LEAP OF REASON

MANAGING TO OUTCOMES
IN AN ERA OF SCARCITY

Can You Handle the Truth?

Mario Morino
April 2013

Repurposed article from *VPPNews*
Venture Philanthropy Partners monthly newsletter

In my last *Leap of Reason* Update, I stressed that making the leap to high performance requires leaders to be relentless in doing all they possibly can to fulfill their missions, which by definition requires using data to inform and support that pursuit. It's why Pat Lawler of Youth Villages started to read the management guru W. Edwards Deming in the '90s to learn how to apply Deming's rigorous quality control and continual improvement to improve the lives of foster youth. And it's why Lou Salza of the Lawrence School is in a state of perpetual mental motion thinking about how he and his team can use the information they collect on student progress to get better and better at serving the needs of kids who learn differently.

There's an aspect of courageousness that gets little note in the burgeoning discussions around performance: "facing brutal facts," in the words of author Jim Collins. I believe that truly courageous leaders see performance as a moral issue and therefore are willing to face whatever the data tell them. They don't explain away facts with elaborate justifications, put their heads in the sand, or run away when the data say things aren't going well. They have such high integrity that they want to know when things aren't working so they can course correct. They don't fix blame; they fix problems.

If you find leaders like this—people like Rich Buery, Sam Cobbs, Molly Baldwin, Marc Spencer, and others—you've found something rare and special. Because facing the facts is not a natural act. "We are all somewhat impervious to new information, preferring the beliefs in which we are already invested," according to psychology Professor David Redlawsk. "We often ignore new contradictory information, actively argue against it or discount its source, all in an effort to maintain existing evaluations." Overcoming this bias requires "both a lot of data ... and the motivation to want to change."

A Boost of Courage

There are many reasons why developing high-performance organizations and leaders is not a priority within the social and public sectors. Sure, there's little money coming from funders to support it. Yes, there's a shortage of know-how—

best practices, products, consultants—to help get organizations started on the right path. But these may not be the biggest gating factors.

Too many of us—especially us funders—need a boost of courage to face the facts. Are we really willing to hold the mirror up? Or are we afraid we'll learn that what we're doing or funding isn't as good as we've led people, or even ourselves, to believe? Might the data tell us things we don't want to hear because it doesn't support or runs counter to our aspirations?

Clearly foundations have invested millions in program evaluations over the past twenty years. And those who have been transparent with the findings are to be commended. But I'm not talking only about retrospective evaluations conducted by third parties. I'm also talking about foundation and nonprofit leaders collecting their own basic data to inform their day-to-day actions. If they're not collecting this kind of basic data, it's very hard to know when things are off kilter.

But even in the absence of comprehensive data-collection efforts, observe what's going on in your organization. Have candid discussions, absent recrimination, with staff. Talk directly with those you serve, and reach out to others with whom your organization interacts. Engage in MBWA (management by walking around). According to the *Sacramento Bee*'s Claudia Buck, a former Disney executive recalled that Walt Disney "was known for strolling the grounds to talk with employees. On one occasion, he showed up at the Fantasyland gondola ride, where an 18-year-old ride operator was loading passengers. Disney had a single question: 'How would you improve this ride?' The startled worker answered candidly: The gondola rooftops were too low and guests frequently hit their heads when trying to enter the hanging cars. Based on that chat, the gondola ceiling heights were changed ... and the worker got promoted."

Ill Habits Gather

The failure to face brutal facts is by no means unique to the social sector! For example, well before the financial bubble burst in 2008, board rooms, CEOs, and CFOs had extensive data on the

sub-prime mortgages they were financing, but few had the courage to face the facts and put the brakes on a machine generating such large profits. As one CFO testified, and I paraphrase, presenting the data and running up the caution flags to the board was like trying to reason with people high on crack.

Most of the cases I see in the nonprofit sector are not as egregious, but they have real costs for real people.

I've witnessed a board member refusing to even consider an outside analysis commissioned by the board. "I don't care what's in this report," he ranted. "I want to see [details removed] done!"

What about founders or board chairs of schools who advance overly ambitious building projects as the way to leave their lasting mark when the facts tell them how hard it will be to meet their fundraising goals? Do they listen? Hell no. In my experience, they generally charge ahead regardless of the facts and then too often leave the mess to others to fix when they move on. And guess who eventually feels the consequence? The students and their families.

When I ran my firm, I sure wanted to know when things weren't going well. My purpose wasn't to find fault but rather to get the problem fixed—and quickly. I saw each problem as a chance to shine with our clients in how we responded! And as much as I hated when the data said things weren't going well (and there were plenty of those times), I always preferred to endure short-term pain than to get pummeled by a problem we had ignored and allowed to build up over time.

We've stressed many times the importance of judgment in the use of data. Let's add courage to the list of critical traits. And then let's do all we can to reward those remarkable leaders who put this trait to use in facing the facts on behalf of those they serve.

—*Mario Morino*