into the emerging practice of adaptive design. Broadly speaking, practitioners can pursue adaptive design by following
one of two approaches.

In the first approach, practitioners move rapidly through cycles of both design thinking and adaptive leadership. Here, the two practices complement one another at various phases of an iterative, overarching change process. Typically in this approach, practitioners begin with design thinking. They employ principles such as empathy and definition to gather data about an organization and its capacity to accommodate new ways of thinking and functioning. In doing so, they can generate the excitement—and the political capital—needed to tackle systemic problems. But the design process will also reveal issues that require the tools of adaptive leadership: observation, interpretation, and intervention. After practitioners analyze a situation from an adaptive perspective, they can shift back to the use of design thinking, which offers tools for solving tough political and psychological problems.

In the second approach, practitioners integrate design thinking and adaptive leadership to create a distinct process that blends and alternates the phases that make up those two practices.

The first phase consists of “empathic observation.” It draws on the empathy mode of design thinking and then, in the spirit of adaptive leadership, applies that empathy work to an analysis of the relevant institutional environment. Through a practice called “political mapping,” practitioners review the values, alliances, and perceived threats that pertain to each stakeholder in a given organization or system.

The second phase draws primarily from the interpretation mode of adaptive leadership. Here, practitioners distinguish technical problems from adaptive challenges, and they work to discern the value conflicts and the apprehensions about loss that affect various stakeholders. In doing so, however, practitioners also employ tools from the definition mode of design thinking: They use concrete language, for example, to pinpoint adaptive challenges and to frame each challenge as a creative opportunity.

The third phase draws primarily from the ideation mode of design
thinking. Using tools that help build “creative confidence,” practitioners encourage people to come up with new and far-reaching ideas. (In adaptive work, the interpretation phase often leads to a discouraging awareness of the complex human dynamics that underlie a given challenge. The creative and optimistic mindset of ideation can counteract this tendency.)

In the final phase, practitioners develop “prototype interventions”—experiments that not only test potential new products and processes, but also reveal the ability of an organization or system to accommodate change.

**Adaptive Design Goes to School**

In 2014, at a private school in New York City, a group of teachers formed a design team. Their initial mission was to create a classroom environment that would meet the diverse learning needs of the school’s student body. They focused, in particular, on the difficulties faced by students with special needs. (Bernstein has worked with this team over the past couple of years.)

In adherence to the design thinking process, members of the team started their work in an empathy mode. They visited multiple classrooms, studied how students and teachers use classroom space, and conducted interviews. Then, shifting into a definition mode, they framed their challenge in this way: “How might we create spaces that support special needs students in an integrated classroom setting?” Following an ideation phase, the team picked one classroom to serve as a prototype and physically redesigned the space with input from teachers and students. The new design included additional workstations that made it easier for students to learn in small groups or in one-on-one sessions with a teacher. There was also a “chill out” area in the back of the classroom. The entire redesign process took just a few weeks, and people throughout the school were enthusiastic about the result.

Next the team returned to an empathy mode. Through that process, team
members came to see that the school could fully serve special needs students only if it equipped teachers with tools and tactics for working with those students. So the team redefined its challenge as follows: “How might we better prepare faculty to support students with special needs?” After some ideation, team members concluded that the school should revise the way that it handles teacher training. Traditionally, the school had brought in specialized personnel to work with special needs students. Team members believed that the school should go further by giving teachers a baseline set of skills to manage and support those students. At the beginning of each school year, the school conducts a week-long faculty orientation event, and the team decided that this event would be an ideal occasion to provide additional training on this topic. The team created a prototype version of an orientation schedule that prominently featured material on supporting special needs students.
The team shared the prototype orientation schedule with the head of school. She had fully supported the classroom redesign effort, but this time she shot down the team’s idea. Members of the team felt deflated and devalued. They also felt stuck. Design thinking had generated the insight that in order to help special needs students, they should work with teachers. But design thinking didn’t provide the resources that they needed to overcome the new obstacle.

Members of the team regrouped and began to pursue an adaptive design approach. They again conducted empathy work, but they now employed
tools from adaptive leadership as well. Using the “political mapping” tool, the team identified all of the school’s stakeholders: the head of school, other administrators, the board of directors, the faculty, students with special needs and their parents, mainstream students and their parents. The team then explored questions about what motivated people in each stakeholder group: What do they value? To whom are they loyal? What are they afraid of losing if the plan to redesign the teacher-training program moves forward?

The team also adopted an adaptive leadership tactic called “partnering with authority.” Through that tactic, people who lack authority ally strategically with those who do have authority over a given system. In this instance, the team met extensively with the head of school and gained a new understanding of the multiple pressures that she felt. Crucially, team members learned that she saw faculty professional development as falling within her purview. They learned that parents were divided about how deeply, and at what pace, the school should integrate special needs students into mainstream classroom activity. Some parents of mainstream students worried that efforts to support special needs students would detract from their children’s academic advancement. The head of school felt a tension between meeting the school’s ideal of inclusivity and serving its commitment to academic rigor.

When the team began to interpret this information, they realized that faculty training was a focal point of the tension. Teachers were also under pressure to achieve the conflicting objectives (inclusivity and rigor), and partly because of that pressure, they felt undervalued and burnt out. What had begun as a design project, in short, had led the team into difficult adaptive territory. At this point, team members returned to the definition mode so that they could reframe their challenge in adaptive terms: “How might we help teachers to support special needs students in a way that keeps those teachers from burning out?”

The team was ready to enter the ideation phase again. But this time, as team members began to review their ideas, they did so with an
awareness of the interests that motivated various factions within the school. They looked for ideas that would not be threatening either to the head of school or to teachers. Ultimately, they focused their attention on ideas related to teacher education and teacher appreciation.

Next they designed and implemented two prototype interventions. First, they created a brief, visually engaging manual with tips on how to support special needs students. Significantly, they shared the manual first with the head of school and then, after receiving her approval, with the entire faculty. And second, they persuaded the head of school to create a “perks” program for teachers. The perks were modest—Starbucks gift cards, birthday parties in the teachers lounge, notes of appreciation—but they had a noticeable effect. The school, teachers now say, clearly values and supports their work with special needs students. People throughout the school, meanwhile, have shown a willingness to tackle the broad challenge of balancing inclusivity with academic rigor.

**The Challenge (and the Promise) of Synthesis**

Combining two established practices—and combining the practices of design thinking and adaptive leadership, in particular—entails notable challenges for practitioners:

First, operating within the framework of adaptive design involves real work. It requires practitioners to learn two complex areas of practice instead of just one, and it entails moving between one approach and the other.

Second, adaptive leadership and design thinking tend to appeal to different types of people. Adaptive leadership resonates with those who like to think about the psychological and political elements of change—those who prefer to focus on the human dynamics of a change project rather than on its content. Design thinking resonates with those who like to think about the work at hand and who want to get things done quickly. Adaptive design inevitably tests the flexibility of people in both camps. It pushes them, at various times, to the edge of their comfort zones.
Third, and perhaps most important, practitioners can use these practices together effectively only when they concede that neither design thinking nor adaptive leadership alone is sufficient to solve complex social and organizational problems.

Design thinking adherents tend to believe that the design process encompasses all of the essential ingredients in adaptive leadership. They are apt to claim that real empathy work and high-quality definition work can furnish the same insights that adaptive leadership contributes through observation and interpretation. They also tend to assume that results are what ultimately drive meaningful change—that people will come along for the ride once they see what design thinking can achieve.

Adaptive leadership adherents tend to believe that their ability to diagnose a system—to reveal the skeletons that lurk in the closet of an organization—is what ultimately enables people to be more effective in their work. People in organizations, those adherents argue, have the technical expertise to do their best work but lack the ability to notice the blind spots and deeply held commitments that get in their way. The effective use of adaptive leadership tools, in short, frees people up to do their jobs well.

For adaptive design to flourish, both the adaptive leadership practitioners and the design thinkers will have to start by acknowledging that neither has all of the answers. Indeed, in working to develop this synthesis, each of us had to give up something—some piece of our original practice that had worked for us in the past. Without knowing it at the time, we were practicing what we now try to preach!

Despite these challenges, we believe that adaptive design combines the best of both practices and minimizes the weaknesses in each of them. Adaptive design provides a set of principles and tools to help practitioners achieve the promise of innovation while also navigating the cultural and political ramifications of change.
Notes


Maya Bernstein is a consultant based in New York City. She is also a cofounder of UpStart Bay Area, a nonprofit accelerator that supports innovation in the Jewish community.

Marty Linsky is a cofounder of Cambridge Leadership Associates and an adjunct lecturer at the Harvard Kennedy School.


*Disclosure:* Marty Linsky worked with Tim Morehouse on a pro bono basis, and he worked with Proskauer Rose through Cambridge Leadership Associates. Maya Bernstein worked with the private school in New York City through the Day School Collaboration Network, an initiative led by UpStart Bay Area in conjunction with the Jewish Education Project, a nonprofit organization based in New York.
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