LEAP OF REASON

MANAGING TO OUTCOMES
IN AN ERA OF SCARCITY

Why We Need a Mass 'Missouri' Movement

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Some years back, I had a good conversation with a respected college president. At the end of our discussion, he joked (I think) that my infamous gloominess and doominess had him convinced that Armageddon was right around the corner.

We had just spoken of his school's plans in life sciences. He had emphasized his university's and the region's "leading-edge work." I was probably too blunt when I responded that the region was ranked 34th nationally in life sciences. I didn't mean to rain on his parade or cloud his ambitious vision. But I felt it was important for him to ground his unbridled enthusiasm in the reality of where the region was starting.

A similar scene plays out in too many of the venues I've been in over the past 20 years. I don't love playing this role, but I'm frequently the guy with the fire hose dousing the campfire.

For example, in a recent column on Forbes.com, Drucker Institute Executive Director Rick Wartzman shared his reaction to a talk I gave to the board and several members of the National Human Services Assembly:

> He couldn't have been more downbeat. Morino painted the picture of a country that is sure to suffer terribly over the next 10 to 15 years as deep government budget cuts undermine efforts to care for large numbers of people who will remain jobless even if the economy gains steam. Morino believes that America is destined to be "a highly productive nation with a significant unemployment base," thanks to ever-advancing technology that is replacing human hands (and, in some cases, heads). On top of that, the aging of the population will place a severe strain on services. Faced with these seismic shifts, nonprofits will be under increasing pressure to improve quality, lower costs and expand their reach—all at the same time.

Although Wartzman also reported that "after Morino's keynote, a large contingent of nonprofit executives … committed themselves to the kind of bold 'reinvention' that he said is so urgent," I'm sure a few there saw me as a Grim Reaper in a three-piece suit.

But I submit that skepticism expressed respectfully is not a bad thing. At an 1899 naval banquet in Philadelphia, Missouri Congressman Willard Duncan Vandiver famously declared, "Frothy eloquence neither convinces nor satisfies me. I am from Missouri. You have got to show me."

The 'Show-Me' State of Mind

In my view, more people should be "from Missouri." More should resist being swayed by frothy eloquence and heart-tugging stories. More should insist on proof or, at least, strong indications that an organization is on track to do what it says it does.

For organizations to deal with their challenges, it is vital for them to find their high-water mark—that is, to clearly define what the organizational challenges really are as well as all the good, bad, and ugly entailed in resolving them. Once they have developed an accurate and encompassing understanding of the problems and can determine what to do about them, then it is time to rally resources, inspire people to action, and provide hope for what is possible.

Many of our efforts in education come up short because these steps aren't taken. First, we have trouble coming to grips with the challenge we're trying to solve (e.g., is it higher graduation rates, greater competence for a 21st century economy, educating a global citizen?). For instance, it is probably not a stretch to assume that those in the financial services industry that put the world on the brink of financial disaster came from some of our finest educational institutions. Do educational institutions—from elementary to grad school—have responsibility to instill in future leaders the importance of developing a strong moral compass?

Second, we have trouble pinpointing the key barriers to solving the challenge (e.g., teacher quality, meaningful relationships, core curriculum, parental/family engagement, community infrastructure, and the list goes on). For example, if

we conclude that meaningful relationships with students are key to learning and yet all we do is focus on core curriculum, why would we expect that strategy to work? Therefore, the chances are high that what we do to solve "the challenge" will be wrong. In other words, if we don't zero in on the true ends we're trying to achieve, we can be sure that our efforts are bound to be off the mark—wrong, too little, or overkill.

Changing the Mindset of a Nation

As I shared in the book *Leap of Reason* and my recent speech "Relentless," we remain mired in mediocrity in our attempts to solve our social challenges—despite the good intentions and selfless sacrifice of so many who toil in social- and public-sector organizations. To break out of this state of mediocrity, I believe we need nothing less than a dramatic shift in public attitudes and mindset. We need citizens to expect and demand real performance from nonprofits and our public institutions. In an era when resources are declining and needs are growing, it's a tragedy to waste precious public or private dollars on programs that do little good or even cause harm! And, just as important, let's ensure that we don't allow simplistic across-the-board cuts that will make it harder for those courageous leaders who are doing things right and having a lasting impact in improving lives.

Didn't we experience a dramatic sea change in our mindset during World War II, when the entire nation, not just the bands of brothers on the frontlines, marshaled its forces? When Russia beat America into space with the launch of Sputnik? When deep injustice and inequality sparked a mass movement for civil rights? When a mysterious new retrovirus came out of nowhere and stole the lives of millions of young, vibrant friends, family, and neighbors?

I can see readers rolling their eyes and thinking, "Oh, my God. Don't tell me he's comparing the quest for performance in the social sector to Civil Rights and other huge social movements!"

No, I'm not that stupid. But I do believe America's badly frayed social compact and the massive scale of the challenges our society faces should force us out of our comfort zone, demand a painful reckoning, and spark a shift in the national mindset. So many of our systems are broken—from urban public education to community infrastructure to our very system of deliberative democracy. All of these broken systems, and the social and public sector organizations that comprise them, need to be jolted.

We need all Americans to understand that the American Dream is slipping away for many of our children. We need them to see that far too many—including those in poor rural and urban settings—are falling through the cracks at the very time we need their potential more than ever. We need them to recognize that we're at risk of becoming a nation with slippery rungs and frayed bootstraps for major segments of our population.

Based on the work that went into *Leap of Reason* and "Relentless" as well as the scores of meetings I've had with people much smarter than I, I am more convinced than ever that America—across our public, social, and private sectors—must make two dramatic shifts:

- We must demand—and support—mission-driven high performance from those who provide services to serve our nation and solve its social challenges.
- We must demand public and private funding decisions based on merit and reason, not stirring stories or blind faith.

This is not the time to be "ostrich leaders," burying our heads in the sand. Instead we need sector leaders, elected officials, powerful influencers, and people from all walks of life to stand up and say, ***"Enough! It's time to change!"***

Daunting Barriers

It will take every ounce of our citizens' resiliency, innovativeness, and, yes, even patriotism to effect the sea change I believe we need.

Here is a partial list of the barriers we face:

- Elected officials who find it more politically palatable to allocate funding and make policy decisions based on longstanding loyalties rather than results
- Government administrators who don't even try to manage to outcomes because they fear that any data they collect to improve performance will be used against them by political opponents
- Nonprofit leaders who are not disposed to become high performing, feel they don't have the resources to try, or even worse, believe that mission and performance are mutually exclusive
- Foundations that make heavy demands of their grantees for "results" but do little or nothing to help them invest in building the leadership, culture, and systems necessary to deliver strong results
- Foundations, major donors, and the charitable public that use only their hearts, not their heads, when making funding decisions.

Mr. Gloom and Doom Goes Positive

And yet as I see the enormity of all of these barriers, I also see kernels of positive change.

In my previous life in the commercial world, I was pretty decent at spotting trends. I'd go out in the field to learn from people and organizations that were operating "on the edge," doing something ahead of their peers. I found that much of the real innovation was occurring in places where most people don't look.

Most genuine changemakers are busy innovating and don't stop to speak at conferences or share their work with others. As Nike would say, they're just doing it! I believe for every instance of innovation that lights up on the popular radar, you can be sure there are five, ten, or maybe even 25 more not readily known. So I would dig for nascent efforts and study who was getting engaged, what successes they had logged, what drove them, etc.

By synthesizing disparate points and anticipating inflection or even tipping points, I could draw some reasonable observations and map likely scenarios—always knowing the unexpected could shuffle the deck at any time.

With this context, I invite you to think about the implications of these possible "change markers."

1. ***Relentless Leaders Showing What's Possible.*** What started me on the *Leap of Reason* line of thinking a few years ago was simply taking stock of achievements by the nonprofits in which Venture Philanthropy Partners had invested. This cohort of outstanding organizations has done much to change the life opportunities for those they serve. My colleagues and I could see them strengthening their management muscle and rigor, nurturing performance cultures, and being more outcomes- and data-driven to inform their leadership and constituents. This was increasingly obvious in charter schools like [Friendship Public Charter School](#), [KIPP DC](#), [See Forever](#), and the [SEED School](#); and youth development efforts of [youthCONNECT](#) network partners like [College Summit](#), [Latin American Youth Center](#), [Metro TeenAIDS,](#) [Urban Alliance](#), and [Year Up](#).

   An accelerant to my thinking was visiting other high-performing organizations, including [Share Our Strength](#), [Roca](#), [Strive Partnership](#), [Lawrence School](#), [Youth Villages](#), [Center for Employment Opportunities](#) (CEO), [Congreso](#), and [E. L. Haynes Public Charter School](#). I've also had the good fortune to learn more about organizations like [Kaboom!](#), [Communities in Schools](#), and [Juma Ventures](#). And I've had the opportunity, as a member of the board, to see firsthand the strides made in patient safety, quality, and outcomes at the [Cleveland Clinic Foundation](#).

   In all these cases, big and small, individual and collective, across youth development, human services, education, and healthcare, there really is a "there" there! Each one of

these organizations and collaborations is impressive, doing meaningful work, and achieving true social impact. The aggregate innovation and achievement is breathtaking—and this from the guy who's correctly accused of gloom and doom!

2. ***Unpredictable Nature of Innovation.*** Several disparate points tell me that meaningful innovation is popping up in a wide variety of places. These points by no means represent an exhaustive analysis. I simply offer them to give you a sense of the expanse of efforts that are focusing, through their own lenses, on a common horizon of greater social impact though improved performance.

    - Jennie Niles, the founder and head of school for the E.L. Haynes Public Charter School, pointed me to the Institute for Healthcare Improvement (IHI), a nonprofit with a staff of 100 that focuses on sparking innovations in healthcare delivery. Niles asked the great question of why there was no such entity for K-12 education. A quick check with my contacts at the Cleveland Clinic and others in the outcomes field confirmed the value of IHI's work. If you want a glimpse of their work, take a look at this Improvement Map. This type of cross-sector inquiry illustrates a level of thinking that is both advanced and highly applicable across the social sector.

    - Sir Ronald Cohen's successful creation of social impact bonds in the U.K. is an important experiment in creating a new financing option for nonprofits and in the concept of "paying for performance." Although I question the ultimate feasibility—social, cultural, and political—of implementing this concept in the U.S., it should be tried.

    - George Overholser, another leader I greatly respect, is working on doing

just that. Overholser recently shared a keen insight so typical of his thinking. He noted that social impact bonds could have implications that go far beyond financing. They could create "a breakthrough in information technology—the capture and analysis of administrative data behind government programs." By this he means that the use of social impact bonds could open up a trove of administrative data—from arrest records to foster care closure data—that are typically collected for compliance purposes and could be used to fuel performance gains. And then he sent "Gold-Standard Program Evaluations, on a Shoestring Budget," a blog post by Jon Baron, president of the Coalition for Evidence-Based Policy. When you put his insights and Baron's post together, you can see a potential tipping point.

    - Karen Pittman, the president and CEO of the Forum for Youth Investment and someone I've admired for a long time, recently shared her plans for developing a performance management system for Ready by 21. That Pittman would focus on doing this is, in and of itself, an important change marker. But when she shared that SAS had committed to developing the system, this spoke volumes. I've known SAS since the late '70s and hold the firm and its leader, Dr. James Goodnight, in the highest esteem. If this system comes to be, it will be a monumental change marker for the field.

    - The Pew Charitable Trusts' Results First initiative has adopted a model pioneered by the Washington State Institute for Public Policy to help states assess the cost and benefits of policy options and use that data to make decisions on results. This initiative could elevate the role of

cost-benefit analysis across the country and solve for a missing key element in outcomes assessment. After all, knowing what outcomes you're achieving is incredibly important, but in this era of scarcity, the bar will go even higher: Eventually we'll all have to understand the *cost* of delivering that outcome.

3. ***Rethink and Reinvention.*** Challenging times often force organizations to rethink and even reinvent what they do. I am seeing this process play out at an anti-hunger organization I know well: [Share Our Strength](#) (SOS). Billy Shore, the founder of SOS, has made the kind of commitment that should make all advocates of "scaling what works" sit up and take notice. Shore, a dear friend and colleague for years, is a remarkably charismatic and creative leader. And SOS is an organization to admire for the imaginative ways it has tackled childhood hunger in America. Yet, for Shore and SOS, this wasn't enough. Sensing that ending childhood hunger in the U.S. was within reach, they changed their core approach to work at the state and city level to ensure access to healthy, affordable food for families through existing but underutilized government food programs. They set specific, hard-to reach goals for enrolling kids in the food and nutrition programs and have held themselves accountable to them, both when they hit and when they miss, which has increased the confidence of the organization's stakeholders. This kind of introspection, which pushed the organization out its comfort zone and into a new way of "doing business," is one that others need to embrace in these challenging times.

4. ***Hope for Change in Federal Policy and Funding.*** Despite the gridlock and divisiveness of our political and governance processes, innovators within the federal government are putting

forward models of evidence-based funding and focusing on how to get better results with public dollars. Based on my limited understanding, I find these experiments to be of significance:

- Over the past three years, the U.S. Department of Education has launched the [Race to the Top Fund](#) and [Investing in Innovation Fund (i3)](#), and the Corporation for National and Community Service has launched the [Social Innovation Fund](#) (SIF). From what I'm seeing, Race to the Top and i3 funding are quiet drivers of outcome assessments and meaningful, student-focused innovation in K-12 public education. And because VPP is one of the inaugural SIF grantees, I've had a ringside seat to watch SIF in action. Of course I'm biased, but I strongly believe that VPP's SIF-supported [youthCONNECT](#), which works to improve the life prospects of 14- to 24- year-olds who are disconnected or at risk of being disconnected, will prove highly effective and provide a model for collaboration to achieve common outcomes for other communities.

- Along with many others in the social and public sectors, I am delighted by the Office of Management and Budget's groundbreaking May 18 [directive](#) to all federal agencies to link their budget requests (internal and grant programs) to evidence of effectiveness.

- This spring, the Department of Health and Human Services began steering dollars away from lousy Head Start programs. In the [words](#) of Brookings scholar Ron Haskins and Rutgers Professor W. Steven Barnett, "For almost half a century, Head Start has led a charmed existence … despite growing indications that too many of its local programs were failing…. Now it seems likely that … the worst Head

Start programs will be shut down, replaced by energetic programs built on the realization that they must perform or lose their funding."

- The advocacy organization Results for America, led by former Clinton and Obama policy aide Michele Jolin, will officially launch this fall and work to ensure taxpayer dollars are invested strategically with a rigorous focus on data, evidence, and results. It will also discourage reflexive support of programs that consistently fail to achieve measurable outcomes. Jolin is a balanced, effective leader who will bring a bipartisan approach, a keen understanding of government "sausage making," and great values to this work. I intend to support her efforts and urge others to join me.

5. **Philanthropy for Greater Social Impact.** I've frequently pushed for foundations to think longer-term and do more to help their grantees achieve high performance. The Edna McConnell Clark Foundation had already earned my deep admiration for how it transformed itself to help youth-focused organizations achieve higher performance. It has now become even more of an industry exemplar with its Growth Capital Aggregation Pilot and Propel/Next grant program, which have set forth new models for aggregating capital and helping promising nonprofits advance their effectiveness. NFF Capital Partners, a new unit within the Nonprofit Finance Fund, is also taking on the vital challenge of "helping nonprofits attract … equity-like financing to fund growth, achieve financial sustainability, and increase social impact."

6. **A Marked Increase in Articles, Books, and Reports.** In 2010, *The New York Times* started the Fixes blog to "explore solutions to major problems." What was then a tentative experiment has blossomed into one of the *Times*' most popular and

widely emailed online columns. In a wonderful recent meeting with David Bornstein, I learned of his efforts and those of Pulitzer Prize-winner Tina Rosenberg to create a Center for Solutions Journalism, which aims to advance coverage of real news on social solutions and not feel-good stories. When you look further out, you see an increasing stream of content on social impact, managing to outcomes, performance management, and leadership development in *Stanford Social Innovation Review*, Lucy Bernholz's blog Philanthropy 2173, McKinsey on Society, Daniel Stid's blog, Matt Forti's blog Measuring to Improve, Leslie Crutchfield's DoGoodBetter blog, Nell Edgington's Social Velocity blog, FSG's Collective Impact blog, Tom Tierney's Give Smart, Bridgestar, The Monitor Institute, and scores more.

7. **Vendors Seeing and Seizing an Opportunity**. Established organizations like Social Solutions, nFocus, and Success Measures are being joined by newer firms specializing in particular social-sector niches. Explorys is focused on an entirely new level of performance management for major medical centers. Race to the Top funding has triggered firms to jump into the development of K-12 performance systems, such as SchoolForce by Acumen Solutions. New tools like the Nonprofit Outcomes Toolbox and inProgress's Integrated Monitoring provide insights specific to outcomes and performance management. An increasing array of talented consultants, including luminaries like David Hunter and Child Trends, are focusing on this emerging market opportunity. My instincts suggest we are only scratching the surface of what may be underway in the minds of creative innovators who see an opportunity to help nonprofit and public sector organizations get better at what they do.

So, my friends, this Grim Reaper isn't so grim after all.

A Movement, then a Force

In the spring of 1994, I had the great fortune of meeting the brilliant management expert Peter Drucker during a two-day convening he facilitated on social entrepreneurship. He helped me understand a great deal about the evolution of social movements. Here are key steps in any social movement as he saw it:

- Developing a consciousness or awareness of the movement across a broad, chaotic, range of players
- Bringing/coalescing the constituents and their stakeholders together to learn from each other's successes (and failures) and shared affinities
- Creating a critical mass of this activity
- Implementing mechanisms to coalesce and institutionalize this activity into a broad-based, sustainable movement
- Converting the movement into a force for positive change.

My guess is that we've recently entered the first of these Druckerian stages—as the base of players, resources, and initiatives focusing on high performance and merit-based funding has expanded significantly. And I see tremendous opportunity for evolving to stage 2.

To foster a true social movement, it will take a critical mass of people "from Missouri" to stand up and say "Enough! It's time to change!" and then do something—whatever they can. We need people who are brave enough to ask four critical questions: How do we know what we're doing works? How can we improve? Are we willing to rethink and reimagine what we could be? Can we do this with other organizations for even greater impact?

Write to us at info@leapofreason.org and share the "Missouri" actions you're bold enough to take on.

—Mario Morino