LEAP OF REASON

MANAGING TO OUTCOMES
IN AN ERA OF SCARCITY

I'll Take Great People Over Great Models Any Day

Mario Morino
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In January 2010, I wrote a Chairman's Corner column entitled "[Social Outcomes: Missing the Forest for the Trees](#)" to vent my frustration with the confusion surrounding the growing movement on "social outcomes," "measurement," "metrics," etc. Today, I feel an even greater frustration (and concern) around the misplaced expectations we are placing on various models and concepts like "scaling what works," "collective impact," "promise neighborhoods," "investing in what works," "impact investing," and "pay for success."

Granted, there is solid value in each of these concepts. But, as I shared with a close friend after attending a two-day forum on impact investing that had the evangelical fervor of a religious conversion, "I feel like I'm sitting in a parallel world." I see great disconnect between the idealized world some of these financial and social architects are describing and the one I have been working in at [Venture Philanthropy Partners](#) and elsewhere. I wonder where we're going to find the courageous, experienced talent needed to see these innovative approaches achieve even an iota of their ambitious claims. I think back to early 2010, and as my dad's baseball idol, Yogi Berra, said, "It's déjà vu all over again."

I'd be the last to discourage innovation, but our problem is not a shortage of ideas, models, knowing what works, or best practices. Instead, it is our failure to execute, deliver what we promise, and convert concepts to sustainable reality. And that failure is squarely rooted in our acute shortage of the kind of leaders that high-performing nonprofit and public agencies require.

When are we going to come to grips with the reality that it is much less about the "process" than the competency, determination, and commitment of courageous leaders? When are we going to realize that we're doing the equivalent of valuing recipes over great chefs, syllabi over inspiring teachers, Xs and Os over star athletes?

Come on, folks. It's all about people, values, talent, and execution!

Ignoring the One Critical Ingredient

In the late '90s, I was privileged to meet the brilliant thinker [Russell Ackoff](#), the father of "systems thinking." I took to heart his admonition that the education challenge wasn't a lack of knowledge of how to reform education; he said he could point to more than a thousand examples of meaningful reforms. The real problem was how to scale what we know to be effective.

One of my first engagements in the nonprofit world, in the early '90s, confirmed the wisdom of Ackoff's point. A long-time friend, Sandra Stiner Lowe, had created the [Medical Care for Children's Partnership](#) (MCCP) to ensure that children of working poor families in Northern Virginia had health insurance. It was an innovative model, and many wanted to replicate it across the country.

However, I was leery of replication, despite my Ackoff-inspired interest in achieving greater scale and impact. I could see that the "special sauce" was not the MCCP model but rather the courageous leadership and unrelenting perseverance Lowe brought to this program and the deep trust she had built in the community. If you wanted to replicate MCCP in other regions, you would need to replicate not just this successful model but, far more important, her special brand of leadership.

As an old skeptic, I often sit in meetings baffled that our acute shortage of human capital goes unacknowledged. It's like folks naively think of leadership as one of those "execution details!" This painfully reminds me of my private-sector life when some pontificating investment bankers, private equity players, and venture capitalists who literally had no operational understanding of what it takes to build businesses made investments that dismissed leadership and management as "mere commodities," only to pay a severe price when their promising deals sputtered badly or even crashed and burned.

Bluntly put, the number-one limiter on our ability to create meaningful, lasting change in our social and public sectors is an acute shortage of the "right people on the bus." We sometimes give lip service

to the need to invest in leadership. We sometimes knit our brows when we think about the impending wave of retirements in our sector. But in spite of the hundreds of leadership development programs in existence, we have not given leadership recruitment, development, and retention anything close to the focus they deserve!

Why? Because "leadership" is much more difficult to define and assess than models and practices. And yet we can't shy away from trying. I took a stab at doing so in a [Chairman's Corner column](#) six years ago. My close friend [Lou Salza](#), head of the [Lawrence School](#), offers this simpler, and more powerful, definition:

> *People with a professional, personal, and passionate commitment to solving a problem about which they possess a commanding and deep understanding. "Professional" means they have studied the problem and have a sense of what works and doesn't. "Personal" means that they are all in—and willing to burn out to succeed. "Passionate" means that it is not about them as people. It is about the mission—solving the problem.*

In a subsequent article, I'll suggest some ideas for how we can address at the sector level the shortage of the kind of high-talent, high-character leaders Salza describes. For the rest of this column, I'll stay at the organization level and share six Talent Principles that have served me well over the years.

1. Acknowledge Your Most Important Resource: People

Once you clarify what you want to accomplish (your mission), you must get the right leadership and staff in place. Yes, this is a cliché. But few organizations are truly purposeful and consistent in treating people with respect and dignity, being fair and equitable with them, genuinely involving them, making it ok for them to voice their ideas and concerns, providing clear direction and expectations, and, most of all, "walking the talk" to illustrate the behavior and culture the organization's leaders want them to emulate.

Getting the right people on the bus and in the right seats means making hard decisions—and that starts with ensuring you're the right person to drive the bus! If you're sure you are in fact the right person to drive, then invest deeply in those around you who are the best for what your mission needs. Tell them, affirm your shared values, and ensure they are committed to the organization's purpose. Identify those who would create even more value and benefit personally if they were better developed—and put in place plans to make that happen. Recognize those who may not be up to par and help them get better. And if that doesn't work, respectfully help them find another opportunity elsewhere.

These hard decisions should be based on the value and benefit you want to create for those you serve—not tenure, loyalty, or friendship. Every time a nonprofit or public-sector leader takes a shortcut in getting the right people in the right spots, the ones who lose the most are the very ones the leader dedicated his or her life to serve.

In every board meeting and strategic-planning retreat, make it a priority to think through what you need in terms of experience and competencies to ensure your sustainability and deliver on new initiatives, and don't fall prey to settling for the "best available." If the best available aren't suited to the need, they don't count. And if you don't have the talent in house to execute on your plans, then figure out how to find it, leverage these skills via external advisors, or face the fact you don't have the horsepower/firepower to deliver.

2. Do, Adapt, Achieve—Day in and Day out

Offsite "professional development opportunities" offered by colleges, continuing-education providers, trainers, and vendors can have great value in the right context. But in my experience, professional development is always most effective and relevant when it occurs within the natural course of what people do in their jobs. Ideally, professional development is baked into your organizational DNA, with each person being a "teacher" in his or her own right. I've found it's best when "staff education" is done in small doses,

quickly, when it is needed and when it can be immediately applied and assessed.

Leaders must give thought to how people will learn from what they do.

- Start by ensuring clear direction and expectations and then allow individuals to focus on what matters.
- Be absolutely sure someone is involved who knows the work well and from whom others can learn.
- Be relentless in codifying what you learn and do to provide invaluable lessons and methods from which others can learn.
- Use these lessons and methods as clear guidelines rather than hard rules, leaving space for innovation and improvement.
- Encourage people to reach out, seek help (this is not a weakness!), constructively question, be curious, and suggest ways to improve—and add to the lessons learned.
- Provide time, whether in review meetings, brainstorming sessions, hackathons, or "brown bag" lunch sessions, for people to discuss, dissect, and share what they do.

This ingrained learning and development beats out any course, symposium, or consultant in the world. External educational offerings can be great auxiliary training options, but in my view they do not and cannot provide the core understanding of what one does within an organization.

In my firm, I often voiced a deep skepticism about degrees, awards, and formal recognition in a candidate's education or career. I looked for individuals who had excelled in college (and in life) and demonstrated keen judgment. I was most interested in gauging how people applied learning versus what they knew—and there really is a difference between the two. And I loved it when we came across folks who worked their way through school, because that was an indicator they had the kind of grit and determination that was inherent in our culture.

I once lost my cool (no surprise!) with a promising new product manager who came in sporting the wonders of his MBA. I bluntly and rather colorfully explained that we were going to put him through

"basic training." I said we needed to deprogram most of what he had learned in business school so he could learn about our values, culture, processes, techniques, systems, and concern for our clients. That product manager went on to do well in our organization, but some others didn't fare as well. I was fine with this natural winnowing of those who weren't a good fit for our culture.

3. Use Evaluation for Learning and Growth, Not Punishment

Knowing how well you're doing and understanding the areas in which you need to improve is vital—and evaluation is an important part of that. Evaluation should be done with everyone—from the board chair to the janitor. It should be done to help people grow and develop, rather than to punish.

Over the past six months, I've had the privilege of observing how an independent school board committee handled the annual assessment and evaluation of the president. The process was thoughtful, deliberative in nature, and inclusive. It provided clear acknowledgment of what the president had done well, identified areas in which he needed to improve, and set five goals for the year ahead. The results were openly discussed and shared with the full board and the president.

The leaders of an organization set the tone for how the evaluation process will work and whether it will be used to encourage and build or to punish and winnow. If it is being used as the mechanism to weed out underperformers, you're not going to get a warm buy-in from anyone—and that's putting it mildly! Candidly, if you need to use performance evaluations as the basis to determine who your underperformers are, that is a striking statement about the cluelessness of your management.

Look, who enjoys being evaluated? It's really no different from going to a doctor for an annual physical—a scary process even when the doc has a great bedside manner. But wouldn't you want to be forewarned of and treat impending health problems before they have a chance to get worse? So why don't we have this same mindset for our careers? Hey, if no one tells you you're screwing up and going off track, how will you ever know?

Let people know how they're doing—but don't wait for an annual evaluation. Give people constructive feedback in the normal course of your relationship and in a timely fashion that connects the feedback to the situation. And then use these as inputs to an annual evaluation.

4. Leverage External Resources for Talent Development

I've benefited greatly by having outside advisors help me in almost every stage of my career. I can't imagine functioning without this advice, this check-and-balance, this nudging—even when it hurts.

Organizations must build this kind of external truth-teller/intellectual-contributor network to help with every stage of the work. Certainly, people on boards can play this advisor role for nonprofit leaders and staff. But I'm not wild about people who recruit boards with this as the primary criterion, for they risk using board members as a crutch rather than investing in building key capacities on the executive team.

We have to break away from the model that people either have to be on boards to advise a nonprofit or come in as a "candy striper" volunteer. More bluntly, as leaders we must encourage and even hold our team accountable for leveraging talented individuals who are looking for ways to engage with nonprofits in a meaningful way.

One of my dearest friends, Richard Hanlon, is an incredibly unique talent—a strategic, creative, imaginative "supreme communicator." To VPP President and CEO Carol Thompson Cole's credit, she reached out to engage Hanlon in helping VPP develop its outreach and communication strategy, even to the point of asking him to interview candidates for key roles. With Hanlon's rich background in media, corporate communications, investor relations, and retail, he helped our team in a major way. The first result was a terrific debut of the *Capital Kids Report* as the beginning of a well-defined launch of VPP's next strategic era.

At the White House Forum on Philanthropy Innovation on September 20, Paul Shoemaker, the "executive connector" of SVP Seattle, challenged the audience to see the human and social capital of donors as the new currency of philanthropy in the 21st century. He presented a case that illustrated how two SVP members with backgrounds in strategic planning and marketing helped I-LABS, a promising research center focused on early brain development, rethink its plans, see a larger opportunity, and then position it to function at a higher level. "The [partners'] strategic and marketing know-how and networks were integrated with I-LABS' research and analytic brilliance," Shoemaker said. "Make no mistake—the magic is in I-LABS' work, but hundreds of hours of human and social capital were the missing pieces. Today, I-LABS' discoveries about the young mind are changing the science and practice of early learning forever."

5. Use Succession Planning for Talent Development

When we hear the term "succession planning," we often seize up with anxiety, assuming a coup is underway. This is one reason there's a dearth of succession planning at organizations.

At your organization's next board meeting, ask what you need to do to prepare for the worst contingencies. What would you do if your executive director were, God forbid, run over by a bus? Ask the same thing about the loss of your board chair. As executive director, what would you do if the great person running external relations was seriously ill and out for six or nine months? Or, as a head of school, what would you do if one of your deans was presented with an opportunity with another school that was "too good to pass up"? Being reasonably prepared to respond, to minimize disruption to the organization and those served, is the sign of a healthy culture and progressive management.

True succession planning involves much more than simply identifying the names of people who would fill key roles in the case of incapacity or departure. Much more important, boards and managers should be strategically thinking through the development of key players, explicitly giving them assignments to push them out of their comfort zones, provide them the opportunity to develop, and allow the organization the chance to see how

the individual performs. This kind of planned, on-the-job, situational training is key to talent development and retention.

I suggest you extend this concept, including little ways, even further across the organization. I had this ingrained in me in the '80s when my team and I worked on "disaster-recovery planning" with a very sharp IBM team on behalf of a Fortune 500 business. With IT at the core of disaster-recovery response, we thought through the various disaster scenarios, from losing a data center as result of a natural disaster to losing a critical database. And we developed plans for each scenario. My key learning was that recovery involved more than the hardware, software, and systems. Recovery had to be extended to include human resources, too. The IBM team simply asked, for each core process, which people were vital parts of the chain and who would be ready to step in if something happened to them.

Our "massive" team in our Cleveland office numbers seven people, yet we do all we can to ensure that our COO and CFO know enough about what each is doing that one could stem the tide if something happened to the other. I have to believe thinking this way about the people in your organization would be enlightening in general and highly beneficial to operational sustainability. Wouldn't it be useful to simply lay out the key things that are done, who does them now, and who could step in if there were a disruption?

6. Acquire Talent Through Consolidation

There are a growing number of voices pushing nonprofits to consolidate as a way to survive in this era of scarcity. I suspect this trend will only increase in the years ahead.

I applaud the courageous leaders who look to merger and acquisition not as a last resort to financial survival but as a strategic way to have greater impact and to acquire scarce, relevant talent. One great example is Youth Villages, which now functions in more than 20 states, in large part as a result of strategic consolidation. Another example is ideastream, the innovative public broadcasting organization of Northeast Ohio,

which was the result of merging the previously independent public TV and radio stations in Cleveland. Now President and CEO Jerry Wareham and COO Kit Jensen, who were the leaders of the TV and radio stations, make for a strong management duo.

Cart Behind the Horse

In and of themselves, innovative models simply do not drive change. Innovative models and best practices in the hands of mediocre players give you mediocre results, but worse, in the hands of ineffective players are a pure waste of effort and dollars. Yet, innovative models and best practices in the hands of the right people—those with the talent and values the roles require—almost always lead to real change and impressive results.

More than 200 ago, Thomas Jefferson inspired a young nation's first attempt to traverse its broad frontier. He knew that the only chance of success was getting the right leaders on the bus—or, more accurately, the wagons and boats. And he picked exactly the right ones. Meriwether Lewis and William Clark proved to be resourceful and relentless in surmounting obstacles of Homeric proportions. The maps, charts, quadrant, and compasses Lewis and Clark took on their journey were invaluable. But the truly indispensable ingredient was leadership. Leaders with lesser skill or fortitude would never have survived much less succeeded in mapping the contours of our continent—even if they somehow had the benefit of GPS.

So let's not put the cart before the horse, maps before explorers, or models before leaders. When we have promising new models, let's ensure we're putting them to the test in the hands of the right people. Let's stop overinvesting in models and best practices. Let's put the proper emphasis where it belongs—on recruiting, developing, and retaining the leaders we need to make progress on our society's toughest problems.

—Mario Morino