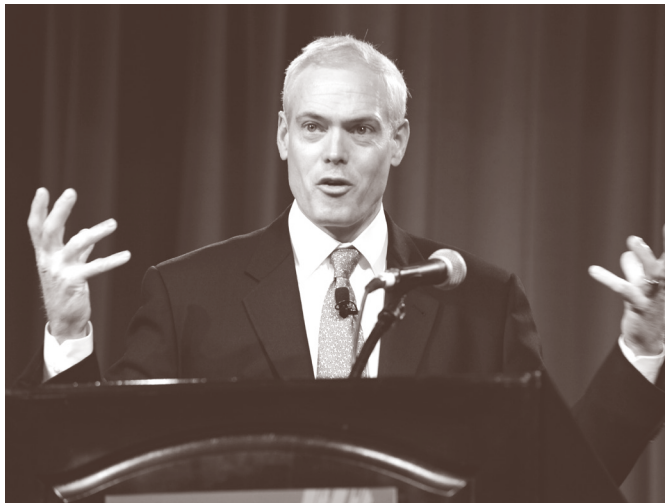




GOOD TO GREAT AND THE SOCIAL SECTORS



Jim Collins, Author, Good to Great

Base camp, Mount Everest: This is where you can hunker down in the safety of your tent, wait out a storm, and climb safely another day, said Jim Collins. But further up the mountain, at 27,000 feet, the storms are big and fast-moving, the environment is unforgiving, and uncertainty is the name of the game. “If you get caught off guard or unprepared there, you can be in serious trouble,” the avid rock climber said.

“Most leaders in every sector feel that they are moving metaphorically higher on the mountain and that our world is going to be characterized by being more in the 27,000-foot environment than in the safety of base camp,” Collins said. “The probabilities are very low that when we get through these times of great economic crisis that we’re going to go back to a period of stability,” he said. “What that means is that we have to know how to do really well at 27,000 feet because that may be our new base camp. The good news is that, properly framed, these are wonderful times because it is precisely in times like these when opportunities for massive and lasting contribution go up.”

And great work, even under dire conditions, is attainable and within our control, Collins asserted. “Greatness is a function of choice, not circumstances. We are not imprisoned by our environment, setbacks, mistakes, or even staggering defeats along the way. We are freed by our choices and our discipline.”

THE SOCIAL SECTOR IS UNIQUE

Author of *Good to Great* and *Built to Last*, Collins has researched why some companies thrive and endure and others do not. He also has studied nonprofits, publishing *Good to Great and the Social Sectors* in 2005. He argues that the idea that greatness in the social sectors can be achieved merely by applying business principles is well-intentioned – but dead wrong. The reason is simple: Most businesses, like most anything else, are mediocre. So why would we want to import practices of mediocrity into the social sectors?

“The question is not about the difference between social and business – but between great and good,” he said. “What can we learn from institutions in any arena that have made a leap from mediocrity to excellence?” In examining this question, Collins has found that greatness in both business and the social sectors comes from a culture of discipline. “A culture of discipline is not a principle of business; it is a principle of greatness,” he said.

Collins also noted that unlike business, the social sector does not have rational capital markets that channel resources to those who deliver the best practices. “It is much more difficult to connect the relationship between the inputs of the resources and the outputs of impact or effectiveness,” he said. “And when it’s hard to see that link, it’s hard to allocate investments rationally.”

One of the biggest lessons derived from his research is that doing or building anything great is a cumulative process, not a one-shot deal. He compares this process to turning a giant and heavy flywheel. “Keep pushing in an intelligent and consistent direction,” Collins said. “The executives I talked to could never describe a single point of breakthrough, but rather related their success to a whole series of cumulative pushes. In the business sector, you just think about your own flywheel. But, as I first learned from Kim Smith of the NewSchools Venture Fund, in the social sectors you have to consider your connection to the *über* flywheel,” he said. “And it might even be possible to look at it and say, ‘we’ll be very successful if the *über* flywheel succeeds and at some point our flywheel can go away.’ It strikes me that foundations are very much part of turning a number of *über* flywheels.”

To keep those multiple flywheels moving in the right direction you need to have the right people “on the bus.” Collins’ research shows that when those people are on board you are more likely to take the correct actions when responding to any scenario. “The evidence doesn’t support the idea that those who do well are able to predict the future,” he said. “Those who do well are prepared for that which they can’t possibly predict. So you want the best people with you. The more the world is out of control, the more important it is to have the right people on the bus.”

In addition, he found that leaders of great organizations do not spend time motivating their people because the best people are self-motivated. Instead, the focus should be on operating in ways that do not de-motivate.

GREAT LEADERS DIFFER FROM GOOD ONES

Collins’ research has also enabled him to identify attributes of a great leader – what he has dubbed a “level 5 executive.” These leaders, he said, all have “a humility combined with an absolutely brutal stoic will to do absolutely whatever it takes to make good on a cause that is bigger than them.”

Level 5 leaders in the social sector differ from their business counterparts in at least one important way. “These leaders don’t have concentrated executive power. They have a diffuse power map,” he said. “Executive level 5’s in the social sector have to architect the points

of power to have enough power to get the decision made so that the flywheel will turn.” Given an increasingly complex world that requires greater flexibility, this ability means that “social leaders may have more to teach business leaders in the next round,” said Collins.

Level 5 leaders also have the necessary duality to reach their end goal: They combine unwavering faith that they will make it with the ability to face hard facts. But don’t confuse faith with optimism, Collins warned. “These are defining times that will make us better and stronger. We cannot afford to be optimistic; we must be able to confront the most brutal, stark facts that are right in front of us.”

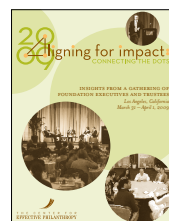
SEPARATE VALUES FROM PRACTICES

Collins also counseled conference participants to hold to their values while separating them from practices. For example, quality education is a value, but tenure is a practice. “Values help us stay constant over time, but we have to keep evolving our practices,” he said. The true sign of mediocrity, he warned, is chronic inconsistency. “How the world is changing is a different question than how do we change the world. Those who are consistent are the big levers for change.” Such consistency requires clarity, rigor, and discipline. To achieve that goal, Collins listed the following items for consideration:

- Use the free diagnostic tool on his Web site (jimcollins.com)
- Evaluate the percentage of seats on your “bus” that are filled with the right people. What is your plan for the remaining seats?
- Get young people in your face. Generational tension is good.
- Build a council. A council is separate from the board and even the management team.
- Determine your “questions-to-statements” ratio and try to double it. Ask more questions and make fewer statements.
- Turn off your electronic devices and carve out time to think.

- Create a “stop doing” list – work is infinite, time is finite.
- Give people responsibilities, not jobs, and have them articulate what they are responsible for.
- Answer with rigor: What can you do to not waste the opportunities presented by this time of crisis?

“When you get through today’s economic crisis, manage in good times as though this is going to happen again and again,” advised Collins. “Great organizations always act as though calamity is just around the corner. You have to be strong in all times in order to be of the most use.”



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