



# Center for World-Changing Organizations

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Strengthening organizations that make the world better

**#7** In Our Guides & Workbooks Series

## Leadership Guide

How to Build a More Successful  
World-Changing Organization



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By Jonathan Reed, PhD

We specialize in helping organizations that make a difference in the world:

- **Design ingenious ways to accomplish their missions**—through our innovative approach to *strategic planning*.
- **Increase revenues and funding**—through *strategic marketing* designed for their unique financial challenges.
- **Create great places to work**—through *organizational development* tailored to their values-driven missions and unconventional staff.

We've written ***eight leadership guides*** on these subjects, which you can download at [www.wcorgs.com](http://www.wcorgs.com). They describe how we adapt *corporate* planning, marketing, and organizational development to meet the challenges these organizations face.

Our clients include local-to-global nonprofits, government agencies, and companies in the U.S. and abroad. As subject-matter experts with extensive consulting experience, we offer high return-on-investment consulting, training, and other services.

**JONATHAN REED, PH.D.**, the Center's founder, has an unusual background for a management consultant. He received his doctorate in the biological sciences at the University of Wisconsin—Madison, where he subsequently served as Lecturer and Honorary Fellow. His research took him far afield: 500 miles north of the Arctic Circle, four field seasons in Kauai, Hawaii, and to Panama as a Smithsonian Tropical Research Fellow.

He then founded The University Group in 1988, a private consulting firm representing 65 leading faculty at UW—Madison. It transferred the latest advances in management and technology from universities to corporations such as General Electric and Johnson Controls.

When clients began asking for his advice, he found he preferred consulting to trying to manage professors. So he started consulting for corporations, nonprofits, and government agencies on his own. One of his projects received a National Quality Award.

He has co-authored *A Systems Handbook: An Introduction to the Systems Age for GE Medical Systems*, consulted for federal Science Centers for seven consecutive years, and helped lead the Conservation Science Division of The Nature Conservancy.

He served as a consultant to the U.S. Agency for International Development in Afghanistan and the former Soviet Union Republic of Georgia, and the Inter-American Development Bank in Trinidad and Tobago. He also has taught mindfulness meditation at maximum-security prisons.

To see the results his clients achieved and read their testimonials, see the Experience section of our website.



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# Center for World-Changing Organizations

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Strengthening organizations that make the world better

## #7 Leadership Guide

### How to Build a More Successful World-Changing Organization

The job of leading a world-changing organization<sup>1</sup> comes without a manual. Most management authors write leadership books for leaders of profit-driven companies. Little is written about how to lead a business, nonprofit organization, or public institution committed to making the world a better place. If you lead one of them, we believe you should have received this manual on your first day on the job. It describes a new leadership model for these increasingly important organizations.

We think these organizations are more challenging to lead than traditional ones because they:

- Have broader missions and solve more complex problems.
- Lack clear measures of success like profitability to guide strategy and evaluate performance.
- Serve and rely on more diverse audiences.
- Employ more independent and unconventional people.

This is the seventh in our *Guides and Workbooks Series* to help you build more successful and prosperous organization. We based it on 1) what we've learned from our clients during the past thirty years, 2) the ideas and models we present in our other guides, and 3) published research on leadership and high-performing organizations. Subjects include ***strategic planning, strategic marketing, and organizational development***. We list them on the back cover. See this endnote for permission to use them.<sup>2</sup>

They are based on our research and work with many organizations of different sizes and in various fields, including General Electric Medical Systems, Rexnord Aerospace, The Nature Conservancy, U.S. Geological Survey, and U.S. Agency for International Development—as well as many smaller organizations.



## Short Case Study on Leadership

Some years ago, we were asked by the leader of a science center in a federal agency to help him improve his organization's performance. At the time, it was an average-performing science center with the same problems other centers had: data retrieval and reliability problems, project delays, cost overruns, and outdated and inefficient work processes.

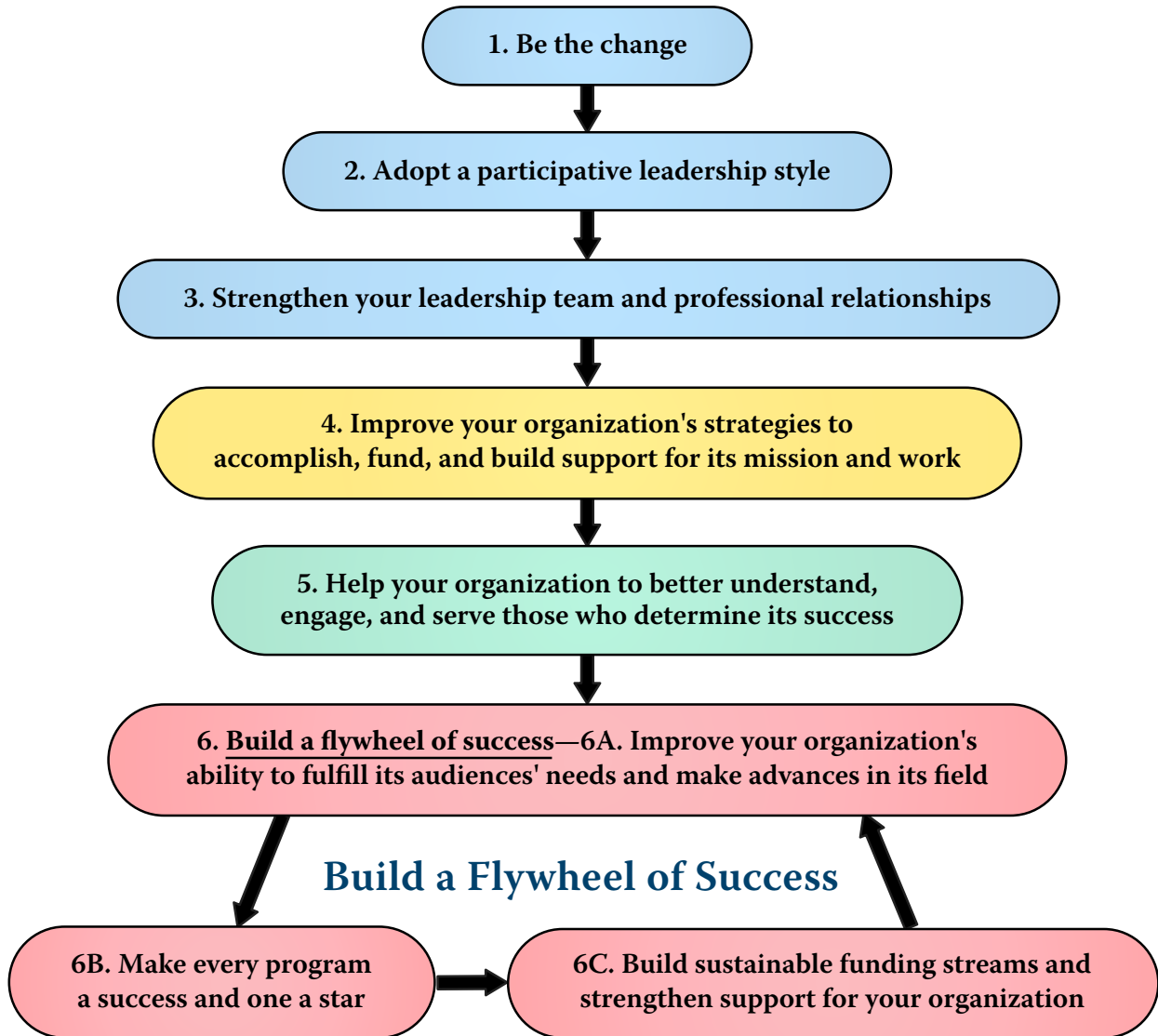
The two biggest problems were a backlog of late reports and revenue shortfalls. Overdue reports strained relations with municipalities and other agencies. Revenue shortfalls at the end of several fiscal years nearly forced him to furlough staff.

Though we had not formally developed this leadership model at the time, our advice to him was similar to what's in this guide. The science center made impressive gains. They were mostly due to the efforts of its talented staff and leader; the leadership advice we offered was an element. The quality of its research, data collection, and reports improved. The backlog of late reports disappeared. Self-managed teams of scientists and technicians began promoting and developing their own projects.

Revenues rose. The center hired additional staff. Scientific publications increased. Projects were completed on time and within budget. Job satisfaction increased. Managers had more time to work on their projects. The center began receiving commendation letters about the quality of its work instead of complaints. And headquarters began to take notice of its across-the-board improvements and growing reputation as a success story.

Several years after working with this leader, he confided to us that he sometimes felt guilty going to work because his job was so much easier and more enjoyable. Before using the leadership ideas we suggested, he left work exhausted. Almost every day he dealt with one crisis after another—project delays and cost overruns, late reports, disgruntled cooperators, urgent calls from headquarters, personnel issues, and money problems.

Now he led a smooth-running institution where employees enjoyed their work. Cooperators were lining up to contract for the center's services. And headquarters couldn't quite figure out what he'd done to make his center so successful. Now he had time to *lead* the center instead of just putting out fires.



**Fig. 1. Leadership model for world-changing organizations**

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# GUIDELINE 1

## BE THE CHANGE—MAHATMA GANDHI

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**A leader sets the example for others to follow.** Gandhi embodied the change he wanted for India. And his actions spoke louder than his words. Similarly, your leadership style and actions set the tone for others in your organization to follow.



Jim Collins challenged the stereotype of the charismatic, high-profile leader in his book *Good to Great: Why Some Companies Make the Leap ... and Others Don't* (2001). We consider it the most influential management book published in the last fifteen years.

Collins, a former Stanford University business professor, and his team spent five years researching why the eleven of the over 1,400 large US companies they analyzed had the highest sustained increase in their stock value over fifteen years.

They compared each **good-to-great company** to a comparably performing one in the same industry at the start of the study. Their analysis identified seven *essential and distinguishing* characteristics of good-to-great companies. Chief among them was what Collins calls **Level 5 Leadership**, which he characterizes as unassuming, reserved, even shy leaders who combined humility with a steely will to succeed—**more like Lincoln and Socrates than Patton and Caesar.**<sup>3</sup>

These leaders epitomized the change their organizations needed to make to become great companies. They cultivated a deep understanding of their corporations and the environments they competed in. They identified and focused their organization's energies on what they were most passionate about, could be the best in the world at, and the key success factor that drove their success. They built strong leadership teams and stayed in the background as they went about creating great organizations. Few people outside their industries would recognize their names.

We suspect most world-changing leaders who read this will feel relieved. The popular press and business publications often portray successful leaders as charismatic, take-charge individuals with big egos and grand visions. But, the values-driven leaders we know are cast in Collins' mold.

They aren't like former CEO "Chainsaw Al" Dunlap who cut up and sold off much of Scott Paper, and GE's former CEO "Neutron Jack" Welch, who legend has it, like a neutron bomb, would leave buildings intact after eliminating the employees inside. In fairness, Jack Welch is considered one of the most successful corporate leaders of the twentieth century, despite annually firing the poorest-performing 10% of GE's managers.

Gandhi and Collins' good-to-great leaders set the example for conscience-driven leaders—self-effacing, steel-willed, and focused on their organizations' success instead of their own.



## GUIDELINE 2

### ADOPT A PARTICIPATIVE LEADERSHIP STYLE

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**A genuine leader is not a searcher for consensus but a molder of consensus.**

— Martin Luther King, Jr.

The defining characteristic of most leaders is the way they make decisions. Leaders' decision-making styles show their respect for and trust in the people who report to them, but are decisive when the situation requires it.

#### Participative, autocratic, and laissez-faire leadership

In the late 1930s, Kurt Lewin and his colleagues<sup>4</sup> identified three basic leadership styles: participative, autocratic, and laissez-faire. Though leadership theorists have conducted research and proposed various theories on leadership since then, we still find these three leadership styles relevant today. But keep in mind that most leaders adapt their leadership styles to different situations. Faced with ones demanding immediate action, for example, most participative leaders won't hesitate to make decisions on the spot.

**Participative leaders.** These leaders know they don't have all the answers. They use the knowledge and experience of their direct reports to understand different sides of issues and situations. They encourage those who report to them to weigh in on important decisions. Participative leaders often ask their leadership teams to vote on important decisions.

Though most participatory leaders retain the right to override their teams' votes, they know that doing so often undermines team trust and the intent of participatory leadership. **Inclusive leaders** encourage their direct reports to weigh in, but not necessarily vote, on most important decisions.



**Autocratic leaders.** These individuals prefer to make decisions on their own. They neither encourage nor welcome input from those beneath them. They equate knowledge with power. The less knowledge they share; the more power they retain. A lack of knowledge breeds fear in organizations, which these leaders use to wield power over their underlings. **Decisive leaders** are more open to asking for input from direct reports but believe that it's their responsibility to make critical or urgent decisions on their own.

**Laissez-faire leaders.** The third type of leadership style is laissez-faire, which today is often called **cat herding**. These leaders give their subordinates more-or-less free rein in setting their units' directions and making decisions that affect their units. Leaders can become cat herders by choice or necessity. If your direct reports are leading experts in their fields who neither want nor need direction, your best role might be a facilitator and supporter. We've also known leaders who have abdicated their leadership responsibilities to assertive direct

reports who weren't leaders in their field and would have benefited from real leadership.

The following figure shows what we think is the distribution in leadership styles of world-changing and profit-driven leaders. We've found that leaders of profit-driven enterprises make more decisions on their own than world-changing ones. We've also found that world-changing leaders are both more participative and laissez-faire than their profit-driven counterparts.

### Things to consider when adopting a participative leadership style

We present our impression of leadership in profit-driven and world-changing organizations below. The size of the blob for each axis in the top two diagrams represents the frequency we think leaders use a leadership style. The bottom one illustrates what we believe is the best distribution of leadership styles for values-driven organizations—given their missions, values, and the people who work in them. But these distributions only reflect our experience and reading of the leadership literature; we didn't base them on empirical studies.

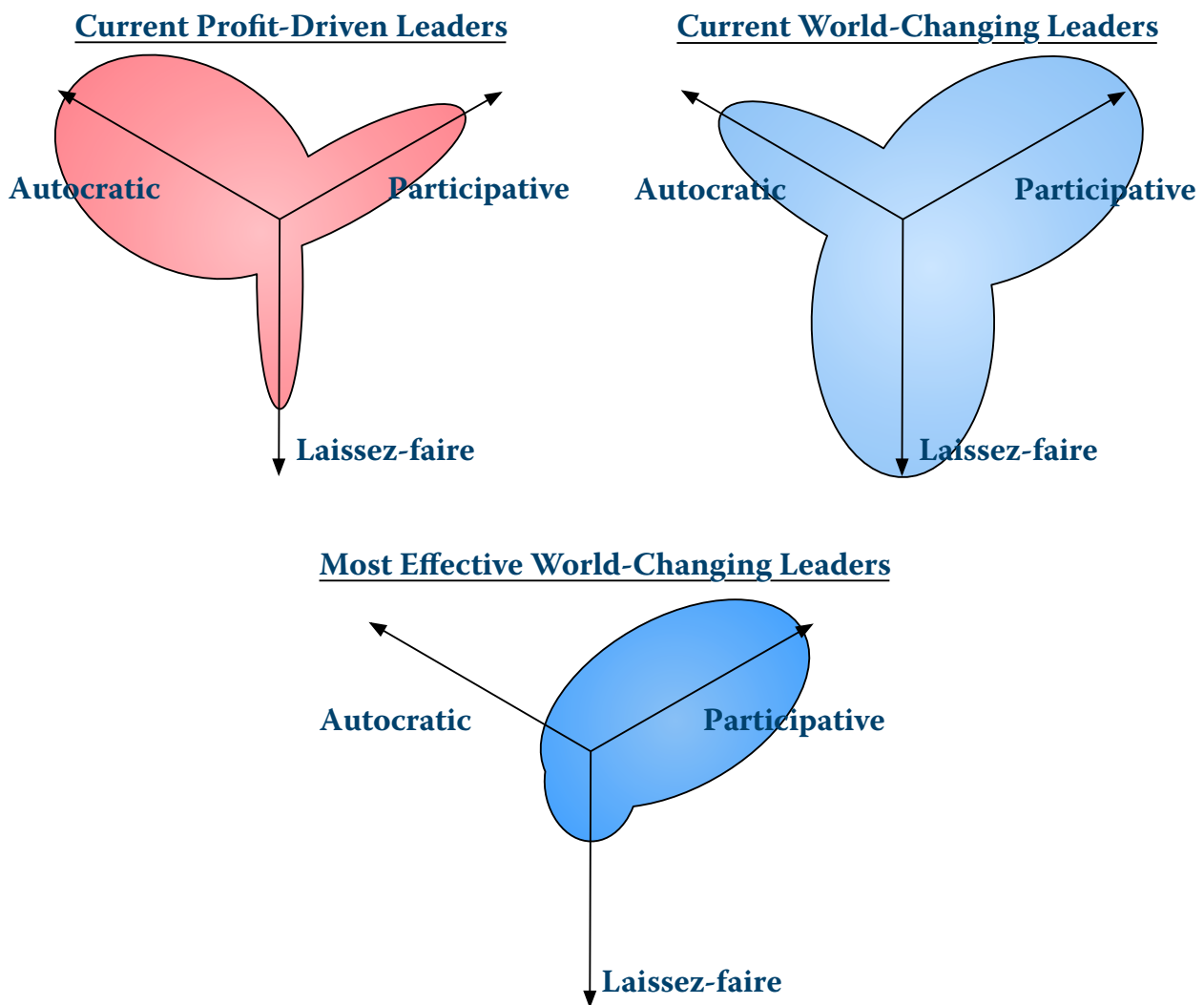


Fig. 2. Our impression of different leadership styles

We don't mean to imply that participative leadership is the best style for all world-changing organizations and all leaders of them. Two other factors influence the best leadership style for them. One is the leader's natural leadership style. The other is the organization's culture and situation.

If your natural leadership style is autocratic, you might temper it by being more participative. But trying to be someone you're not won't work. When push comes to shove, you'll probably revert to your natural leadership style, so why pretend to be someone you're not. It would be disingenuous and confuse the people who report to you. But being "entirely yourself" irrespective of your organization's culture can also lead to huge problems.

**Culture** is a powerful force in organizations. Compared to for-profit cultures, most world-changing ones are more open, collaborative, conscience-driven, eccentric, and questioning of authority. Participative leadership works because the people who work in them identify strongly with what their organizations stand for and do.



The people who choose to work in them view themselves more as *members* than *employees* of their organization. They have a stake in their futures and want to help shape it. Giving employees the opportunity to weigh in on decisions before managers make them deepens their commitment to the organization. Plus, it increases their support for a manager's decision even if it runs counter to what some employees think is best. New employees coming from

different organizational cultures either fit in quickly or leave.

Some values-driven organizations have more traditional, command-and-control cultures. Its staff might view a new leader who tries to impose her or his participative leadership style on it as weak and indecisive. Seasoned leaders know that it takes a long time to change an organization's culture. We think it takes three-to-five years to change the culture of an organization with 100-to-500 employees substantially. Cultural change can happen quicker in small organizations.

Apart from culture, an organization's **situation** determines the best leadership style for it. One that needs significant change or is teetering on collapse probably needs a take-charge leader who can lay people off and make waves without losing sleep about it. Conversely, an organization desperate for innovative solutions to complex problems probably needs a leader who'll dispense with how things should be done, throw the cubicles in dumpsters, and create an open and highly collaborative work environment.

**Your most effective leadership style is the one that strikes the right balance between your natural leadership style and the one best suited to your organization's culture and situation.**

## Discover your natural decision-making style

Few of us know what others think of us. Because of your position of authority, it's difficult for you to understand how your leadership style affects your organization. Without honest feedback from a couple of people, you won't know what you need to do to become a better leader. The best people to evaluate your leadership style and recommend ways to improve it are your direct reports. But few leaders dare to ask them. If you do, you might frame it like this:

Since I plan to assess and improve the effectiveness of our organization, I thought it only fair to start with me. I would like you to evaluate my leadership style, and its effect on your performance and that of our organization. Also, tell me what I need to do to become a better leader. I'm particularly interested in your assessment of my decision-making style—whether you think I usually ask for the right amount of input on decisions before I make them, or I request too little (I'm autocratic) or too much input (I'm overly inclusive). If you have trouble answering these questions, think back to recent decisions I or we made. Use specific examples whenever you can.

## Hold monthly program review meetings

An effective leadership strategy we've introduced to organizations is the program review meeting. Depending on the size of your organization, we recommend your leadership team evaluate the performance of each program either monthly or quarterly. Regularly scheduled program reviews put everyone on notice that leadership takes each program's performance seriously.



These meetings keep employees motivated and focused on meeting their program's goals. They also enable leaders to celebrate program successes and to assist programs in many ways: by allocating needed resources, helping solve problems and resolve issues, unclogging bureaucratic channels, and ensuring programs receive what they require from other units. They also act as an early warning system to alert leadership of impending problems and issues.

We think programs should evaluate their performance weekly or monthly. For example, we started a weekly performance review in a production department of a biomedical company we consulted with some years ago. Every Friday afternoon, a staff member would add up what the unit made that week and add it to a hand-drawn bar graph drawn on a piece of butcher paper taped to a wall for everyone to see.

Its weekly output and the quality of what it made significantly increased after we trained its staff in quality improvement concepts and tools. And adding another weekly output column to the butcher paper became an end-of-the-work-week Friday ritual.

When we visited this department a year later, we were delighted to see the butcher paper running up the wall and across the ceiling of the production room because output had increased several fold. This weekly ritual of recording production output encouraged the team to work together to continually improve how it made this product and, thus, regularly beat the previous week's performance. This group gained the knowledge and team skills to become a high-performance team and turn a break-even product into a company cash cow.

**The plain butcher paper and black magic marker graph taped to the wall and ceiling of their main production room spoke volumes about what this department accomplished and who they were in ways that fancy multicolor, computer-generated graphs never could.**

## GUIDELINE 3

# STRENGTHEN YOUR LEADERSHIP TEAM AND PROFESSIONAL RELATIONSHIPS

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Your success as a leader depends on the quality of your leadership team and the strength of your professional relationships. The members of your leadership team should possess the natural talents to excel in their positions, lead successful programs or units, and be valuable contributors to your team. Also, the strength of your professional relationships determines the support and resources that you can count on when you and your organization need them.

In his study of good-to-great companies, Jim Collins<sup>5</sup> and his team discovered that the first priority of good-to-great leaders was to build strong leadership teams. Instead of setting forth a vision and new strategies, they got the right managers in the right positions and removed managers from positions they weren't suited for.



### Put talented people in the right positions

Drawing on massive numbers of surveys and interviews conducted by the Gallup Organization over several decades, Buckingham and Clifton<sup>6</sup> conclude that ***individuals who excel in their jobs possess the natural abilities required of their jobs.*** Their research indicates that ***natural ability is not teachable and is far more important than experience, intelligence, or skills*** in predicting job performance.

What Buckingham and Clifton's findings indicate is that one or two natural abilities determine employee performance, *not skill sets*. When you evaluate members of your leadership team or select new ones, identify the one or two native abilities required to excel in their positions.

### Help managers develop their natural abilities into talents

Once you have the right people in the right places, help them acquire the skills and knowledge they need to turn their natural abilities into ***talents***. You can coach them yourself, assign them another mentor, send them to training, or encourage them to learn on their own.

If they need to brush up on their interpersonal or conflict resolution skills, we highly recommend Robert Bolton's classic communications book, *People Skills: How to Assert Yourself, Listen to Others, and Resolve Conflicts*.<sup>7</sup> Though published in 1979, we think it is still the best book ever written on communication skills. For more information on talents and strengths, see *The Manager's Survival Guide: Five Keys to Guide World-Changing Projects and Staff* we wrote or the Gallop Organization's website for their recent books on this topic.

## Strengthen teamwork within your leadership team

Deep listening, respecting other's opinions, facing underlying issues, creative problem solving, and personal integrity are marks of good leadership. So is the ability to engage in open and forthright discussions on contentious issues without compromising professional relationships and friendships. As a leader, it is your job to model executive teamwork and set the professional standard you expect of others.

Many problems lurking beneath the surface of leadership teams are subtle and insidious, which makes them difficult to recognize from the inside. If your leadership team is having problems, consider hiring a seasoned management consultant to work with your team. Retreats are an excellent time to bring in someone like this. Don't ask someone inside your organization, such as one of your HR staff, to serve in this capacity. This type of assistance could put the person in an awkward and possibly career-ending position.

## Focus on overall performance



Executive teams are different from regular work teams. Its members are among the best and brightest in the organization—and there is a natural tendency for high achievers to compete. Because most team members are divisional, departmental, or program heads; they are naturally inclined to lobby for their units, especially when budgets are on the line. And it's natural that their positions and responsibilities will bias their perceptions towards what's in the best interests of their units rather than other ones.

Therefore, it's your responsibility to focus your team's efforts on improving the ***organization's overall performance*** instead of their units' performance and budgets. One of the best ways to do this is to base a sizable portion of senior managers' performance reviews and, when appropriate, compensation on the organization's overall success.

## How to deal with an underperforming member of your leadership team

Deciding what to do with an underperforming team member is one of the toughest decisions a leader has to make. It's been our experience that most leaders drag their heels on these decisions and wait until situations get intolerable before acting. Waiting for problems like this to self-correct almost guarantees that they will get worse. Don't make this mistake: address performance problems or inappropriate behavior when they surface.

If someone doesn't correct an issue once you point it out to them, work with them to develop a plan to resolve the problem. Depending on the type and source of the problem, you might coach the person, send them to training, or get them professional assistance.

Based on your employee relations policy, adding a letter to their file describing the problem and the steps you've taken to help them resolve it is usually an excellent idea. It will prove invaluable if you need to discipline or fire this individual later. Unless leaders in public institutions document employee problems and the steps they took to correct them, they will have few or no options to deal with them later.



If you ever face such a decision that tugs at both your responsibility for your organization's success and your loyalty to an employee, remember that you are responsible for your organization's success and for the professional well-being of *everyone* who works in it.

It's particularly important to address problems with members of your leadership team right away: their behavior and performance reflect *your* leadership standards. Furthermore, ***it is your responsibility, and those of all your managers, to place people in positions where they can use their natural talents to excel, make their organization more successful, enjoy their work, and further their careers.***

If you realize that one of your direct reports lack the talents or seems incapable of acquiring the skills needed to succeed in their position, ***act***. If you haven't done so already, ask this person what they think they excel at and most enjoy doing. Then together assess if their current position is a good fit for them, and if not, determine if another one is available that is. If a suitable one is open, then reassign them to it.

If the person refuses to see or accept their shortcomings, be prepared to describe the problem in no uncertain terms. If a better position is neither available nor a good option, you'll probably have to ask for their resignation. If you need to terminate their employment, it's a good idea to check with an employee-relations professional on your staff, in your professional association, or with someone you know to ensure your rationale for and the process of termination is in accord with your state's employment regulations.



Such personnel actions are least disruptive when done decisively late Friday afternoon after everyone else has left. You can explain your reasons to terminate this person's employment in private. This person can then pack up their belongings and leave without the embarrassment of explaining what just happened to their coworkers. The person will have the weekend to get their bearings and then contact their friends at work. You can announce what occurred on Monday morning and get a fresh start on the week.

These decisions are the hardest and most stressful for most leaders. Though once a leader makes and acts on them, she or he usually feels a tremendous sense of relief. An underperforming manager is often the elephant in the room that no one wants to talk about. Once the person is reassigned or let go, most people will feel relieved and reassured that their leader acts when it's warranted. It also sends a clear message about one's leadership standards and willingness to hold people accountable to them.

## Strengthen your professional relationships

This guideline could be placed anywhere in this model because it's an ongoing activity. Cultivating strong professional relationships inside and outside your organization builds trust within your organization, enhances its standing externally, and is a crucial source of support for you and your organization. A leader who fails to do so might find they have nowhere to turn when the chips are down for their organization or themselves.

You build strong professional relationships by showing you care about people and respect their ideas and opinions. You can do this by taking the time to meet with them individually or in groups. You can make short phone calls to them or regularly email them. One of the best ways to get to know your key people is to meet them for breakfast or lunch.

Get to know all the people in your organization by walking around and talking to them in a friendly and reassuring manner. On your walks, pay attention to what people are doing and what's on their desks. Make a mental note of stacks of files or work in progress (WIP), which might indicate bottlenecks in work processes. Key supporters appreciate a leader who meets with them to understand their ideas on important issues. They feel their opinion matters when asked what the organization should be doing better or different. The two following skills can help you strengthen your professional relationships and better understand your organization.

## Deep listening

Deep listening and systems thinking can help you understand the causes and conditions buried deep in your organization that created its current reality and will shape its future. And it is surprising what people will tell you about your organization if you just ask them.



One of the best ways to understand your organization is just to ask the people who work in it or are closely associated with it what they think of it and how they would improve it. The key is to ask the right questions and then listen intently to what they tell you without interrupting them.

Deep listening is easier to preach than practice. When someone says something we disagree with, we often cut that person off to set the record straight. But when you listen to someone deeply, you suspend your assumptions and beliefs so you can hear what they're telling you. When you listen deeply, you not only listen to what's said but also what's not—the topics or events they don't mention. Also, be attentive to people's tone of voice, facial expressions, and body language. They often reveal more about their feelings than what they say.

We believe deep listening is a characteristic of successful leaders. It shows respect for others, and their ideas and opinions. To learn more about deep listening and other communication skills, we again recommend Bolton's *People Skills: How to Assert Yourself, Listen to Others, and Resolve Conflicts*.

## Systems thinking



This skill enables leaders to see their organizations for what they are—holistic systems whose **performance depends more on the interactions of its parts** (such as departments and units) than on the quality of each one. Systems thinking provides leaders with a “big-picture” view of how their organizations function internally and a better understanding of the broad external systems in which they fulfill their missions and compete for resources. Jonathan coauthored a book on this subject for

GE Medical Systems.

*Management by objective*, a management system found in many US organizations, takes the opposite approach. Instead of focusing on overall performance and improving the interactions between units, it encourages managers to concentrate on meeting short-term, numerical goals at the expense of everything else.

Failing to recognize that organizations are complex systems instead of cog-and-wheel machines, promotes short-term thinking and poor quality. For example, a unit that is under pressure to meet its monthly quota of lab results, might cut corners in its analyses and pass on inaccurate lab results to another unit or patients. Though it *met its quota* for the month, those on the receiving end won't be as fortunate—and may never be able to trace their problems back to this unscrupulous unit. This issue is pandemic in organizations “run by the numbers.”

Systems thinking enables leaders **to see the forest through the trees**—to see beyond the details and grasp what's actually happening deep inside their organizations. To learn more about systems thinking, read some of the works of Russell Ackoff and Peter Senge, two of the pioneers in improving organizational performance through systems thinking.<sup>8</sup>

## GUIDELINE 4

# IMPROVE YOUR ORGANIZATION'S STRATEGIES TO FULFILL, FUND, AND STRENGTHEN SUPPORT FOR ITS MISSION

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We've done a lot of thinking about to make world-changing organizations more successful—at fulfilling, funding, and building support for their missions. Of the myriad of things that go into making an organization successful, one stands head and shoulders above the rest. It is designing highly effective, if not ingenious, strategies. These strategies are somewhat different for values-driven companies, government institutions, and nonprofit organizations than for profit-driven companies.

We based this guideline and our planning model on the assumption that unless you know what creates and supports your organization's success, it's unlikely you'll design strategies to make it more successful. Though we developed them for organizations that make a difference in the world, any organization can use them.

So here is what we think are the essential elements and processes that drive, produce, and support success in values-driven organizations—and, more broadly, in all organizations. As far as we know, this is the first time anyone presented them.

We believe **four results drive the success** of most world-changing organizations:

- Exceeding your clients' expectations to fulfill their needs.
- Exceeding your funders' or investors' expectations to achieve their goals.
- Exceeding your supporters' expectations to make a difference in the world.
- Possessing unique capabilities to research and develop emerging ideas and methods in your field.

These **key drivers of success** are the results, produced by an organization's core functions, from which its success arises.

**Four core functions produce success** in many world-changing organizations:

- Serving clients who are most closely tied to your mission better than anyone else.
- Acquiring sufficient funding to make a real difference through your mission (if serving your clients doesn't generate enough revenues to do so).
- Building a strong base of support.
- If success depends on making advances in your field, possessing unique research and development expertise to do so.



**Six conditions support the success** of most world-changing organizations:

- Inspiring leadership and motivated staff
- Guided by your core values, mission, and vision
- Distinctive and compelling brand
- Focused on what you excel at
- Outward-looking, target-audience mindset
- Sufficient capacities and streamlined operations

The best way to understand what supports, produces, and drives success is by examining our ***organizational success map*** on the next page.

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## Visualizing what your organization does and how it succeeds

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One challenge of strategic planning is structural. Specifically, how do the elements of planning—mission, vision, strategies, what the organization does to carry out and support its mission, its brand, and much more—fit together into a strategic framework. No other model we know of shows how they fit together and how success arises in an organization.

Most models produce a hodge-podge of ideas and planning-exercise “products” that neither build off one another nor fit together into a coherent plan. A prime example is the SWOT analysis (strengths, weakness, opportunities, and threats) that heads off in four different directions. They neither build off one another nor to fit into an overarching model.

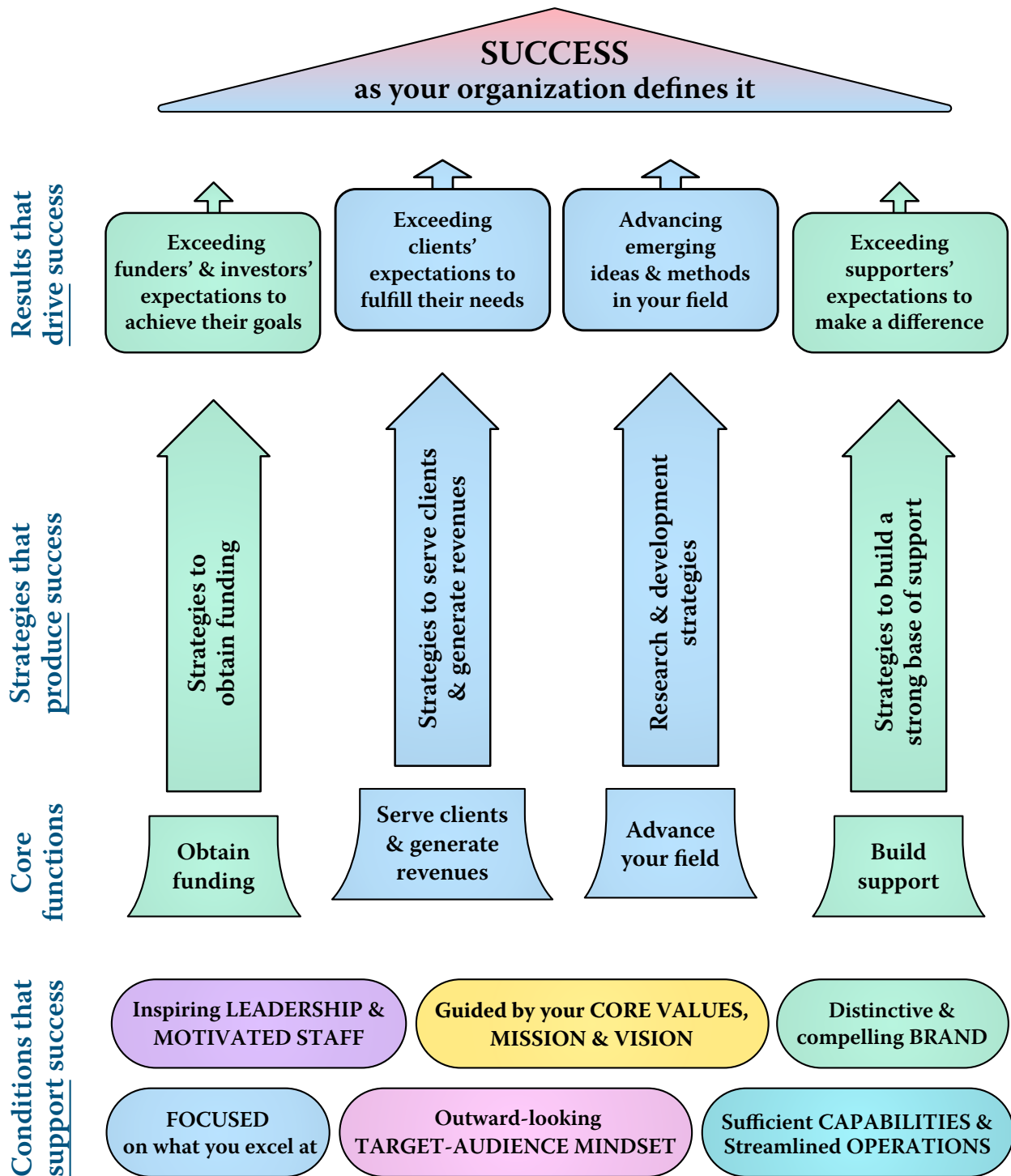
To address this structural challenge of strategic planning, your planners can use our model draw success maps for how success arises at three levels in your organization:

- An ***organizational map*** of your whole organization, which includes what supports, produces, and drives your organization’s success
- ***Functional maps*** of your organization’s broad, mission-critical activities (its core functions) and the strategies that perform them
- ***Strategy maps*** of the ways your organization performs its core functions, which are more detailed depictions of your strategies

We describe these three types of maps starting on page 39.

## The best way to understand and improve what your organization does

Our organizational map of a world-changing organization is on the next page. It depicts a non-profit organization that relies on at least some of its funding from outside sources. It conducts research and development projects on emerging ideas and methods in its field. A company that generates all its revenues and support from selling its products or services to customers might just have one core function: *serve your clients and generate revenues*.



**Fig. 3. Organizational success map**

We believe success maps are the best way to understand your organization and either improve or change what it does. We know of nothing in the management literature that comes close to accomplishing this. We'll present functional and strategic maps later in the guide. We encourage you to experiment with them to figure out the best way to use them in your organization.

We didn't design success maps just for strategic planning. While a printed report of your strategic plan might sit on a shelf gathering dust, displaying your maps on the walls of your organization should remind everyone of how things should work and what needs to be improved. The unit that performs a core function should display its functional map and possibly more detailed strategic maps on unit's walls. Unit staff should be able to see how their unit functions and what needs to be improved by examining the unit's functional and strategic maps—and update them as things change.

One more thing about the following organizational map: Because it summarizes the major elements of our planning model, *this map illustrates our strategic planning model*.

## KEY IDEAS FOR STRATEGIC PLANNING FOR WORLD-CHANGING ORGANIZATIONS

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The ideas and figures in this guideline are from our *Strategic Planning Guide*. They reflect some of the key ideas in the guide but are not a comprehensive summary of it. See this guide for a more comprehensive treatment of this new approach to strategic planning based on discovering and strengthening what drives an organization's success.

## WHAT IS SUCCESS?

What is success? It's a difficult question for many world-changing organizations to answer. But it's easy for most companies. Technically, success for them is *maximizing shareholder value*. Their metrics of success are usually profitability and stock price. Most are in the enviable position of using boosting profits as both their mission and measure of success.

But that's rarely the case for most world-changing organizations. Thus, some don't even bother to define what success means nor figure out the best ways to measure it. Though it might be difficult for your organization to define and measure success, we believe it's worth the effort to do so. Plus, this planning model depends on it.

The *American Heritage Dictionary* defines success as “the achievement of something desired, planned, or attempted.” If your vision statement states what your organization is trying to accomplish, you might use it to define success. And you could use your progress in making your vision a reality your measure of success.

Regardless how you define success, the key is to capture the *essence* of what your organization is trying to accomplish. If that is neither specific nor measurable, that's fine—just develop good *indicators of success* that evaluate success indirectly.

Consider The Nature Conservancy, the largest private conservation in the world. Despite its lofty mission and vision statements at the time, it formerly measured success in “bucks and acres.” Its leaders evaluated state and country program directors by the money they raised and the acres they protected. Directors had clear goals and simple success measures. And if they were lucky enough to run a state chapter in the desert southwest where land was cheap, and preserves were big—life was good.

Unfortunately, these measures of success didn't reflect how well their programs preserved biodiversity, which is the essence of the Conservancy's mission. Though challenging to measure, protecting biodiversity eventually became a key measure of success. The organization conducted eco-regional planning that evaluated the biodiversity of its preserves and surrounding areas.

Even though this type of planning took a lot of time and money, it resulted in targeting terrestrial and aquatic areas with critical biodiversity. It also provided a deeper understanding of how best to manage them. Though we're fans of a few, simple measures of success, a minimalist approach to measuring success runs the risk of incentivizing the wrong things.

But a few, simple success measures often works fine: Assume you run a rural health clinic that defines success as improving the overall health of the community it serves. Though this definition is broad, you could evaluate success by analyzing specific health outcomes yearly.



They might include average blood pressure, body mass index (BMI), infection rates, cholesterol levels, and so forth of patients in the community. Thus, you could use specific health outcomes (*indicators of success*) to assess the overall health of the community (*the essence of your clinic's success*).

## Other things to consider about success

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### Success as impact

We think the “**impact**” of your work on what you’re trying to accomplish best characterizes success.

### Outcomes versus inputs

Outcomes are the results by which an organization delivers on its mission; inputs are what it requires to produce them. Outcomes can be tangible like lives saved or acres protected, or intangible such as opportunities provided and encouragement offered. Revenues, funding, and backing of influential people are three of the most common inputs. Because world-changing outcomes can be difficult to measure, many organizations determine success by the inputs they bring in. Though inputs are a prerequisite for success, they aren’t measures of it. Measure your success by your **outcomes**.

### Indicators of success

If your organization’s mission is broad, it might be difficult to define and measure success. It is one of the reasons we favor explicit mission and vision statements—and excelling at one or several things instead of muddling about at many things. If your outcomes are too broad or nebulous to measure, use *indicators of success*, which measures success indirectly.

### Deliver on your mission

The phrase “deliver on your mission” may seem odd: why not just say *carry out* your mission. To us, **carrying out** your mission connotes less concern about producing meaningful results than **delivering on** it. In other words, **producing results that matter**. To us, “carrying out” your mission could imply **staying perpetually busy**, but not necessarily making a difference.

This semantic difference reflects a serious concern we have about world-changing organizations. Their missions are often broad and difficult to accomplish—or even make progress on. And the longer you *carry out* your mission in the same way; the more *what you do becomes* your mission. So we worry many organizations equate their missions with what they do.

Thus, it’s not surprising that most planning models sidestep the issue of **what** you do (your *strategies*) and instead focus on improving **how** you deliver on and support your mission. They emphasize *getting better at what you do currently*. We, instead, ask if *there are better ways (strategies) to deliver on and support your mission first, and only then how can you improve what you’re doing currently*.



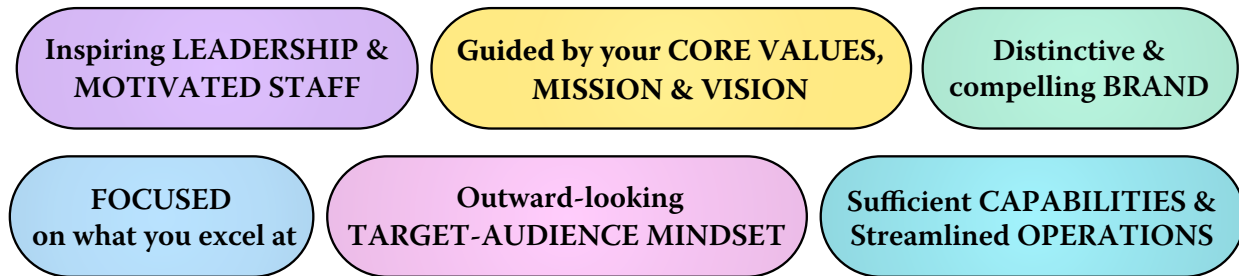
## Support your mission

A prerequisite for success is acquiring sufficient funding to make an impact. So we assume strategies to *fund* and *build support* for your mission are just as important as those that *deliver on* it. Simply put, if there's *no money*, there's *no mission*. This explains why you'll frequently encounter the expressions "support your mission" in this guide. We use the term *support* broadly to mean both *financial* support (e.g., acquiring funding) and *influence* (as in building a strong base of support).

*Supporting your mission* means acquiring enough funding or generating sufficient revenues to make an impact in your community, field, or the world. It also means garnering support from influential individuals and organizations that can open doors and make things happen for your organization.

## CONDITIONS THAT SUPPORT SUCCESS

We believe six conditions support the success of most world-changing organizations. Though they don't directly produce or drive success, a deficiency in any of them will hinder it. Your organization might have different or additional ones.



**Fig. 4. Conditions that support success**

Our *Strategic Planning Workbook* directs your planning team to divide into about three small groups, depending on its size. Each evaluates two-or-three conditions that support your success. We present guidelines and suggestions to evaluate them in our planning workbook.

### A. Inspiring Leadership and Motivated Staff

The job of leading a world-changing organization comes without a manual. Most leadership and management books are written for profit-driven organizations. Their advice often doesn't apply to values-driven organizations—and is sometimes counter-productive. We believe these organizations are more challenging to lead than traditional ones because they:

- Have broader missions and must solve more complex problems.
- Lack clear measures of success like profitability to guide strategy and evaluate performance.
- Serve and rely on more diverse audiences such as clients, funders, and supporters who have different needs and agendas.
- Employ more independent and unconventional people, some of whom resent authority and don't like being told what to do.

Nevertheless, the success of a world-changing organization depends in no small measure on its leader's ability to inspire, set strategic direction, and harness the organization's resources to deliver on and support its mission. It's no easy task. Add to this one other ability: establishing and strengthening the organization's culture. This condition so important that we listed it first among the conditions that support success and devoted one of our guides to world-changing leadership.

The results of your internal or employee survey should indicate how well your leader inspires and motivates your staff. If your leader is a member of your planning team (which we encourage), he or she should not be a member of the small group of planners that evaluates leadership. In fact, this group should present its findings to the person or group who evaluates the leader's performance—often the board chair or a subcommittee of the board. And it's up to them to address leadership issues.

We have found that personal interviews with key staff conducted by someone outside the organization are the best way to delve deeper into what's motivating or demotivating staff. The best approach is usually an internal survey that combines an all-staff questionnaire (sometimes called a *climate survey*) with follow-up interviews of key employees by your consultant to delve deeper into the causes and conditions affecting motivation revealed in the questionnaire.

On the topic of inspiring leadership, we believe that most people who choose to work for world-changing organizations are not cut from the same cloth as those who work for commercial enterprises. For one thing, they're more motivated to make a difference in the world than make money. On the whole, we find them to be more educated, harder working, idealistic, independent, and more internally motivated than their corporate counterparts.

On the flipside, many shun authority and loathe bureaucracy, thus making them a challenge to supervise and motivate. We've found that ***participative leadership and management*** are the best ways to do both. So we wrote guides on both subjects.



## B. Guided by Your Core Values, Mission, and Vision

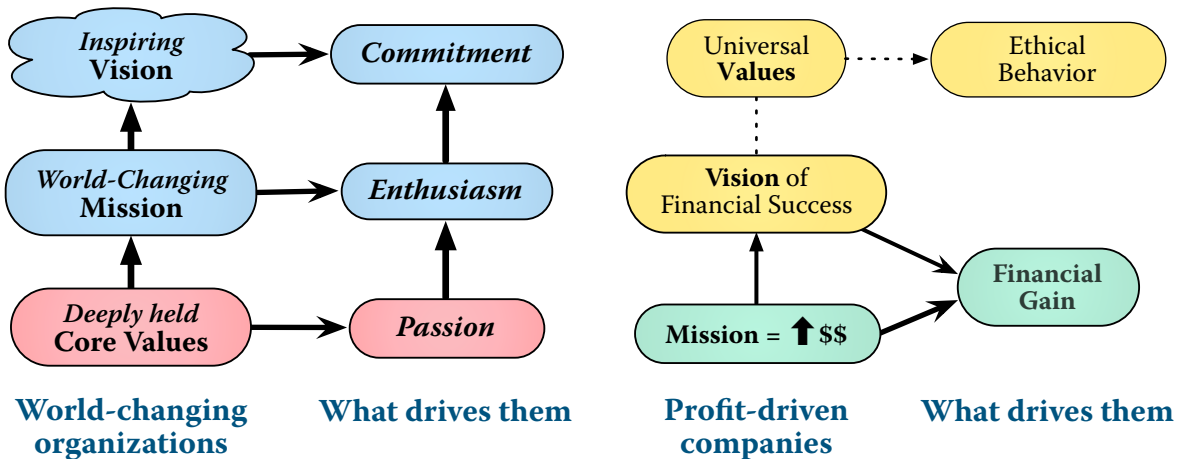
We call the organization’s core values, mission, and vision its *guiding statements*. As the name implies, they should *guide* its actions and decisions. We believe they’re far more important for world-changing than profit-driven organizations. They’re so important, in fact, that we wrote a short guide to them entitled *Guiding Statements: Core Values, Mission, and Vision*. Planners should read it.

As we’ve mentioned before, the mission of most profit-driven companies is to *maximize shareholder value*, usually by increasing profits or stock prices. But the missions of most world-changing organizations are more complicated. And most lack a simple measure of success.

Though the missions of commercial enterprises drive everything they do, that’s not true for world-changing organizations. Instead, their *core values* do. They generate the passion that powers everything they do. The figure below illustrates this difference.

Core values also determine the mission and vision of a world-changing organization. The vision describes *what* the organization intends to accomplish by acting on its core values, while the mission states *how* it will act on them. We advise clients to determine their core values first and then develop explicit vision and mission statements based on them.

Assigning guiding statements to the second condition that supports success attests to our conviction of their importance. We define these statements as follows.



**Fig. 5. World-changing versus profit-driven guiding statements**

**Statement of core values.** The few deeply held principles and beliefs that the organization's guiding members, supporters, and staff:



- Are most passionate about.
- Derive their commitment to the organization and its mission from.
- Establishes the organization's culture.
- Use to distinguish their organization from others in its field and is the reason they support and work for it instead of another institution.

**Mission statement.** A clear and compelling statement of:

- The organization's *purpose*—the reason it exists.
- What makes it unique.
- Who or what benefits from its work. If it isn't obvious, state it—whether it's to serve others, advance emerging ideas or methods in its field, or something else.
- What it does. If it isn't apparent, consider stating it.



**Vision statement.** A compelling description of what the organization intends to achieve ultimately by acting on its core values through its mission.

## C. Distinctive and Compelling Brand

Your organization's brand has a profound effect on its success. That's why we list it as the third condition supporting success. And we believe we're the first to define a brand from two perspectives:



**Real brand.** Target audiences' *collective impression* of the organization and what it offers. It is the organization's actual brand, which its target audiences carry around in their heads. (*Target audiences* are the key groups and individuals on which an organization's success depends. They are usually its clients, funders, and supporters.)

**Desired Brand.** The *image that the organization projects of itself and what it offers* to its target audiences. Marketers design it to

make the organization and what it offers stand out from the herd of competitors. It is the organization's *ideal brand* that leaders and marketers carry around in their heads.

### What a brand should do

Paraphrasing Ries and Ries,<sup>9</sup> branding is *staking a claim to the idea or attribute of your organization that you want to "own" in your target audiences' minds*. To do this, your brand should:

- Capture the essence of who your organization is and what it does.
- Distinguish it from others competing for your audiences' attention and business.
- Symbolize what your target audiences consider most compelling about your organization.
- Position your organization in your audiences' minds as being the only or best one to fulfill their needs.
- Generate positive emotions in your target audiences.

We consider a distinctive and compelling brand so critical to success we wrote a short guide on it entitled *Branding Guide: How to Stand Out from the Herd of Organizations in Your Field*. The next figure shows how one facet of a brand, its *key attribute*, stands out from the others and exemplifies it in audiences' minds.



Fig. 6. The key attribute of The Nature Conservancy's brand

#### D. Focused on What You Excel At

We include this subject as a condition for success because Jim Collins, then a Stanford professor, and his team discovered it was a major reason why only eleven of over 1,400 companies they analyzed quickly evolved from average to exceptional performers. In his 2001 book, *Good to Great: Why Some Companies Make the Leap ... and Others Don't*,<sup>10</sup> Collins makes a convincing case that companies that made this jump were all focused on the one thing they were most passionate about, best at, and drove their economic engine.

This discovery made *Good-to-Great* one of the most influential management books ever. Given its findings, every organization should consider whether it possesses one or several things that fit the criteria *that could transform it from good to great*. Perhaps the most intriguing of the seven “essential and distinguishing characteristics” of these companies is what Collins calls *the hedgehog concept*.

It is *knowing the “one big thing” you can be best at*: it’s neither a *goal* you set or a *plan* you formulate to become great. According to Collins, *hedgehogs* are simple creatures that know how to do one thing well: roll up into a ball to protect them from foxes. Collins defines *a hedgehog concept as knowing what you can be best at*. All eleven good-to-great companies had hedgehog concepts.

Collins and his team paired each good-to-great company with one in the same industry and financial position before it became great. These eleven comparison companies were like *foxes*—inquisitive creatures always searching for prey. They kept switching strategies through mergers, acquisitions, and restructuring. They were always seeking new

opportunities to maximize growth. None stuck to their knitting.

Good-to-great companies discovered their hedgehog concepts by **answering three questions**:

- What are you **most passionate about**?
- What could you be the **best in the world at**?
- What **one or several factors drive (or could drive) your success**? Collins and his team called this last factor the “single denominator (e.g., revenues per x or profits from y) that had the greatest impact on financial success.” In our model, we call them **key drivers of success**.



To discover if your organization has a hedgehog concept, answer these questions. Even if you find it doesn't have one, answering them might reveal valuable insights about your organization's success. If you have trouble determining what your organization is most passionate about, consider recent topics or decisions that generated the most passion and debate. Then examine why they did. Alternatively, consider what your organization can do better than any other and gives it a competitive advantage.

Collins and his team phrased the third question as “what drives your economic engine?” because they compared the performance of profit-driven companies. But this is the wrong question for most values-driven organizations to ask. *Making a difference*, not making money, drives these organizations. Hence, our emphasis on *success* instead of profit.

Some world-changing organizations can't fulfill their missions with a single hedgehog concept or strategy. Even if they can't, we worry many engage in too many activities to excel at any of them or to knit them together into a coherent brand. That's why we think it's far better to concentrate on the one or few things you excel at.

So consider what your organization does and how it supports itself. If it tries to fulfill its mission by doing lots of different things, consider if doing fewer of them better might be more productive. Collins' research indicates that being a *jack-of-all-trades but a master of none* is not a recipe for success. The more you can focus on one or a couple of things, the better you'll likely be at them.

We know many organizations can't just do one or two things because if they don't provide a range of services to their clients, however imperfectly, no one else will. But most can still identify their **flagship program**, which best exemplifies the impact they're making.

By promoting your flagship program, you can frame outsiders' impressions of the ingenious ways that your organization makes the world better. Trying to tell your organization's story without one can be tedious to listen to, instead of memorable. So consider whether your organization allocates its limited energies and resources wisely on the one or few of things it excels at. Or does it pursue too many to excel at any of them and make an impact?



## E. Outward-Looking, Audience-Focused Mindset

Incorporating strategic marketing into strategic planning is a unique feature and strength of this planning model. Strategic marketing can equip your planners and organization with the ideas and tools to make your organization more successful. It will change how your leaders and staff see and interact with the outside world. It often begins with the realization that your success depends on understanding and fulfilling the needs of your clients, funders, and supporters. The better you position your organization as uniquely or the best qualified to fulfill them, the more successful you'll be.

This requires a shift in perspective. An internally focused organization sees a world of outsiders who might help it succeed: an externally focused one sees a world of those it can help.



Internally focused organizations ask, “How can outside groups *help us* accomplish *our* mission and goals?” Externally focused organizations ask, “How can *we better help those* we serve through our mission and rely on for funding and other support?” Establishing a target-audience mindset often requires a 180-degree shift in perspective.

### Three marketing mindsets that characterize most organizations

Marketing mindsets of most world-changing organizations fall into one of three categories:

**Internally focused mindset.** Leaders and staff are absorbed with the importance of their organization’s mission and work. They may unwittingly approach clients with a “here’s how we can help you” attitude before taking the time to understand what they need. Similarly, they’re apt to approach prospective funders and supporters with a “here’s why you should support the important work we do” attitude.

We’ve found some world-changing organizations think of marketing as simply *getting the word out* on the important work they do. They act as if they know what’s best for their audiences—even if audiences aren’t “buying” what they offer. It is symptomatic of organizations afflicted by what we call, “*The Curse of the Crucial Mission.*” Doing vital work can be a marketing jinx. These institutions might think strategic marketing is something they don’t need to do. And they’re frustrated when audiences “just don’t get” the important work they do.

They blame their lack of funding and resulting poor performance on their audiences’ ignorance instead of their marketing ineptitude. This explains why many organizations struggle year after year to raise enough money to make a difference. An internally focused marketing mindset is a serious liability.

**Selling mindset.** An attitude towards marketing obsessed with *convincing others* to buy the organization's goods and services or support its work. Once an *internally-focused organization* figures out that the outside world isn't fixated on its mission, many adopt a selling mindset.

*Persuasion* typifies this marketing mindset. The problem is audiences quickly tire of "selling" organizations touting how great *they* are and the terrific features and benefits *they* offer.

**Audience-focused mindset.** Many successful corporations and a growing number of values-driven organizations possess this mindset. To fulfill their missions, they first identify the audiences that they're in a unique or the best position to serve or seek support from, which advance their missions. Then they figure how to satisfy their *target audiences'* needs better than anyone else. These organizations focus on fulfilling and ideally exceeding their audiences' expectations.

Those with target-audience mindsets know the best way to engage target audiences is to fulfill a pressing need even if it's a philanthropic one. They know that every prospective client, funder, and supporter asks themselves the same question: "***What can this organization do for me?***" They also know that the better they understand their audiences' values and needs, the better their brands, offerings, and marketing messages can answer this question.

**A shift in marketing from "Here's how you can help us."  
to "How can we help you?"  
marks a significant change for a world-changing organization.  
It often heralds an upswing in funding and performance.**

### Internally focused mindset



### Selling mindset



### Audience-focused mindset



Fig. 7. Three marketing mindsets

## F. Sufficient Capabilities and Streamlined Operations

Your organization might have ingenious strategies and all the conditions in place to make a difference in the world but lack the capabilities—staff, expertise, knowledge, experience, infrastructure, and equipment—to do so. Planners should determine if their organization’s capabilities are up to the task of delivering on and supporting its mission.

Sidestepping the *competencies versus capabilities wars* that flare up occasionally among management theorist, we define *organizational capabilities* as:

**Capabilities.** What an organization needs to have in place and be able to do to execute its strategies and succeed in making a meaningful impact through its mission.

Some theorists suggest there are four categories of capabilities:

1. Physical and technical (for example, IT capabilities)
2. Managerial systems
3. Skills and knowledge
4. Values and norms

Since we covered core values earlier in this section, planners should focus on the first three categories. Balancing or optimizing capabilities among units requires trade-offs because most organizations lack the resources to maintain all of them at full capacity. Consequently, the group assigned to evaluate this condition might need to consider the trade-offs the organization has made among units and departments.

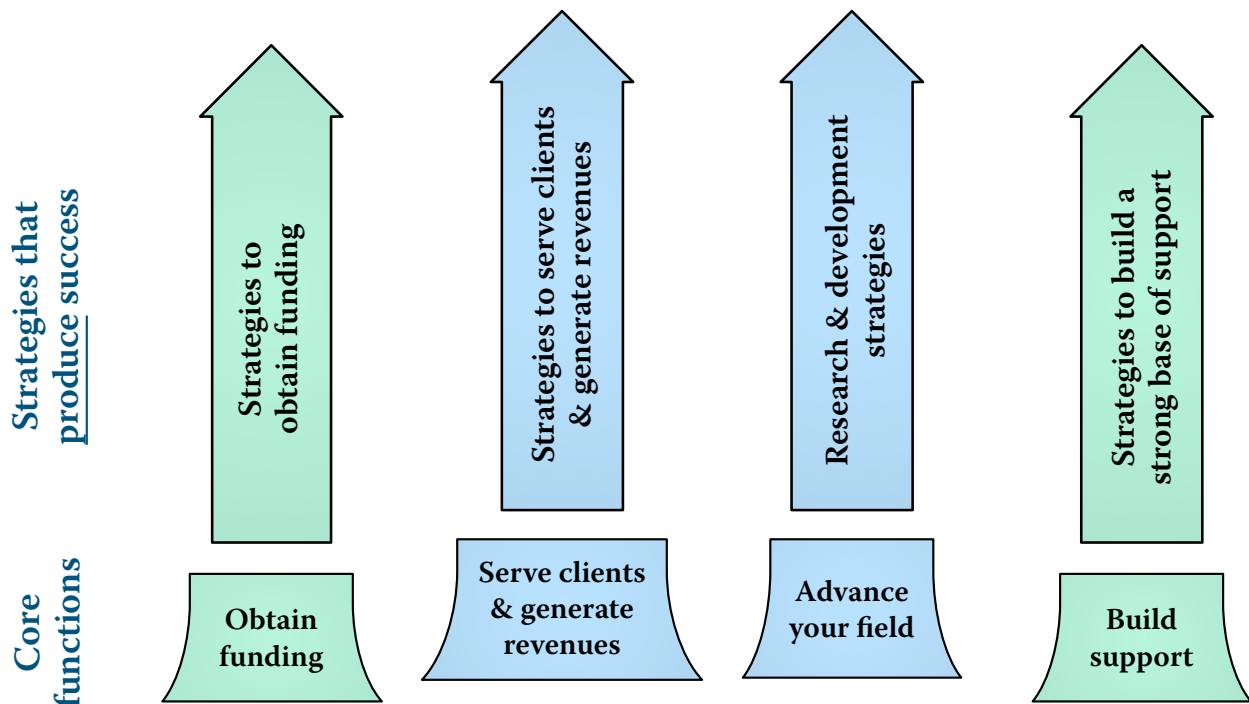
If you can’t deliver what you promise in a timely and cost-effective manner, the best strategies in the world aren’t going to bring you success. **Streamlined operations** are the key to delivering on what you promise. Unfortunately, many organizations, including large US corporations, lack them. See the Appendix for more on this subject. We define it as:

**Streamlined operations.** The capability of an organization’s work processes and systems to deliver high-quality products and services in a streamlined and cost/staff-efficient manner with a minimum of errors, duplications, rework, and disgruntled staff.



## CORE FUNCTIONS AND THEIR STRATEGIES THAT PRODUCE SUCCESS

We believe the first step to understanding what your organization does and how it produces success is to determine the broad, mission-critical activities it performs. We call them *core functions*. The next is to determine how your organization performs them. We refer to the different ways to perform core functions as *strategies*. The following figure is the part of our planning model on page 19.



**Fig. 8. Core functions and strategies produce success**

### Core functions

Our model presents four core functions of many nonprofit organizations. Your organization probably has different ones or at least more specific versions of these four. We define a core function as:

A **core function** is a broad, mission-critical activity to deliver on or support the organization's mission.

One of the core functions shown above is named *serve your clients and generate revenues*. If your organization produces all its revenues from serving its clients, as most companies do, then the *obtain funding* function wouldn't apply. If it supports all its work through grants and donations, you would shorten the client/revenue function just to *serve your clients*—and change *obtain funding* to *obtain grants and donations*.

We advise planners to ***precisely define the purpose*** of each of their organization’s core functions. This makes it easier to determine how successful their organization is at performing each function.

## Different types of organizations have different core functions

Many *companies* perform just one: *serve their customers and generate revenues*. Serving customers produce enough income, so they don’t have to secure outside funding from banks or investors. Many *nonprofits* employ the three *audience* functions—*serve their clients, obtain funding, and build a strong base of support*—but don’t do research and development to make advances in their fields.

But the mission of some organizations is to *make advances in their field* or perform other functions whose success doesn’t depend on satisfying external audiences. We call them *non-audience* core functions. Many *governmental institutions* perform these types of functions.

And don’t assume your organization employs three or four functions described in this model. Instead, think of core functions as a flexible concept to identify the principal ways it carries out and supports its mission. And even if the functions in Figure 8 apply to your organization, don’t hesitate to rename them. If, for example, you call your “clients” *customers* or *members*, name your functions accordingly. Or if one of your organization’s core functions is to maintain and analyze big databases, you might call it *database maintenance and security*.

## Support functions

Your organization performs many activities besides core functions. Two examples are accounting and IT. Because they *support* but don’t drive success, we—and pretty much everyone else—call them *support* functions. If a support function turns out to be hampering your performance, you might cite it in your plan’s appendix as an issue to address in an annual work plan. But if it’s a critical issue affecting your success, you might treat it as a strategic initiative in your plan.

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## Strategies

Your organization’s strategies are ***how*** it carries out its core functions. Organizations often employ several strategies to perform one function. Your organization might serve its clients and produce revenues through two strategies: sell them products and train them on how to use them. We define strategy, organizational strategy, and strategic initiative as:

A **strategy** is a series of planned actions to perform a *core function*. Planners usually select a strategy from a range of options they determine could carry out the function.

An **organizational strategy** is a series of planned actions to make a significant improvement or change in the *organization*. Planners usually select this type of strategy from a range of options they believe could bring about a specific improvement or change in the organization.

A **strategic initiative** is a *major* series of planned actions to make the organization more successful in the coming years. The main body of your strategic plan should consist of approximately three-to-five strategic initiatives, each having a set of goals and objectives.

Because planners design most strategies for core functions instead of the whole organization, we call them just *strategies*. We refer to the less-common type that affects the whole organization as *organizational strategies*. An example is a strategy to shift from a traditional hierarchical organizational structure to a team-based one.

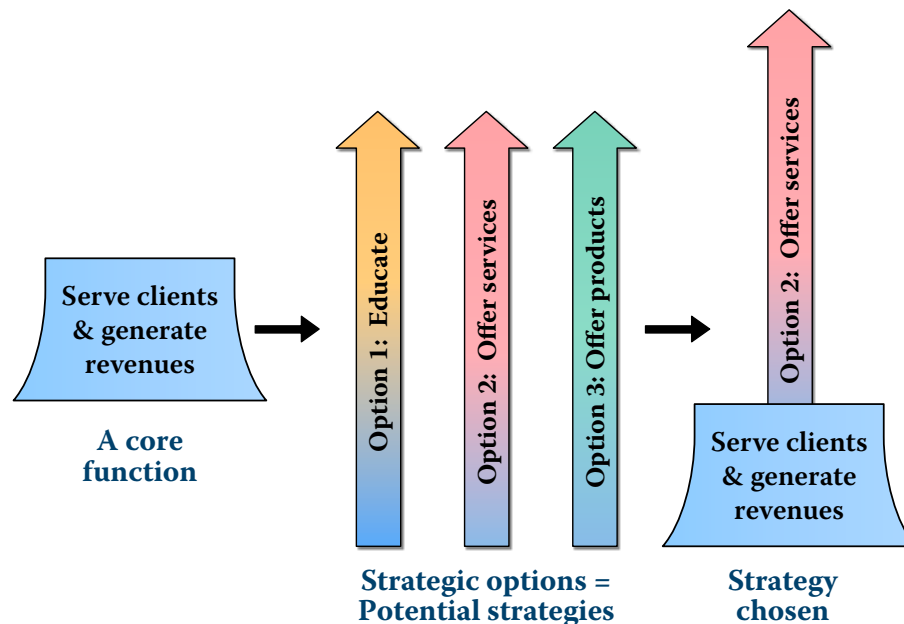
And though a *strategic initiative* could merely be a core function’s strategy or an organizational strategy, they usually are broader. They are sometimes called *cross-cutting strategies* or simply *initiatives*. One initiative, for example, might affect the strategies of several core functions plus include a new organizational strategy.

## Strategic options

One difference between a simple plan and a strategy is that one should identify and weigh one’s *options* when designing a strategy. You don’t need a strategy to go grocery shopping. Though there are many activities involved in getting to the store and stocking up on food, how you perform them is routine. You don’t identify your shopping options and weigh their relative merits before heading to the store. You just do it.

But determining who your organization can best serve through its mission and how to do so is more complicated and consequential. So we think to identify one’s *strategic options*—different ways one could perform a function—is essential to design or evaluate a strategy. They include both how the organization carries out a core function currently plus how else it could do so.

As we mention elsewhere in this guide, we worry many organizations have delivered on and supported their missions in the same way for long that *what they do* has become their mission. They can feel like they’re *out of options* regarding other ways fulfill their mission. We



**Fig. 9. Relationship between a core function, strategic options to carry it out, and the strategy chosen**

depict what strategic options are below.

## Two types of strategies

**Audience strategies.** The success of most strategies depends on fulfilling the needs of those they were designed to serve, one's *target audiences*. The success of the strategies for three of the four core functions in our model—*serve clients and generate revenues, obtain funding, and build a strong base of support*—depend on satisfying clients, funders, and supporters. We call them **audience strategies**. They are the most common type of strategy for world-changing organizations.

**Non-audience strategies.** But there's another type of strategy whose success doesn't depend on satisfying audiences, at least not directly. The strategies to perform the research and development (R&D) core function in our planning model is an example. They focus on emerging ideas and methods in one's field. And their success depends on making advances in them, not satisfying outside groups.

R&D strategies are but one example of what we call **non-audience strategies**. (It's not a catchy name but it gets the point across.) Naturally, non-audience strategies perform non-audience functions. There are many types of these core functions, particularly in governmental agencies. So don't assume that your organization doesn't have them.

**You implement audience strategies in the same way but non-audience ones differently.** So we'll describe how to implement and evaluate an audience strategy, but, given their variable nature, it'll be up to you to do so for your non-audience ones.

## Example of how to design and implement an audience strategy

The following example describes how one might design a strategy to improve children's health in remote areas of Afghanistan. We use the five steps on the right side of Figure 11 to do so.

1. **DESIGN: Build the general framework of your strategy.** First, identify the ways (*strategic options*) you could *serve your clients*. Then you might decide that offering a vaccination program to eliminate polio in rural Afghanistan would have the greatest impact. Next, draft the outline of your strategy.
2. **TARGET: Decide who is best served by your mission.** Next, you would decide which rural Afghan communities would be most receptive to and benefit the most from the program.
3. **OFFER: Decide what you could offer that would most improve the children's health.** Review your decision in step 1 that vaccinating these children against the polio virus is the best way you could help these children—and we'll assume it is.
4. **ENGAGE: Determine how best to reach and engage your clients—in this case, the village elders who control what happens in their villages.** You'll want to somehow *position* your organization in village elders' minds as the best organization to provide this vaccine perhaps by hiring local healthcare professionals they know and



trust. Then you might *reach out and build relationships with* the elders through the people you've hired.

5. **DELIVER: Decide the best way to deliver your services.** The first step to safely inoculate the children might be to train the local healthcare workers you hired in proper vaccination procedures. Next, you would want to ensure the vaccine is carefully transported to these remote villages and safely stored once there. Your healthcare workers then would inoculate the children. The last phase of delivery might be to *reconnect* with these villages after the children are vaccinated. Your healthcare workers might visit the communities periodically to ensure there are no cases of polio and determine what other vaccines might be needed.
6. We present another example in the appendix to evaluate and improve the strategies to perform the “serve clients” function of a solar energy company.

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## Map how success arises in your organization

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As we noted on page 18, our model presents three types of success maps to illustrate how success arises in the organization:

- **Organizational map** of the whole organization. Figure 3 on page 19 is an example.
- **Functional map**, which includes the strategies to perform a core function and its key driver of success. Figure 10 on page 42 is an example of one.
- **Strategy map** outlines or describes the steps to implement a strategy. We think most organizations implement their audience strategies in five steps. Figure 11 on page 43 shows these steps.

### Success maps enable you to drill down into what your organization does

Success maps shift from the general to the specific. The *organizational map* is a broad overview of what the organization does to be successful. A *functional map* displays the name of the function, the strategy(s) that perform it, and its key driver of success. It also lists or describes the steps to implement each strategy.

A *strategy map* shows one of the strategies that performs a core function, the function's name, and its key driver of success. If a single strategy performs a core function, then its functional and strategy maps are the same.

To understand how your organization works, we recommend that your planning team draws detailed functional maps of all your core functions. If you don't have the time or, for some reason, are disinclined to do this, then at least draw detailed strategy maps of your underperforming strategies. They will help you identify the weak links in how your organization implements these strategies.

For example, assume a small planning group evaluates a function with three strategies. If it finds that two are performing well, but one isn't, it should draw a more detailed strategy map of the under-performing one. It would use this more-detailed strategy map to identify the

strategy's problem.

You also could use a strategy map to determine how your organization might implement a new strategy: describe what the strategy is, who to target, what to offer, how to engage its audience, and how best to deliver what it provides.

### Organizational map: Success map of the organization

Our example of an organizational success map, which is also a visual depiction of our planning model, is shown in Figure 3 on page 19. It shows the conditions that support success, the functions and strategies that perform its mission-critical activities, and the results that drive success.

It provides a broad picture of what supports, produces, and drives the organization's success. But your organizational success map might be different. For example, it might have additional conditions supporting success, different core functions, and several strategies performing one function.

If you use a standard 8.5' x 11" sheet of paper to draw your organizational map, it will probably just *list* the strategies that perform your core functions. But if you use a series of taped-together flipchart sheets to draw it, which might cover a wall of one of your conference rooms, it would probably describe the five elements of each of your audience strategies in some detail. Starting from the bottom, the four parts of the organizational success map are:

- **Conditions support success.** As we've said, we believe six conditions support the success of many organizations. But your success might depend on other ones.
- **Core functions and their strategies produce success.** This model presents a unique way to think about and improve what your organization does. We believe it must perform what we call *core functions* to deliver on and support their missions. Two examples are: *serve your clients* (which often generate revenues) and *build a strong base of support*.

But there are usually many ways to perform these functions. We call each way an organization carries out a core function a *strategy*. Organizations often perform their essential functions in several ways—employs several strategies to do so. Our model presents four crucial functions; you might have different ones.

- **Results drive success.** The model lists four *key drivers of success*. Three pertain to core functions (and their strategies) whose success depends on satisfying the needs of clients, funders, and supporters. Exceeding their expectations drives the success of these activities. The mission of some organizations is to make advances in their field. Their success depends on developing emerging ideas and methods in their field, usually through research and development. Your organization might have more specific or different key drivers of success.
- **Success—as you define it.** Most companies use profits or stock prices to measure success. Success for a world-changing organization is usually *the impact it makes as*

*it delivers on its mission.* Though success might be more challenging for values-driven organizations to define, figuring out what success means is critical to planning: if you don't know where you want to go, how can you design strategies to get there?

### **Functional maps: Success maps of the organization's core functions**

We described core functions on pages 35-36. They are the broad, mission-critical activities that deliver on or support the organization's mission. The organizational map on page 19 shows the four most common core functions of nonprofit organizations. A more detailed (and wider) success map might show multiple strategies carrying out one function.

There are many ways that most organizations *could* serve their clients and generate revenues. We call each of these "ways" a *strategy* in our planning model. The following functional map shows three ways (strategies) that an organization serves its clients.

### **Strategy maps: Success maps of the strategies that perform core functions**

We described what strategies are beginning on page 36. The strategy map shows the main steps to implement a strategy that performs a core function. As we mentioned on the previous page, the amount of detail in a strategy or functional map depends more on the size of the paper it's presented on (a letter-size paper vs. a series of flipchart pages taped together) than whether it's a strategy or functional map. Figure 11 shows an example of a strategy map.

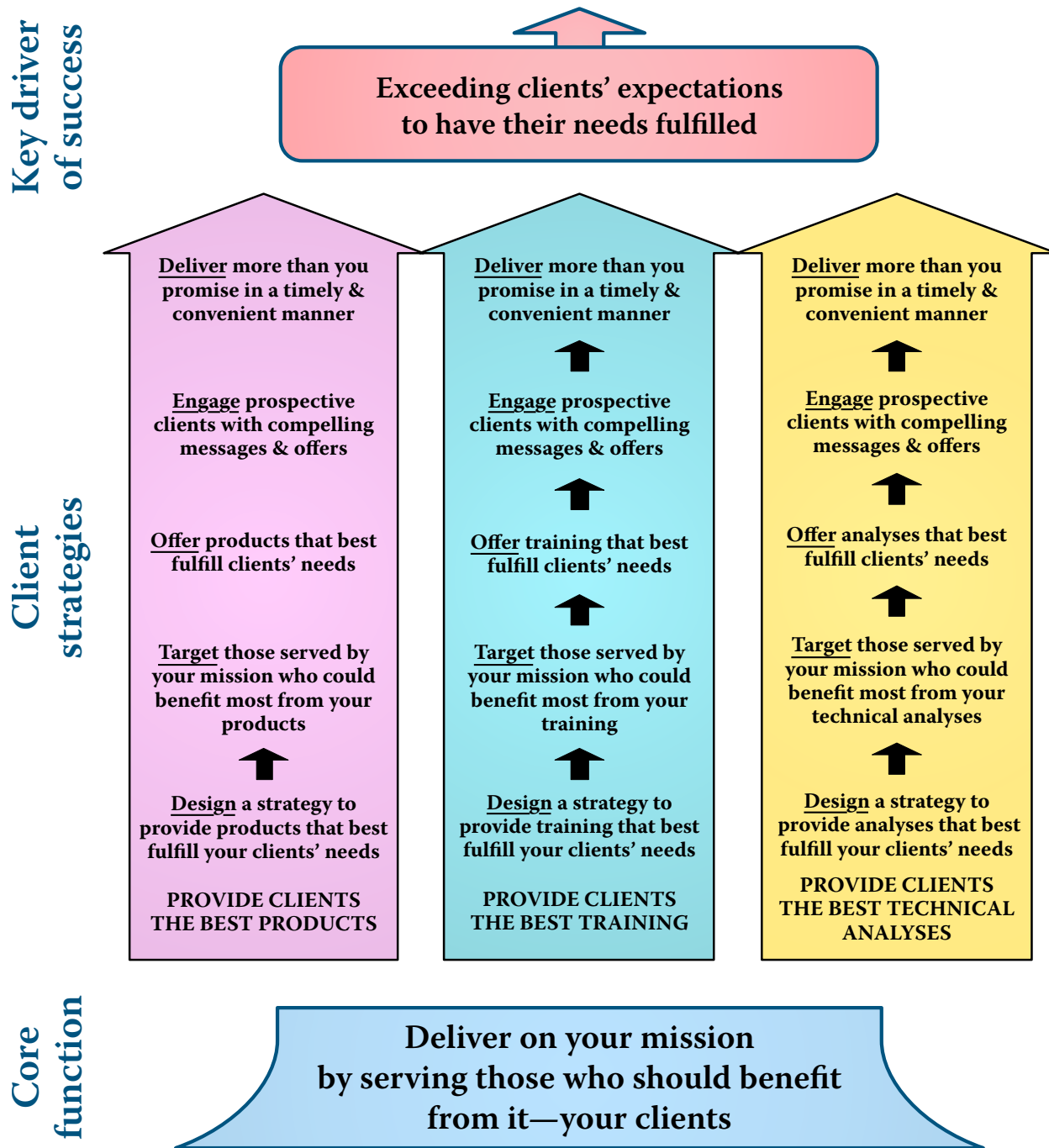


Fig. 10. Functional map of a core function to serve clients performed by three strategies

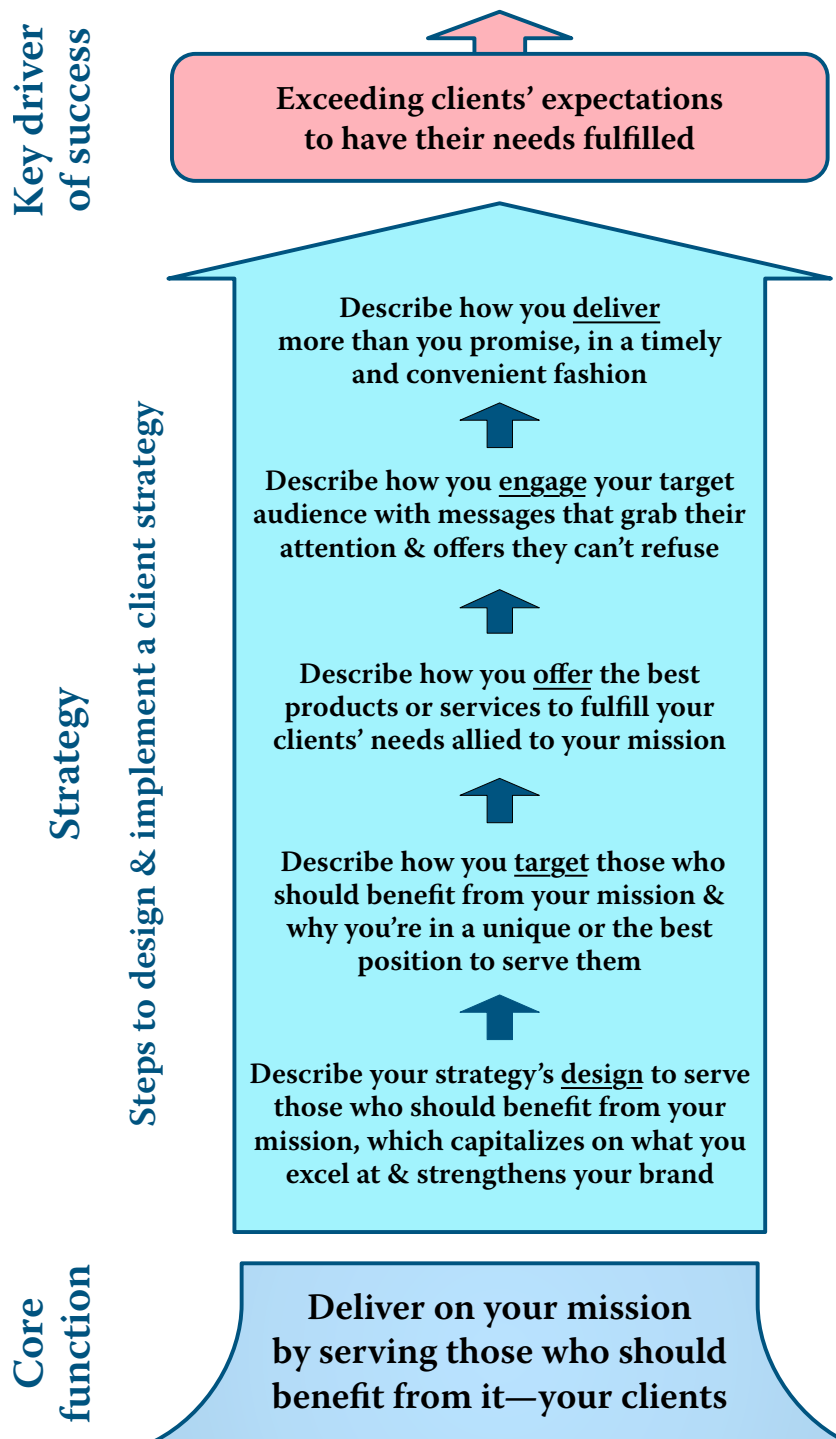


Fig. 11. An example of a strategy map

## Evaluate the success of your core functions and strategies

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As we said in the strategic options section earlier, we advise you to determine your strategic options for performing a function before you evaluate the strategies that perform it currently. Once you've done that, determine how effective your current strategies are at performing the function. Start by determining what the strategy is trying to accomplish. Then evaluate, through whatever means are available to you, how successful the strategy is at achieving it.

Evaluate an audience strategy's success by how well it fulfills its target audience's needs. Here are a few ways to do it: If your external survey asked your target audience how well their needs were met, you'll probably have your answer. If not, your group could email or call a random sample of audience members to find out. Another way is to look at whether the target audience's use of what the strategy offers is increasing, decreasing, or staying the same. Another more subjective way is to examine users' feedback—suggestions for improvement and expressions of appreciate or dissatisfaction.

### How to map an audience strategy and identify problems with specific implementation steps

Figure 12 shows the main steps to both analyze a client strategy and design a new one. How you use it depends on the level of detail your team wishes to delve into about how your organization functions. Let's assume your core function to serve clients is performed by the three strategies in Figure 10. Let's further assume that the first two are performing well, but your clients aren't satisfied with your technical analyses—the third strategy.

The small group evaluating this function would use the five steps on the left side of Figure 12 to find the source of the problem with technical analyses. The group would draw a map of this strategy that indicated the source of the problem plus at least a note on how to fix it. The group would present the map and its recommendation to the planning team at the conclusion of step 4.

But the question remains whether to investigate potential problems with the other two strategies that are performing well. The answer depends on how far the planning team wants to drill down into their organization to uncover and address less critical problems.

Once the group evaluates its current strategies to perform a function and figures out how to improve the underperforming ones, it returns to its strategic options. The question the team will need to address is whether to continue, improve, or cease its current strategies, and add any new strategies from its list of strategic options. If it is considering adding a new one—or has decided to do so, the group would follow the steps on the right side of Figure 12 to help it understand the strategy and to implement it.

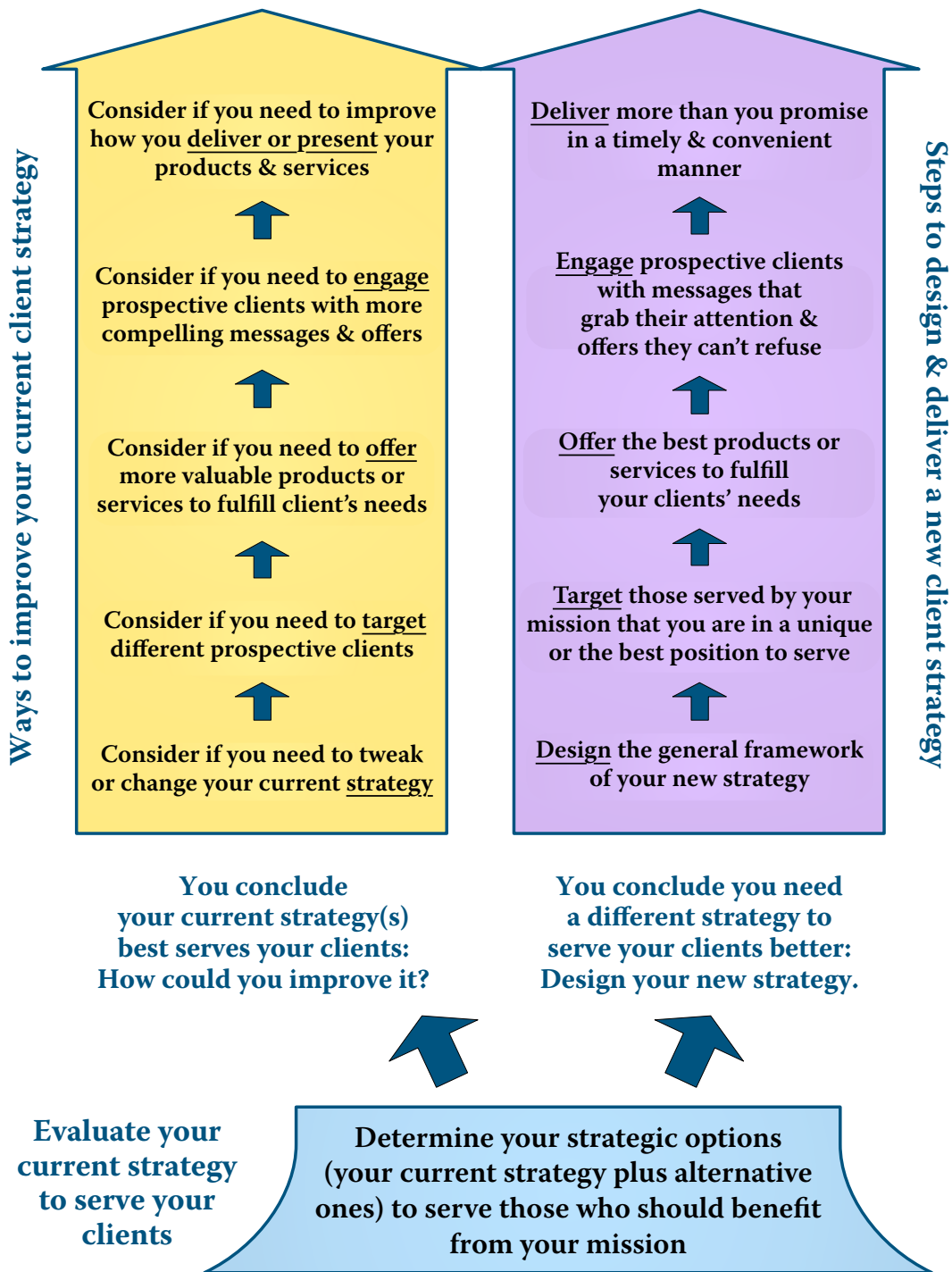


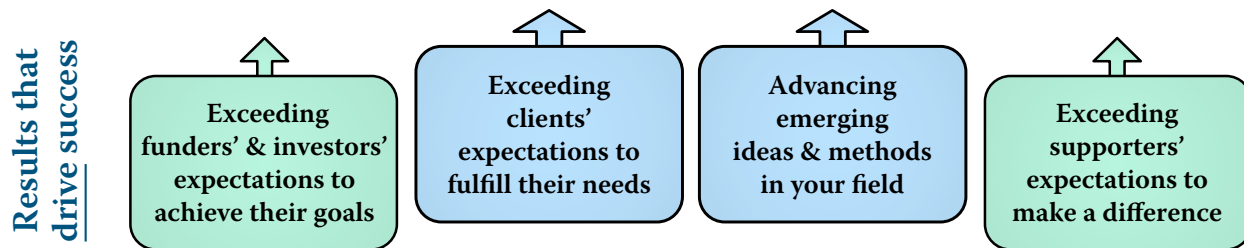
Fig. 12. Steps to determine why a client strategy is under-performing and possibly improve it, plus how to design a new one

## RESULTS THAT DRIVE SUCCESS

We believe the best way to judge success at delivering on and supporting your mission is to evaluate the key driver of success (KDS) of each of your core functions. We define them as:

**Key drivers of success** are the results produced by the organization's core functions that determine its ability to deliver on and support its mission.

The figure below shows the four key drivers of the success of many values-driven organizations. The two KDSs for delivering on one's mission are blue; the two for funding and building support are green. You might have different ones.



**Fig. 13. Key drivers of success for many organizations**

These are the ultimate gauge of success for your organization. In management information systems, a *dashboard* is a single-page snapshot or webpage of the organization's real-time performance measures. If your organization uses a dashboard, be sure to include key drivers of success as part of it.

Knowing the state of your key drivers of success is crucial to strategic planning. If the organization has three high-performing KDSs and an underperforming one, planners should concentrate on the underperforming one.

We think most world-changing organizations believe that *successfully carrying out their missions* is what drives their success. It does, but it's usually too broad or nebulous a concept to measure. So, instead, many organizations measure success with highly specific *performance indicators*. But they're usually too far removed from what actually delivers on and supports the organization's mission to be of much value.

Relying on the number of clients that you serve per month, for example, may be too narrow a measure to gauge success at helping your clients and generating revenues in the process. Perhaps they're dissatisfied with your services, but they need them, and no one else offers them. So, they're stuck with using your services even though they're dissatisfied with them. In this case, relying on the number of clients served per month as your key driver of success would be, at best, misleading.

Dissatisfied clients are but one reason why relying on the number you served, the products and services you provided per unit time, and similar metrics are not reliable key drivers of success. They are *performance indicators*, but they don't drive your success. Worse yet, some nonprofits measure success based on their annual funding. Funding is an *input* required to



pay employees and keep the lights on, not an *output* tied to delivering on one's mission.

### What's the best way to assess your key drivers of success?

The best way to know if you're meeting or exceeding your clients', funders', and supporters' expectations is to *ask them*. An external survey conducted by your consultant or an outside firm is the best way to do this, particularly if it includes one-on-one follow-up interviews. You should commission it early in the planning process. Among other things, it should assess your audiences' satisfaction with your organization and what it does them.

The best way to evaluate the key driver of success for making advances in your field is an external survey of organizations that are familiar with them.

### Is there one leading driver of success for your organization?

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We reviewed the findings of Jim Collin's research on corporations that made the leap from "good to great" in his book<sup>11</sup> with the same title on pages 29 and 30. One of the seven "essential and distinguishing characteristics" of these companies was that they identified and focused on the one factor that drove their success—their economic engine.



Walgreens, for example, began its journey to greatness with the realization that profit per customer was much more important than profit per store. Among other things, profit per customer encouraged Walgreens to lease storefronts in expensive downtown locations that profit per store did not. Nor did it rely on a complicated success formulas that factored in the number of customer visits per day, average purchase, average profit per item, overhead expenses, the effect of sales promotions, and other variables. It just focused on profit per customer.

So Walgreens' managers focused on one thing: getting customers to buy lots of high-profit products—period. Concentrating solely on increasing customer profits was its key driver of success. If customers bought more high-profit products like cosmetics in a store, Walgreens rewarded that manager regardless of whether the store posted a profit. Knowing the one or few things that drive success enables planners to focus their attention on what it matters most to success.

The fewer things you do to deliver on your mission, the more likely you'll excel at them—and the easier it is to define and measure success. This is a key benefit of narrowing your strategic focus. A profit-driven organization's ability to meet and exceed client expectations can drive everything the organization does.

But it's often not the case for world-changing organizations. That's why our model has a KDS for each function. Nevertheless, the fewer KDSs you have, the easier it is to track and strengthen them. And if you're lucky enough to have one KDS driving your success, so much the better.

## Moneyball—It's all about getting on base

You might have seen the 2011 movie entitled *Moneyball* starring Brad Pitt, Jonah Hill, and Philip Seymour Hoffman; or read the 2003 book entitled *Moneyball: The Art of Winning an Unfair Game*. Both are about how the Oakland Athletics baseball team and its manager, Billy Beane, changed major league baseball forever—and ultimately won an unprecedented 20 consecutive games at the close of the 2002 season, setting the American League record.

To do so, they relied on the statistical skills and insights of a 31-year-old young man, Paul DePodesta, a graduate of Harvard University with a degree in economics. He figured out that the key to winning major league baseball games are *players who get on base*, usually by hitting singles. To compete against teams with much higher player salaries, the Oakland A's needed a way to identify undervalued players. DePodesta had the analytic, evidence-based method to do so.

According to DePodesta, the key driver of success (*our term, not his*) for major league baseball teams was the pedestrian statistic, *on-base percentage*. It is a measure of how often a batter reaches base for any reason except for an error and a few other reasons outside the batter's control. To maximize the A's on-base percentage, Billy Beane traded his high-salary, high-batting-average home-run hitters for single-base hitters that other teams were happy to unload.

Moneyball is an example of how one result can drive an organization's success, and make history along the way. Many teams followed the A's hiring practices the next year, thus diluting the effectiveness of this strategy within a few years.

## GUIDELINE 5

# HELP YOUR ORGANIZATION BETTER UNDERSTAND, ENGAGE, AND SERVE THOSE WHO DETERMINE ITS SUCCESS

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This guideline describes how to use the new ideas and methods that we've developed for strategic marketing to review and likely improve your organization's marketing strategies and methods. We present the first section of our *Strategic Marketing Guide: How to Better Understand, Engage, and Serve Those Who Determine Your Success* on the following pages.

If your organization relies on outside individuals and organizations to accomplish, fund, or support its mission—strategic marketing may hold the key to its success. Its ideas and tools can advance your mission, increase your funding, and strengthen support for what you do. There's only one problem—strategic marketing is a foreign language to most values-driven organizations. Most don't understand and use terms like target audiences, positioning strategies, and branding. But it's as critical to their success as it is to profit-driven companies.

**This guide translates strategic marketing into ideas and tools to help world-changing organizations better accomplish, fund, and strengthen support for their missions and work.**

Several marketing theorists have translated corporate strategic marketing into ideas and methods that nonprofit organizations can use.<sup>12</sup> We went a step further. This fifth guideline presents our strategic marketing model for world-changing companies, nonprofit organizations, and public institutions.

### Benefits of strategic marketing

- **Advance your mission** by targeting the best prospective clients and offering them the most appealing and valuable products and services.
- **Increase your funding and revenues** by targeting your best potential funders and clients, and understanding how you can help them achieve their goals.
- **Strengthen support for your organization** by targeting the best prospective supporters and offering them the best opportunities to fulfill their aspirations.

## Goals of strategic marketing

- **Targeting** the best audiences to advance, fund, and strengthen support for your mission.
- **Positioning** your organization and offerings as more appealing than your competitors.
- Building a more **compelling brand**.
- Offering the **most appealing and valuable products and services**.
- Employing the **most effective marketing communications** to engage audiences.
- Building an **audience-focused organization**.



# Flowchart of our strategic marketing model

Before describing the model, we thought it helpful to present a flowchart of it. It illustrates how the parts of the model fit together, and how we designed it around the three markets of many world-changing organizations—their clients, major funders, and key supporters. Studying this flowchart will help you understand this guideline.

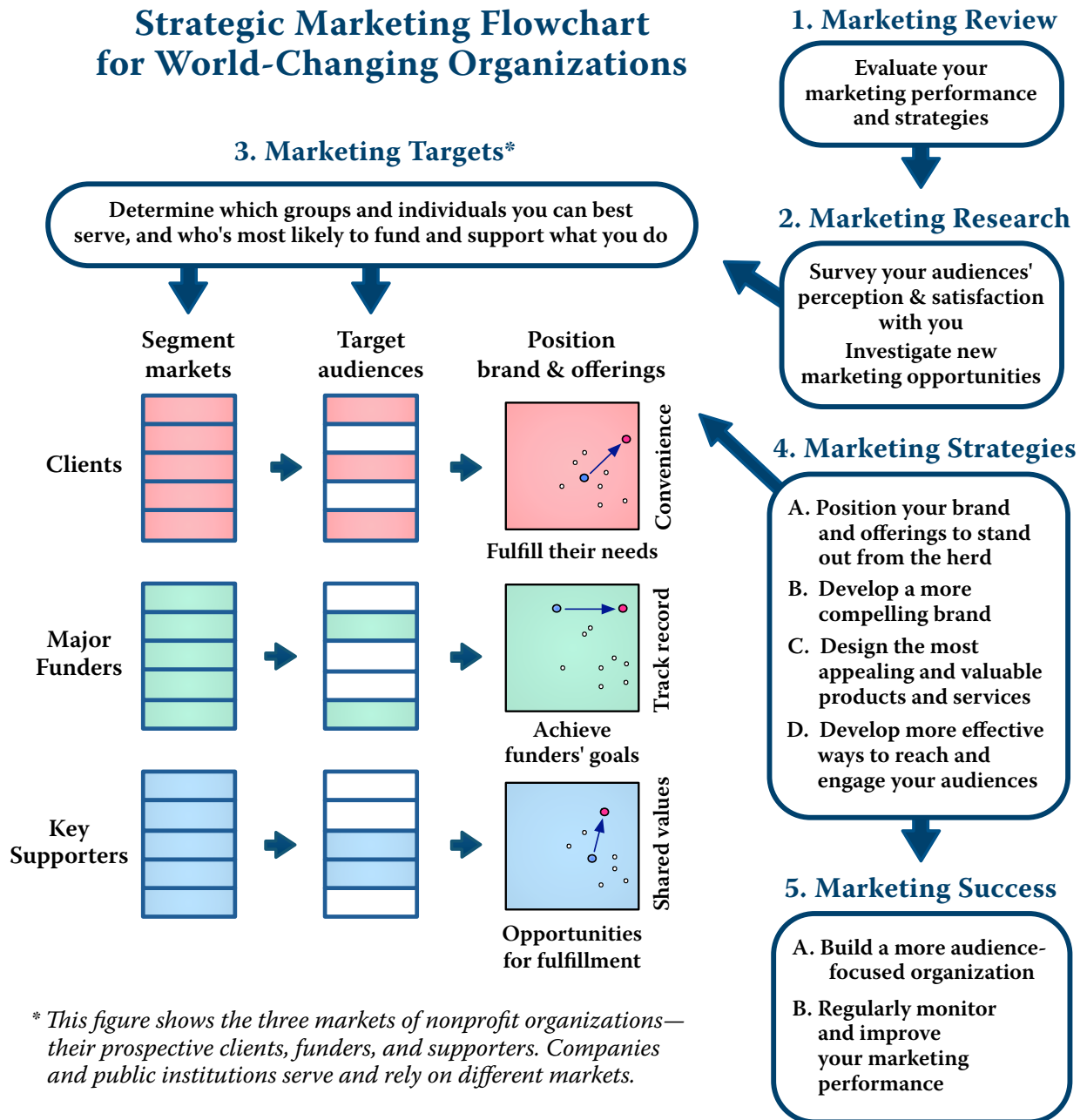


Fig. 14. Strategic marketing process for world-changing organizations

## Origins of strategic marketing

In the 1950s, some leading consumer-products *companies realized they had the marketing equation backward*. Instead of trying to *convince*—essentially change the minds of—potential customers, they figured out it was far easier to ask *customers what they wanted* and then sell it to them. Over time the promotional aspect of marketing has evolved from what something does (*its features*), to what it does for you (*its benefits*), to how you’ll feel (*your experience*), and now to who you are (*your tribal affiliation*).<sup>13</sup>

## Strategic marketing’s impact on organizations’ success

Strategic marketing has grown increasingly critical to corporate success. It’s now difficult to imagine how a company could compete in today’s markets without it. Over the past two decades, *branding has emerged as the most powerful idea and method of strategic marketing*. Naomi Klein, a harsh critic of corporate branding, attributes the recent rise of corporate wealth and influence to the power of branding in her book *No Logo: No Space, No Choice, No Jobs*.<sup>14</sup>

Profit-driven companies are not the only ones to benefit from strategic marketing. A 2006 meta-analysis of eleven studies showed, in all cases, a positive correlation between *market orientation and performance in nonprofit organizations—a correlation that was higher than among for-profit studies*.<sup>15</sup> Researchers suggested that enhanced “team spirit” and “organizational commitment” among market-oriented nonprofits might be responsible for their better performance.

Though some large values-driven organizations understand and use the power of strategic marketing, we suspect most do not. One reason they don’t might be that they mistakenly view strategic marketing as promotion and advertising. This guide dispels this myth.

**The irony between world-changing and profit-driven marketing is that: Private corporations spend billions of dollars to create the illusion that their customers can somehow experience deep inner fulfillment by gratifying superficial desires, while world-changing organizations, which actually can provide it, often seem unaware of its importance.**

# Marketing strategies

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Strategic marketing offers a wealth of ideas and tools to make world-changing organizations more successful at identifying, engaging, and serving those who determine their success. Our *Strategic Marketing Guide* describes ideas and tools. But for this leadership guideline, we're going to concentrate on the five key marketing strategies:

- Position your brand and offerings to stand out from the herd.
- Develop a more compelling brand.
- Offer the most appealing and valuable products, services, or whatever else you offer.
- Engage your audiences using our iEngage System.
- Build an audience-focused organization and continuously improve your marketing performance.

## MARKETING STRATEGY #1

### Position your brand and offerings to stand out from the herd

By standing out from the herd, we mean establishing your brand and offerings as different from and more appealing than those of your competitors—in your audiences' minds and, more broadly, within your markets. Let us explain what we mean. With the publication of their marketing classic, *Positioning: The Battle for Your Mind*, Ries and Trout introduced the idea that positioning takes place **in audiences' minds**. They saw positioning as a battle for ownership of choice pieces of mental real estate.



Four years later, Michael Porter released his influential and somewhat controversial marketing classic, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Porter proposed three competitive positions that companies could occupy to succeed in highly competitive markets. Since its publication, marketing theorists have been thinking up other ways for companies to stake out different parts of their markets to reduce competition.

We think it's helpful to think of **competitive positioning** as your broad positioning strategy within your markets, and **positioning within audiences' minds** as the narrower positioning strategy you use within your audiences to distinguish your organization from its closest competitors. We believe you *broadly position your organization within your markets with your brand and then refine your positioning strategy and brand by what you offer each audience.*

We present several of the best-known corporate positioning strategies below. Though we think few mission-driven organizations could apply these models directly, they offer intriguing ways to think about positioning brands and offerings within markets and audiences.

1. **Ries and Trout's three positioning strategies.** In *Positioning: The Battle for Your Mind*, the authors proposed three positioning strategies to improve a company's competitive position:

- ***Build on your current strengths.***
- ***Search for a niche.***
- ***Reposition the competition.***

2. **Michael Porter's three competitive strategies.** In *Competitive Strategy*, Porter presented three positioning strategies for companies in highly competitive markets to differentiate themselves from competitors and reduce competition. Note that each one targets a different audience, occupies a different competitive position, and employs a different marketing mix (the 4Ps):

- ***Differentiation***—to offer and promote something unique.
- ***Low-cost provider***—the Wal-Mart strategy.
- ***Find and focus on a niche***—search for a narrow market segment that no else is paying attention to and then be its best or only provider.

3. **Three value-discipline core marketing strategies.** Michael Treacy and Fred Wiersema developed an alternative strategic framework to Porter's competitive-strategy model based on their belief that customers within most industries fall into three broad categories regarding what they value. Some want to take advantage of the latest technological innovations, others prefer reliable and dependable performance, and still others place the highest value on customer responsiveness coupled with customized products and services. Therefore, Treacy and Wiersema recommend companies pursue one of three "value disciplines":

- ***Product leader*** that pursues technological innovation.
- ***An operationally excellent firm*** that provides reliable and dependable products and services.
- ***A customer-intimate firm*** that prides itself on providing a high level of customer satisfaction.

4. **Recent audience-focused and market-oriented core marketing strategies.**

Recently marketing theorists have been designing sets of competitive positioning strategies based on the current, emerging, and future demands of audiences:

- ***Satisfy current demands*** of an audience by researching what this audience needs.
- ***Be the first to satisfy a new requirement*** of target audiences through market research on changes in target-audience behavior and needs.
- ***Create new demand*** through innovative products or services.



## Advice on positioning strategies

- **Be the first to market.** Branding studies show that the relative market share of the top three brands in most markets is 4:2:1. The top brand has double the market share of the #2 brand, and quadruple the market share the #3 one. The one that creates a new market usually dominates it even if later market entrants offer better goods or services.
- **Differentiate your organization** from its closest competitors.
- **Use your audiences' perceptions to your advantage instead of trying to change them.** Once audiences have developed an impression of your organization, it's difficult and expensive to try to change it. It's better to figure out how to use their perceptions to your advantage than waste your time and money trying to change them. You might recall that this was the take-home message of the 1998 film *Wag the Dog* starring Dustin Hoffman as a political spin doctor and Robert De Niro as the US president embroiled in a sex scandal. Hoffman's character infamously told the President of the United States that it's easier to start a war than try to change the public's mind.
- **If you are not #1 in your audiences' minds, then relate your offerings to #1.** Avis didn't belittle Hertz with its "We try harder" marketing campaign; instead, it used Hertz's reputation as the #1 car rental company to its advantage, thereby boosting its sales and share of the car rental business.
- **Focus on a narrow slice of a market or obscure niche.** If you aren't the first in a market, employ a *niche strategy* to focus on a small slice of it.

## MARKETING STRATEGY #2

### Develop a more compelling brand

See our description of branding on page 28.

## MARKETING STRATEGY #3

### Design the most appealing and valuable products, services, or whatever else you offer

Offerings are what an organization provides its audiences that they consider being of value. Offerings aren't limited to products and services. World-changing organizations are in the enviable position of helping people fulfill their deepest needs for personal fulfillment and deepen the meaning of their lives. The actual services, programs, and products you offer may be less relevant to your audiences than the deeper needs you fulfill.

Many values-driven organizations, for example, provide their supporters with opportunities to make a difference in the world. Some submit grant proposals that offer foundations and donors the means to achieve their goals.

The key to designing the most appealing and valuable offerings for your audiences is to understand their needs, core values, and perceptions of what others offer. It doesn't matter how attractive and useful you think your offerings are; the only thing that matters is how appealing and valuable they are to *your audiences*. The organization that best understands its audiences' *needs* and *perceptions* of those vying for their attention and business will be in the best position to capture it.



Commissioning an outside firm such as ours to design and conduct an external survey of your target audiences may be the best investment your organization ever made. If this sounds like a sales pitch, it isn't. The most valuable information that you can possess is *your audiences' satisfaction* with what you and your competitors offer, *and their perceptions* of you and your competitors (your and their brands).

In addition to surveying your audiences, investigate your audiences' and competitors' websites and marketing materials. Use your favorite search engine to find articles, blogs, and other information on them. The more you know about your audiences and competitors, the better you'll be able to provide them the most appealing and valuable products, services, or whatever else you offer them.

**Unless you offer your audiences the *most appealing and valuable* products and services, you'll be spending a lot of time and money trying to convince them it's NOT in their best interests to use what's most appealing and valuable to them.**

## MARKETING STRATEGY #4

### Develop effective marketing communications to reach and engage your audiences

The fourth P in traditional marketing's 4Ps is "*promotion*." Many marketing professionals now call it *marketing communications*. Marketing communications is a crucial topic in strategic marketing, and countless books are written about it. There are five fields in corporate marketing communications: advertising, sales, sales force, direct mail, and public relations. Of these, we think public relations and direct mail are the most important to most world-changing organizations.

Purpose-driven companies, nonprofit organizations, and public institutions usually market different things to various types of audiences. Thus, they often employ different types of

marketing communications to reach and engage their audiences. But, there are six aspects of marketing communications that can help all values-driven organizations improve their marketing communications.

The first three are the foundation of an organization's market communications: its *marketing communications strategies, messages, and identity media*. The other three are good *public relations, an efficient system for engaging audiences, and freely sharing much of their knowledge*.

- **Marketing communications strategies** to reach and engage your audiences. Your strategies depend on what you learn from studying how your audiences learn about organizations like yours and what stage of the decision-making process that they're in. For example, you would design different marketing communications strategies for a target audience that doesn't know you exist, from one that supported you in the past and is considering whether to do so again.
- **Marketing messages** that capture your audiences' attention and project a compelling image of your organization. Your core marketing message or "elevator speech," which should take less than a minute or one paragraph to present, must capture your audiences' attention, project a compelling image of your organization, and leave them wanting to know more about it. Focus your follow-up messages on your key attributes, and tailor them for prospective clients, funders, and supporters.
- **Identity media** that convey who your organization is, what it does, and why your audiences should care about it. They include building a great website, designing appealing stationary and brochures, conveying what you've accomplished and intend to accomplish in the future, and using a distinctive graphic design that distinguishes you from others in your field.
- **Public relations** that establish and maintain positive relationships with your audiences and the public. One of the most popular PR models is Philip Kotler's **PENCILS model**<sup>16</sup>: Publications, Events, News, Community relations, Identity, Lobbying, and Social investment.
- **Our iEngage system** to engage your audiences and create a favorable impression, whether through your identity media or in person. We based it on these five steps:
  - Introduce*—your audiences to who your organization is, what it does, and why they should care about it.
  - Inquire*—about their needs, core values, and interests.
  - Inform*—them about what your organization stands for and does.
  - Inspire*—them by telling them about what your organization has and intends to accomplish to make the world a better place.
  - Invite*—them to avail themselves of what your organization offers and support what it stands for and does.

- **Freely share valuable information and resources** on your website and in at least some of your publications establishes you as an authority in your field. Making it freely available is one of the best ways to engage and build trust with your audiences. It can also establish you as a valuable resource for other types of assistance others might need. For some of these organizations, sharing knowledge replaces providing goods and services as the vehicle by which they deliver the most value to their audiences.

## MARKETING STRATEGY #5

### Build an audience-focused organization and continuously improve your marketing performance

#### Build an audience-focused organization

Once your marketing team identifies your target audiences and designs your marketing strategies, you'll need employees who understand and appreciate the importance of strategic marketing to implement them. Unless your managers and front-line staff develop an audience-focused marketing mindset, strategic marketing won't make your organization more successful. Everything you attempt to accomplish through strategic marketing will be expensive theater—they will see it as just another management fad.

Before employees can strengthen their relationships with their target audiences, they need to see them for who they are—the ones who determine their organization's and pay their salaries. Strategic marketing training is the best way to begin building an audience-focused organization.

If we were to present strategic marketing training to your organization, we would use your assessment of your organization's knowledge of and attitudes of strategic marketing from Step 1 to tailor it to your needs. If you commissioned our Center to conduct external and internal surveys for your organization, their findings would be invaluable in designing this training. After the training, managers would begin incorporating strategic marketing ideas and tools into how your organization thinks about and carries out its work.

#### Continuously improve your marketing performance

We designed the last step of the model to encourage you to monitor and improve your marketing performance on an on-going basis. Our *Strategic Planning Guide* introduces **a novel strategic review process**.

If your organization uses our strategic planning model, which incorporates strategic marketing into the planning process, then its marketing performance would be included in its strategic review. If not, you could still use this strategic review process to monitor and improve your marketing performance on a regular basis.

## GUIDELINE 6

### BUILD A FLYWHEEL OF SUCCESS

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Steps 6A through 6C of this guideline should enable you to build a *flywheel of success* for your organization: creating a positive feedback loop of success that builds momentum with each turn. One of the seven *essential and distinguishing characteristics* of good-to-great performing companies that Jim Collins and his team discovered was *creating a flywheel of success*.

He described the process resembling the “pushing a giant heavy flywheel in one direction, turn by turn, building momentum until a point of breakthrough, and beyond.”<sup>17</sup> By understanding how to serve and satisfy your target audiences better (Guideline 6A), you can improve your programs’ performance and build one into your flagship program. Doing so will demonstrate your organization’s effectiveness and success (Guideline 6B) which, in turn, helps you create sustainable funding or revenue streams (Guideline 6C).

#### 6A. Improve your organization’s ability to fulfill its audiences’ needs and make advances in its field

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This step adapts the core concepts and methods of strategic marketing, including branding, to world-changing organizations. If you followed Guideline 5, you’ve already completed this one. If not, consider implementing the scaled-down version of Guideline 5 below.



- **Identify your target audiences.** Recall that your target audiences are the key external groups that you serve through your mission and rely on for support. The target audiences of 1) corporations are their *customers*; 2) public institutions are their *constituents* and either the *governing bodies* or *administrators* who oversee them; and 3) nonprofit organizations are their *clients* whom they serve through their mission, *funders*, and *supporters*.

To identify your target audiences, first, determine the types or categories of your target audiences (We just listed the common types of target audiences for values-driven organizations). Then split each into distinct audiences and determine which ones are crucial to your success. Some corporations refer to their target audiences as market segments.

- **Determine your target audiences’ needs you can uniquely or best fulfill.** Determine the essential need of each audience that you can satisfy better than anyone else. Unless you can determine at least one such need or aspiration for each key audience, you may have difficulty attracting and engaging all your key audiences. Developing an outside-in perspective, which we explain below, is the best way to identify these needs and aspirations.

- **Offer products, services, and programs that target your audiences' needs.** Once you've identified these needs, determine whether your offerings—your products, services, and programs—specifically target and fulfill them. The more critical the need, and the better you can satisfy it compared to your competitors, the stronger your competitive position.

**Strategically market to your audiences.** Strategic marketing offers powerful strategies and tools to attract and engage your target audiences, including developing a more compelling brand. See our guides on marketing and branding for more details. Only the first one-third of our marketing guide is incorporated into this leadership guide on pages 49-58.

## Adopt an outside-in perspective

Identifying the essential needs of your target audiences is a key to building a more successful organization. To do so, you need to see your organization from the perspectives of your target audiences; to essentially stand outside it and look in—from the vantage points of your different audiences. This *outside-in perspective* should yield valuable insights into how they view your organization.



To gain this perspective, think about each audience's values, needs, and perceptions about organizations like yours—and then figure out from their perspective how your organization could pique their interest and engage them. If a target audience is made up of organizations, examine their websites, and see what others have written about them.

If a key audience is composed of people, you might visit the websites of some of the more innovative

market profiling firms like PRIZM, ACORN, and ClusterPlus 2000 to familiarize yourself with how far market research has come since the old demographic and highest-academic-degree profiling days. Another research technique is to determine what the leaders in your field do differently.

The goal of adopting an outside-in perspective is to approach audiences *on their terms* with messages and offerings that resonate with their core values and needs. An outside-in perspective will enable you to convey the message “we understand you and can help you fulfill your needs and desires better than anyone else” to your key audiences.

One sobering insight you'll likely gain for an outside-in perspective is that your audiences probably place a lower value on what you offer them than you realize. Your offerings, for example, might not satisfy their particular needs and aspirations as well as other organizations; competitors might outmatch your marketing efforts, or your brand might be indistinguishable from your competitors. You also may discover that a small change in your offerings, marketing efforts, or brand could reposition your organization in your key audiences' minds just enough to suddenly grab their attention and their business.

## 6B. Make every program a success and one a star

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This is the second step of building a *flywheel of success*. Having set your organization's strategic direction and determined how best to satisfy your target audiences, it's now time to review performance and strategic alignment of your programs. The goal of this step is to ensure all your programs are succeeding and at least one of them—your *flagship program*—is so successful that it elevates the reputation of your organization, thereby enabling you to build sustainable funding or revenue streams (the last step of this guideline).

### Every program a success

To ensure that every one of your programs is a success, review their performance and strategic alignment. Consider which programs best deliver on your mission and which people are most passionate about. Identify any *legacy programs* that once fulfilled important functions for your organization but are no longer as strategically important as they once were.



Though all your programs might be relevant to and well aligned with your strategic direction, you might not be able to fund all of them adequately.

Organizations with several outstanding programs are more viable than those with many moderately successful ones. Seriously consider whether you can raise the money or generate the revenues necessary to make each of your programs a success.

We believe too many world-changing organizations spread their scarce resources across too many programs. Doing so almost guarantees the mediocrity of even the most promising ones. It takes a courageous leader to eliminate underperforming programs because dedicated employees will likely work in them, and people inside and outside the organization probably think they're essential to the organization's success. If a program is doomed to mediocrity because you simply don't have the resources to make it a success, you're probably better off in the long run eliminating it now.

If you decide to add new programs or eliminate current ones, then carefully think through how you'll explain them to your employees and supporters. One way to do this is to involve them in the initial program evaluation process. You could ask a cross-section of them to determine the organization's shared intentions, setting its strategic direction, and reviewing its programs.

Doing so may enable you to *mold the consensus* necessary to make these changes. Be aware there is likely to be entrenched interests who won't appreciate the need to scale back or eliminate some programs because they have a vested interest in them. For example, they might work in these programs.

If you decide to eliminate a program, *how* you do it might affect your organization as much as whether you do it. Take the time to explain your reasoning behind your decision, listen

deeply to the concerns of those affected, and treat everyone with compassion. If it's possible to transfer affected employees to other programs even if that requires some sacrifices to your organization, do so. Go the extra mile to ensure every person adversely affected is treated fairly and compassionately.

Improving the strategic focus and performance of your programs should strengthen your organization in the long run. Doing so with compassion and respect will go a long way to reducing any ill will by former program staff. We should add that Guideline 6 is not a covert means to cull some of your programs. Instead, it is about ensuring the success of each program and hence your organization. If all your programs are adequately funded and successful, keep doing what you're doing.

Ensuring every program has the resources to be a success should create a culture of success within your organization. Knowing that your organization only undertakes programs that *have a high probability of success* can motivate every employee. People enjoy working for successful organizations—and you owe it to both your organization and staff to build one.



### **Build one stellar program—your flagship program**

There's nothing wrong with a balanced approach to resource allocation—balance your resource allocations so every program is more-or-less equally successful if you can secure enough funding or generate enough revenues to fund all programs. Many successful organizations, however, take the opposite approach: they excel at one core activity and build their organizations and reputations around its

success.

We think many organizations would be better off pursuing a smaller number of successful programs, of which one or possibly two are exceptional enough to elevate its stature in its field and shape people's impressions of it. Here are two examples of highly successful programs. The first is not only a flagship program but also a global icon of how one compassionate person with a good idea can change the world. Few people know about the second one but it's one of the most successful conservation programs in the US.

### **Scalable strategies**

These are relatively simple strategies that, if successful on a pilot basis, you can easily replicate on a large scale. Consider the consequences of the future Nobel laureate Muhammad Yunus's decision to extend micro-credit loans to the poorest of the poor in several villages in Bangladesh.<sup>18</sup>

In the last thirty years, his bank has made over seven million loans across Bangladesh averaging \$130 each. The repayment rate on these loans is 98%. They've helped desperately impoverished families establish tens of thousands of small businesses, thus pulling themselves and their communities out of severe poverty.



## High-leverage strategies

These strategies generate disproportionately large returns given the effort expended. Some years ago, a military officer approached several friends of Jonathan's in The Nature Conservancy for advice on how to ecologically manage a one-million-or-so-acre military base in the southern US.



The officer's visit coincided with the Conservancy's realization that to preserve biodiversity at a significant scale, it and its partners needed to acquire the rights to landscape-scale chunks of intact ecosystems, a daunting and unprecedented challenge for a private conservation organization.

His friends and this officer wrote a manual on managing military bases in an ecologically sound and sustainable manner that many large military bases in the US now use. In the process, they *leveraged* their efforts to conserve many millions of acres of permanently protected, intact ecosystems across the US.<sup>19</sup>

## Quality offerings and efficient operations

Few people in mission-driven organizations know the best ways to improve the quality of their products and services, enhance productivity, streamline operations, and reduce costs. The field of quality improvement offers a wide array of strategies and tools to do so. See *The Manager's Survival Guide* we wrote or *The Team Handbook*<sup>20</sup> to learn about quality improvement.

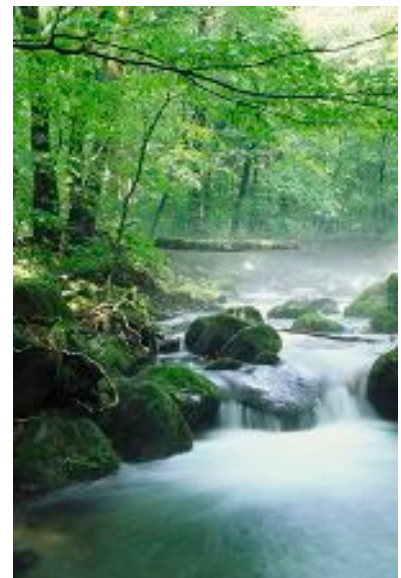
## 6C. Build sustainable funding streams and strengthen support for your organization

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The last step of Guideline 6 is to build stable and sustainable funding and revenue streams for your organization. Unlike the five preceding steps, how to build sustainable funding and revenue streams varies widely. Therefore, this one focuses on just one key strategy that applies to all world-changing organizations: developing a powerful and compelling message about what your organization does and has achieved.

Chip and Dan Heath may have figured out the best way to create these types of messages. Their *Made to Stick: Why Some Ideas Survive and Others Die* was one of the top business books of 2007. Their website at [www.madetostick.com](http://www.madetostick.com) has useful information on this subject.

When interviewed in 2007 by Lenny T. Mendonca and Matt Miller of the "McKinsey Quarterly," Chip Heath noted that today's leaders must be able to communicate increasingly complex messages to an ever-widening array of audiences, including their investors, employees, and diverse social groups.



In *Made to Stick*, Chip and Dan Heath describe the six characteristics of *sticky ideas*:<sup>21</sup>

- **Simplicity.** Short, memorable messages that strike a deep chord stick in one's mind.
- **Unexpectedness.** Surprising or counterintuitive statements grab people's attention.
- **Concreteness.** Concrete language and images like "put an American on the moon in this decade" stick.
- **Credibility.** Asking an audience if they've experienced what you're describing establishes more credibility than quoting outside experts.
- **Emotions.** Personal stories, not abstractions, are what people remember.
- **Stories.** Stories stick with us because they help us define who we are, explain our place in the world, and prepare for future events.

Consider using these six "SUCCEs principles" to develop your sticky messages about your organization and then infuse them into your brand, website, marketing materials, and your presentations to potential funders or investors. Developing this type of message could embolden you to approach potential supporters that you formerly thought were out of your league.

### Visual images

Our parting piece of leadership advice deals with the power of visual images. Compelling visual images can create an indelible emotional connection with potential supporters. A former client of ours, for example, supports public conservation programs. One of the programs it helps is the reintroduction of whooping cranes to the eastern US.

Its website and marketing materials show a photograph of a line of migrating whooping cranes following an ultra-light plane. This one image speaks volumes about the exciting and innovative programs it supports. One compelling photo or graphic can show how your organization is making the world a better place and establish a deep emotional connection with potential funders and investors.

## CONCLUSION: A WORLD-CHANGING SUCCESS STORY

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In closing, we return to an organization we mentioned earlier that started with a simple idea. In 1951, The Nature Conservancy incorporated itself as a nonprofit organization dedicated to taking *direct action* to preserve threatened natural areas. In the mid-1950s, it opened its first chapter in eastern New York and made its first land acquisition with the purchase of the 60-acre Mianus River Gorge Preserve along the New York and Connecticut border.

In 1961, it received its first donated conservation easement on six acres of Bantam River salt marsh in Connecticut. These events shaped its brand (although no one thought of it in those terms back then), which centered on land acquisitions and conservation easements to permanently preserve biologically critical natural areas.<sup>22</sup>

The Nature Conservancy's founders recognized the conservation potential of forming state chapters across the country. In the 1960s and 1970s, conservationists across the nation created state chapters of the Conservancy. It is now the largest private conservation organization in the world. It has state chapters in all fifty states, thirty country programs outside the US, and 3,500 employees worldwide.

The Conservancy's success parallels Bob Jenkins' favorite motto, its first vice president of science and creator of the Natural History Inventory: "***Focus of purpose and continuity of effort.***"<sup>23</sup> Bob's motto summarizes the thinking behind our model for leading world-changing organizations. Figure out what your shared intentions are, build successful programs to make them a reality, and then take a disciplined approach to producing exceptional results—and build on your successes.

The world desperately needs leaders who can change it for the better. We hope these ideas help you make your organization more successful in making the world a better place.

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\* — ***Recommended***

\*\* — ***Highly recommend***





## ENDNOTES

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<sup>1</sup> **World-changing organizations** are committed to making the world a better place—whether in a local community, a region, or the world. Many are **nonprofits** and **governmental institutions**. But others are **companies** striving as much to make a difference as turn a profit. When we refer to *organizations* in this document, we mean *world-changing ones* unless we specify otherwise.

They range from small organizations working in local communities to global organizations like the U.S. Agency for International Development (which I consulted for) and The Nature Conservancy (which I worked for) that work in 100 and 30 countries respectively.

*What do these seemingly diverse organizations have in common?* Most of them are trying to solve complex problems (e.g., social, societal, environmental, and scientific—to name a few); understand and serve a variety of audiences with different agendas (e.g., clients, funders, and supporters); seek support from diverse interest groups; and manage an idealistic, independent, and often iconoclastic workforce.

These are just some of the things they have in common. And it is up to an organization to determine if it is sufficiently committed to making a difference in the world to refer to itself as “world-changing.” If so, they may wish to avail themselves of what we offer.

To avoid repetition, we sometimes refer to them as **values-driven**, **mission-driven**, and **purpose-driven**. Use the term “values-driven” most often because, as we explain in our *Guiding Statements Guide* and elsewhere, we believe their core values drive everything they stand for and do.

And we often refer to the people who work in and support them as **conscience-driven** because their inner sense of what’s right and wrong compels them to work for and support these organizations.

<sup>2</sup> We grant you permission to use our guides or any part of them for non-commercial purposes free of charge, including distributing printed versions of them, if you acknowledge they were written by Jonathan Reed, PhD of The Center for World-Changing Organizations. We licensed the stock images in them from iStock and Fotolia. We used OmniGraffle to design the figures.

<sup>3</sup> Collin2s, *Good to Great*, 12-13.

<sup>4</sup> Lewin, "Patterns of aggressive behavior in experimentally created social climates," 1939.

<sup>5</sup> Collins, *Good to Great*, 13.

<sup>6</sup> Buckingham and Clifton, *Now, Discover Your Strengths*.

<sup>7</sup> Bolton, *People Skills*.

<sup>8</sup> Ackoff, *Creating the Corporate Future*. Senge, *The Fifth Discipline*.

<sup>9</sup> Ries and Ries, *The 22 Immutable Laws of Branding*, 22 and 26.

<sup>10</sup> Collins. *Good-to-Great*.

<sup>11</sup> Ibid.

<sup>12</sup> In their impressive 504-page textbook, *Strategic Marketing for Nonprofit Organizations* (7th ed., Upper Saddle River, NJ: Pearson Prentice Hall, 2008), Andreasen and Kotler describe how nonprofit organizations can use corporate strategic marketing ideas and methods to improve their performance. Their ideas and insights have changed how we help values-driven organizations.

Though the ideas and examples in their book are excellent, it's definitely not an *introductory book* on strategic marketing for nonprofit organizations. The sheer volume and density of the information presented will likely scare many would-be readers away. The authors' use of the term *target audiences*, which is probably the most important idea in strategic marketing, may confuse some readers. Sometimes it refers to groups that an organization serves through its mission (its *clients*). Other times it refers to all of an organization's target audiences—all its *client, funder, and volunteer audiences*.

Their text would have been easier to understand if it had more diagrams of key marketing concepts. We wish that some of the figures in this guide were in their book. We recommend this book to people with a marketing background or who have the tenacity to read what seems like a graduate-level textbook on a technical subject.

Though they don't explain how world-changing companies and public institutions can use strategic marketing, it's easy to see how they could. Unfortunately, we know of no other book or article, other than our *Strategic Marketing Guide*, that presents this information in a more concise and easier-to-read format.

<sup>13</sup> Derived from Neumeier, *The Branding Gap*, 38.

<sup>14</sup> Klein, *No Logo*, 1.

<sup>15</sup> Andreasen & Kotler, *Strategic Marketing for Nonprofit Organizations*, 41: their summary of the following journal article: Shoham, Aviv, Ayalla Ruvio, Eran Vigoda-Gadot, and Nitza Schwabsky, "Market orientation in the nonprofit and voluntary sector: A meta-analysis of their relationships with organizational performance." *Nonprofit and Voluntary Sector Quarterly* 35 (2006): 453-476.

<sup>16</sup> Kotler, *Kotler on Marketing*, 111.

<sup>17</sup> Collins, *Good to Great*.

<sup>18</sup> For more information, see <http://www.grameen-info.org> and Wikipedia.

<sup>19</sup> Michelle Leslie, pers. comm.

<sup>20</sup> Scholtes, et al., *The Team Handbook*.

<sup>21</sup> Mendonca and Miller, "Crafting a Message that Sticks." Heath and Heath, *Made to Stick*.

<sup>22</sup> Marzec, "Mianus River."

<sup>23</sup> Nature Conservancy, "Leaders and Legends."

*Never doubt that a small group  
of thoughtful, committed people  
can change the world.*

*Indeed, it is the only thing that ever has.*

*— Margaret Mead*

## OUR SERVICES AND RESOURCES

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### Consulting and Training Services

We offer a full range of consulting services on planning, marketing, and organizational development—design, surveys, facilitation, implementation, and evaluation. We offer training programs on many subjects. See our *Catalogue of Services* on our website for details.

### Planning and Facilitating Retreats and Board Meetings

Retreats and board meetings are the best times to gain strategic insights and forge strong bonds among leaders. We can help you plan and facilitate these gatherings. We also can help you set their goals, design creative ways to achieve them, and ensure discussions are honest and respectful. Topics can range from emerging opportunities to resolving underlying issues.

Probably the best topic is *“How can we make our organization more successful?”* We’d welcome the opportunity to explore it with your leaders and board from an hour-long meeting to a weekend retreat. They’d consider what success means to their organization; what supports, produces, and drives it; and how to strengthen the forces behind it.

### Keynote Addresses

Topics for our keynote addresses include world-changing strategy, marketing, and leadership, which we tailor to your organization; inspirational stories to motivate staff; and other topics.

### Your Resource Library for Making a Difference in the World

**#1 Strategic Planning Guide: How to Design More Effective Strategies to Deliver on and Support Your Mission** ~55 pages

**#2 Strategic Planning Workbook** ~40 pages (not pictured below)

**#3 Guiding Statements Guide: Core Values, Mission, and Vision** ~25 pages

**#4 Strategic Marketing Guide: How to Better Understand, Engage, and Serve Those Who Determine Your Success** ~50 pages

**#5 Strategic Marketing Workbook** ~50 pages (not pictured below)

**#6 Branding Guide: How to Stand Out from the Herd of Organizations in Your Field** ~25 pages

**#7 Leadership Guide: How to Build a More Successful World-Changing Organization** ~75 pages

**#8 Manager’s Survival Guide: 5 Keys to Guide World-Changing Staff and Projects**~30 pp.

