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By Chantal Laurie Below & Kimberly Dasher Tripp

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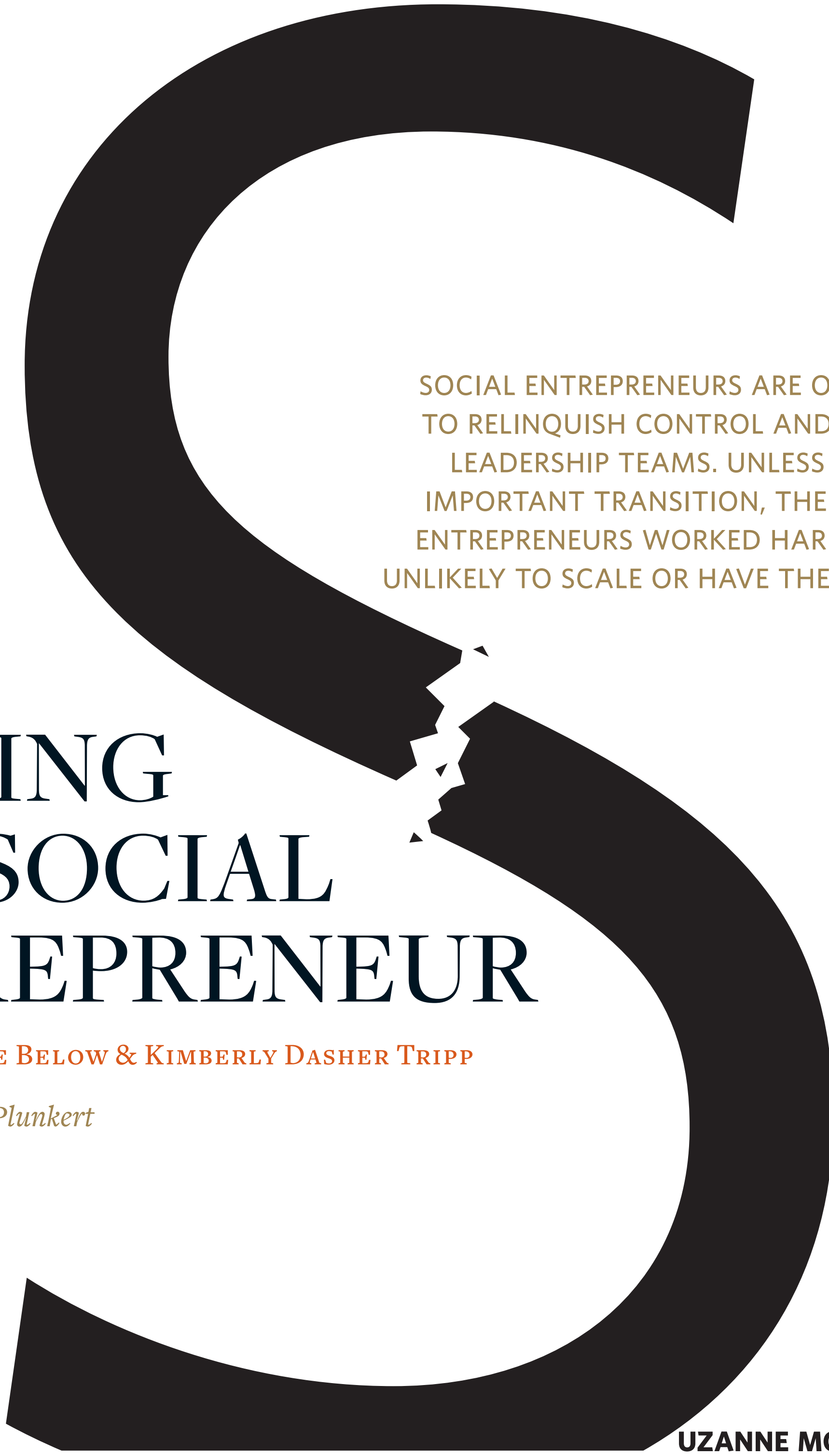

SOCIAL ENTREPRENEURS ARE OFTEN RELUCTANT TO RELINQUISH CONTROL AND CREATE STRONG LEADERSHIP TEAMS. UNLESS THEY MAKE THIS IMPORTANT TRANSITION, THE ORGANIZATIONS ENTREPRENEURS WORKED HARD TO CREATE ARE UNLIKELY TO SCALE OR HAVE THE DESIRED IMPACT.

FREEING THE SOCIAL ENTREPRENEUR

By Chantal Laurie Below & Kimberly Dasher Tripp

Illustration by David Plunkert

UZANNE MORRIS, a successful investment banker working at Lehman Brothers in New York City, decided to make a significant life change by going to work for a small nonprofit that was poised for growth. She accepted a position as chief operating officer (COO) of an organization that helps female entrepreneurs grow their businesses through confidence-building tools and training, a mission that resonated strongly with Morris. She came to the job with a love of problem solving and a penchant for growing and managing teams as well as a deep admiration for the organization's celebrated CEO.

During her first week on the job, Morris learned that she was the organization's fourth COO in a year and a half.[1] Morris was told that she would be responsible for human resources (HR), legal, technology, and board management, as well as responsible for managing everyone except the controller, who reported to the CEO (and happened to be the CEO's sister). Morris felt that if she'd survived the rough-and-tumble world of investment banking, she could certainly tackle this challenge.

Over the next nine months, however, Morris learned that the dynamic CEO whom she had admired resisted processes and systems, asserted tight control over all details, avoided delegation, felt threatened by opposing views, and contributed to a negative staff culture. It seemed that the CEO was not prepared for a strong management team or aware of the opportunity that having a strong team would present. Although Morris felt that she contributed to the organization's overall development, she decided that her skills could be better used elsewhere and left. By refusing to relinquish control, the CEO missed an opportunity to fully engage Morris and capitalize on her strengths.

Awkward leadership transitions like this one are not uncommon, particularly when an organization is young and growing fast. When this type of transition is handled poorly, it can cause high employee turnover, low morale, inefficient systems, loss of credibility with stakeholders, and decreased impact. When the transition is handled well, it can help vault a small organization into the high-growth phase.

Instead of resisting change, social entrepreneurs must embrace it at this critical inflection point by creating a leadership team of qualified and driven individuals. Ultimately, as a recent Bridgespan Group report put it, "augmenting the experience and capabilities of the senior leadership team is often the most visible sign of change in organizations that are becoming more strongly managed." [2] With strong management come strong systems, infrastructure, talent development, programming, and, ultimately, meaningful impact.

To understand how social entrepreneurs can make the transition from running a start-up to creating an organization that is able to scale up, we interviewed dozens of social sector leaders. From these interviews we identified the steps that social entrepreneurs must take to build a team and the five leadership roles that an organization must have for it to be successful at this stage of its development: the evangelist, scaling partner, connector, program strategist, and realist. Before exploring these roles in detail, it is useful to look at one social entrepreneur's successful effort to create a leadership team.

VISIONSPRING'S EXPERIENCE

In 2001, Jordan Kassalow, a practicing optometrist, and business partner Scott Berrie formed the Scojo Foundation, a nonprofit organization that sells inexpensive eyeglasses to the poor, and Scojo New York, a for-profit optometry business. Five percent of Scojo New York's pre-tax profits are directed to fund the work of the foundation (which in 2008 changed its name to VisionSpring.) Since its founding, VisionSpring has trained more than 5,200 entrepreneurs, who have sold more than 360,000 pairs of glasses. VisionSpring believes that it can help reduce poverty in the developing world by selling affordable glasses to tailors, mechanics, artisans, and other professionals who need to see well to do their work.

In 2003, when the Scojo Foundation was just getting off the ground, Kassalow and his then senior director, Graham Macmillan, created a strategic plan that wasn't just about programs, but was also about people. "We tried to envision the organization five years down the road," says Kassalow. "What management roles will we need at that point?" They drew boxes for each role—20 in total—and divided the roles between them. Kassalow's positions included CEO, director of development, director of business development, and country manager. Macmillan's roles included everything related to finance, sales, operations, and HR.

The two founders then began the process of shedding roles by asking which jobs we "hated the most and were least good at doing," says Kassalow. Over time they chipped away at the boxes, erasing their names and putting in the name of a new employee with stronger skills in that particular field. The goal was to have Kassalow's name in only two places: the evangelist box and chief fundraiser box. When Macmillan decided to leave VisionSpring last fall, the board pushed Kassalow and Macmillan to define the skills Macmillan's replacement would need so that Kassalow could continue to shed additional roles. A job description for the position—now called COO instead of senior director—was created that highlighted deep financial, accounting, and people management experience, along with multi-sector experience and a certain gravitas. Government experience would be icing on the cake.

Kassalow filled the new position by hiring Sean Mayberry. Mayberry has senior executive experience at Population Services International, Intel Corp., and the U.S. Department of State. As Mayberry gets settled into his role as COO, Kassalow looks forward to replacing his name with Mayberry's in a few more boxes.

BUILDING THE TEAM

It is rare for an entrepreneur to begin thinking about how to build a management team as early as Kassalow did. More often, entrepreneurs put off constructing a management team until they have no other choice. Kassalow provides a model for the steps that social entrepreneurs can and should take to create a strong leadership team that is capable of taking an organization to scale: Recognize that you can no longer do it all alone; hold frank conversations with your board about the transition; and hire strategically rather than opportunistically.

One of the remarkable traits about social entrepreneurs is their ability to play many roles. They care deeply about how their vision is implemented and feel personally invested in the outcome. Social entrepreneurs are often so involved in all aspects of the organization that they end up holding up decision making, losing talent, and creating bottlenecks. At some point, grumblings of dissatisfaction from employees or frustrating inefficiencies emerge and need solutions.

To avoid getting to this detrimental stage, the entrepreneur must recognize that he can no longer do everything himself and preemptively prepare to let go. Before hiring any high-level managers, he

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needs to assess his own strengths and weaknesses honestly. Social entrepreneurs must ask themselves questions such as What do I enjoy doing? What am I really good at doing? What am I not good at doing? What kind of people do I need around me?

Board members play a particularly important role at this stage of the process. They should instigate conversations with the social entrepreneur about building strong, talented management teams, preparing for leadership succession. To ensure that this happens, entrepreneurs should fill their board with opinionated members who bring skills, networks, and experience to the organization. Entrepreneurs must use the start-up stage as an opportunity to build trust with board members and ensure that board members are invested in the vision and long-term sustainability of the organization. This trust enables entrepreneurs to heed advice that can often feel personal or be difficult to hear. Strong boards help entrepreneurs grow comfortable with dissenting voices, challenged ideas, and evolving roles.

Entrepreneurs should map out their senior management hires ahead of time. Too often, they see an oncoming cash flow crisis and hire someone with an accounting background, or decide they are overwhelmed with direct reports and hire a COO. "Social entrepreneurs are often encouraged or forced to get a person or a skill set in immediately," says Sally Osberg, president and CEO of the Skoll Foundation. They "often go into it feeling cornered." Kevin Flynn, director of client services at Commongood Careers, sees this behavior frequently. "We hear, 'I need someone who is an entrepreneurial CFO and can do technology and fundraising and also code in Java,'" says Flynn.

THE LEADERSHIP TEAM

Once the social entrepreneur has spent time in honest self-reflection and frank board discussions, it's time to create a new leadership team. The entrepreneur must approach leadership team development with the same thoughtfulness and determination that he applies to creating his vision or he risks making the wrong hires.

Our research indicates that there are five essential leadership roles in an organization that is ready to scale up. These roles may or may not be filled by five separate people; in some cases multiple roles can be filled by one person. The five roles are the evangelist, scaling partner, connector, program strategist, and realist.

Evangelist

The most important member of the leadership team is the *evangelist*—the person who is deeply passionate about the organization's mission and convinces others to help fulfill it. When the founder is still at the organization, he is the person who fills the role of the evangelist. If the founder has been replaced, it is the entrepreneur who is running the organization (often with the title of CEO, president, or executive director) who becomes the evangelist.

The evangelist has a number of responsibilities. First, he is the organization's visionary, continually refining its mission and strategy and making sure that priorities are established and met. He needs to share his vision with people inside and outside of the organization, especially with the leadership team. Willy Foote, president and founder of Root Capital, explains that the evangelist is going to see new opportunities that may not fit with the current organization's strategy, and his role is to "get the team to believe in the value of disruption, while being very cautious to court disruption not destruction."

The evangelist also maintains the organization's culture. For example, when Mike Feinberg, cofounder of the Knowledge Is Power Program (KIPP), served as CEO of the KIPP Foundation, he ensured that each conference room held the name of a children's book that held significance on the KIPP school campuses. All new hires learned the symbolism of these books and embraced the metaphors associated with them. For example, *The Polar Express* represented the message that all "KIPPsters" (students who attend a KIPP school) can "hear the bells" even when naysaying communities, peers, or adults try in vain to convince them that college is not an option. Each evangelist will choose a different way to keep the organization's culture alive, but he needs to be the person who constantly reminds others of the importance, characteristics, and values of the organization's culture.

The evangelist is also the external face of the organization. People want to understand the evangelist's underlying motivations for leading the organization and be captivated by the organization's founding story and long-term vision. The evangelist can skillfully weave together the organization's mission and programs with stories that express it in personal terms in order to truly "evangelize" and convert nonbelievers.

Scaling Partner

The second role that is required is the *scaling partner*. This person is the organization's pragmatist, someone who can think strategically and make the evangelist's vision a reality. Sometimes this position is called the COO, and other times the deputy or managing director. The scaling partner must enjoy creating and managing systems that improve organizational efficiency, as well as creating systems that allow staff members to enjoy their jobs and feel valued and rewarded.

"A lot of organizations are looking for entrepreneurial people who can build the plane while flying it," says James Weinberg, founder and CEO of Commongood Careers. "But at [the scaling] stage, they actually do need someone to just build the plane." Or as Osberg says, the scaling partner is "someone who can unleash the productivity of the organization by ensuring that people spend their time in the right way."

Erin Ganju, former COO and current CEO of Room to Read, is a good example of a scaling partner. In 2001, Ganju first offered to help founder and executive chairman John Wood manage his burgeoning organization. Wood recognized right away that Ganju was a good potential scaling partner because she could think big, yet was also detail oriented and enthusiastic about tasks that he didn't like doing. Before joining Room to Read, Ganju had worked as a product line manager at Unilever and as a financial analyst at Goldman Sachs. She immediately put her strong project management skills to use at Room to Read. She helped develop a strategy for entering new countries, formalized program design, and helped channel Wood's fundraising talents into specific programmatic areas. Ganju enjoyed managing operations, talent, and processes while Wood preferred public speaking, fundraising, and building a worldwide network of allies. Ganju was the perfect scaling partner for Wood.

As crucial as the scaling partner position is, it is also the most delicate and controversial of the five roles. At its worst, the position can become what Gretchen Anderson, former director of business development for On-Ramps, calls "a dumping ground for the CEO." The role of the scaling partner works only when it is a yin and yang match with the founder, a true partnership stemming from trust and leadership. The scaling partner should be the first person the founder hires on the leadership team so that he can be a sounding board for all future hires.

Connector

The role of the *connector* is to fill in the gaps left by the entrepreneur as he focuses on being the evangelist. Traditionally, this position might be called a vice president or director of development. It is also akin to the role that the chief of staff plays for a politician, maximizing the politician's time and ensuring access to important people. The connector makes sure that the evangelist is speaking to the right audiences at the right time and capitalizing on all opportunities. In addition, the connector ties development efforts to programs and manages existing funding relationships, freeing the evangelist to spend time on other activities.

Even with these clearly defined responsibilities, the connector role can conflict with the evangelist, particularly in the area of fundraising, and cause tensions if the roles aren't clearly defined. Donors are the lifeblood of the organization, and having more than one person manage those relationships is risky. Even though it is difficult to divide these roles, it is important that it be done so that the organization can grow.

Jeff Berndt, a partner at New Profit Inc. who oversees investor relations, communications, and fundraising, is a good example of a connector. Berndt has four primary responsibilities. The first, which he describes as "wearing out the soles of my shoes," is meeting regularly with a variety of constituents to build the New Profit network and deepen its long-term relationships. The second task is to make sure that Vanessa Kirsch, New Profit's president and founder, meets with the right people. "Vanessa is gifted and has great instincts; our team has to Navy SEAL her in and out to maximize her impact." The third task is to make sure that the management team, and ultimately the entire staff, has the tools they need to sell the organization. The fourth and final task is to build the fundraising team, a complex operation that caters to the needs of the entire organization.

THE LEADERSHIP TEAM

You know you've got the right person filling a leadership role when...

EVANGELIST

- He secures a $35,000 donation from a philanthropist who happens to be sitting next to him on a flight from Los Angeles to Phoenix.
- She has a purse cluttered with business cards that rarely get loaded into Outlook, but she can remember each encounter with uncanny precision.
- He can convince skeptics not only of the value of what his organization is doing, but also why the issue is critical, converting skeptics into believers in just minutes.
- She sends one-line e-mails at obscure times of the day and night, many of them ending with "This is why what we are doing is so important!"

SCALING PARTNER

- She keeps a color-coded to-do list and sometimes adds tasks that have already been completed in order to maximize the ultimate gratification—crossing an item off the list.
- He has dog-eared copies of the books *Good to Great* and *The Leadership Pipeline* and has the quote "Get the right people on the bus" on a Post-it note on his computer monitor.
- She often asks for "data to back that up," speaks in bullet-pointed lists of three, and ends most conversations with a summary of time-specific next steps.
- He asks the founder, after an inspiring proclamation of a new strategy to scale up, "Have you thought through how this will affect our resources and strategic plan?"

CONNECTOR

- He sees weddings, reunions, and neighborhood block parties as ideal opportunities to expand his professional network and share the work of the organization.
- She has more than 500 connections on LinkedIn and adds two to five more connections each week, frequently putting them into such categories as "potential partners" and "advocates."
- He uses colored tabs to indicate which events are most important for the evangelist to attend and can be seen walking the evangelist to her car telling her the three e-mails she should respond to that night.
- She speaks on a first-name basis with the baristas at her local Starbucks and once sent flowers to her hairstylist after she had a baby.

PROGRAM STRATEGIST

- She weaves words like "rubric," "metrics," and "outcomes" into regular conversation.
- He subscribes to academic journals and frequently sends out links to articles or videos with compelling data such as the latest statistics on microfinance repayment rates.
- She displays a framed photo at her desk of the first class of students she taught and the family she lived with in Guinea Bissau while serving in the Peace Corps.
- He programs his office voice mail to ask that people call him on his cell phone because he is in the field observing the organization's programs.

REALIST

- He uses Excel to help organize his thoughts, even when he is not using any numbers.
- She brings a copy of the budget to every executive meeting.
- He begins to research international standards for audited financial statements as soon as he hears the evangelist talk about expanding operations into a new country.
- She has a note on her desk reminding passers-by to "Think Unrestricted" when fundraising.

Program Strategist

All organizations—whether they are focused on education, health, or climate change—need a *program strategist* who is an expert in that particular field and whose role is to ensure that the programs achieve the desired outcomes. The program strategist not only has issue area expertise, but also understands how the programs are implemented in the field. This role brings credibility and expertise to the organization and its programs that may not have existed.

The program strategist not only looks at how programs are running day-to-day, but also thinks about how the innovation can be scaled up, diversified, and perfected. Foote describes the program strategist as the "sacred flame" of the organization, responsible for creating a bridge between the reality of the programs and the vision of the evangelist. Without a program strategist with a strong voice on the leadership team, an organization can stray from its mission and end up scaling programs that do not produce the desired outcomes.

Ajuah Helton, the first chief program officer at BUILD, a four-year college preparation organization, is a good example of a program strategist. In 2007, BUILD evaluated a student's performance solely on his grade point average (GPA), dismissing students below a certain threshold. The policy was intended to honor the program's academic rigor and motivate students to perform better in school.

The problem with this policy is that it often ended up dismissing the very students BUILD was designed to help, sometimes in their senior year of high school. As chief program officer, Helton analyzed data and collaborated with staff to create a new way of evaluating student performance. The result was the BUILD score. Instead of judging students solely on their GPA, the team also began evaluating students on other characteristics, such as commitment and passion, which served as strong indicators for longer-term success and better supported BUILD's theory of change. Without Helton's extensive experience in education, credibility with the team, and overview of trends, BUILD ran the risk of scaling efforts that would have reduced the organization's impact.

Realist

Every organization needs someone on the leadership team who plays the role of the *realist*, the person who keeps the organization grounded in financial reality. This person is often called the chief financial officer (CFO). Placing the financial function on equal footing with other senior management roles ensures consistency, practicality, and coordination within the organization. "The finance person is the bedrock position," says Jim Fruchterman, founder and CEO of Benetech. "He or she inserts a culture of frugality and ethics, accountability for financial results, and reality." The realist is more than a financial officer, he is also the person rolling up his sleeves and "minding the store."

The importance of having a strong and skilled realist is demonstrated by the traumatic series of events that a New York-based nonprofit recently underwent.[3] The organization had 26 international offices, almost 90 staff members, and only two accountants. The board, evangelist, and scaling partner all understood the need for a realist, so they hired an executive from a leading New York law firm. The person had experience managing financial operations at a for-profit, but he was not a certified public accountant (CPA), had never run financial operations at a nonprofit, and had never directly managed accounting. For almost a year he claimed to be revamping the financial systems and yet very little changed in practice. Because of a host of internal oversights, the organization did not have the systems to distinguish unrestricted from restricted funds, double-dipped into reserves because of inadequate and decentralized expense management practices, and raised new grants without having adequate overhead to meet expenditures.

In February 2009, believing that the organization was $5 million in debt, the vice president of finance finally explained the financial crisis to the president of the organization (the evangelist). In short order, an interim CFO who had a CPA and strong accounting skills was hired. She personally audited the organization's books and traveled to every regional office to fix financial systems and expense practices and to institute cost-cutting measures. A recent external audit shows that the organization is about $2.5 million in debt. The organization will likely survive because of the strength of its programs and reputation, new leadership and systems, and committed and generous donors. Its long-term future will be decided by how the board and management team navigate the next six months. As this example shows, organizations with world-class programs, visionary founders, and strong partners can suffer dramatic setbacks without a talented realist.

OTHER CONSIDERATIONS

The five roles describe the skills needed in a successful leadership team. These roles may overlap, however, and may not always be held by a single person. For example, Julie McGuire, director of development at Spark, currently plays both the realist and connector roles. By owning cash flow and revenue projections for the organization, McGuire is able to connect development directly to the internal functions of the organization. Another example is Mayberry, who plays the realist and the scaling partner roles at VisionSpring, responsible for all internal operations, including managing talent, performance, financials, and operations.

There are other roles besides these five that may be needed in a leadership team as the organization grows. Marketing officers, chief technology officers, or chief people officers often appear in organizations that have passed the first major inflection point and are embarking on another scaling push. These roles are valuable, but can be combined with other positions or outsourced until the organization can afford to have unique positions created. The five principal roles, however, can't be outsourced or compromised when developing a leadership team for an organization poised for growth.

Although our research and interviews focused on social entrepreneurs, many of our findings can also be applied to for-profit start-ups. Google's Eric Schmidt, for example, could be described as a scaling partner to founders Larry Page and Sergey Brin, even though Schmidt's official title is CEO. Schmidt brought sound business practices to complement the creative and technical genius of the founders. The connector role at a nonprofit, to cite another example, is similar to the vice president of marketing and sales position at a for-profit. Both require someone with extensive networks and the ability to help strategically position the organization and its CEO. And it goes without saying that the realist plays a critical role in the for-profit sector where the bottom line is measured in dollars and cents and serves as the ultimate indicator of a company's success.

When social entrepreneurs understand their strengths and priorities, and develop a leadership team composed of people with disparate and complementary skills, it creates what Wood calls "the perfect combination." In a note of caution, however, Wood points out that "if you only have a lot of corporate refugees who know strategy and process, they can scale like champions, but you won't have deep programs. Conversely, if you only have a lot of programmatic specialists with nonprofit backgrounds, your programs are incredible, but they don't scale." The solution, Wood continues, is to "find your perfect combination and scale the heck out of it." When social entrepreneurs stop thinking of leadership positions as simply a solution to an immediate problem, and begin to create roles and hire talent with the same vision and foresight that they use to perfect their idea and mission, scale becomes a natural progression rather than an elusive goal. ■

Notes

1 In the interest of privacy, Suzanne Morris's name has been changed and the name of the organization has not been revealed.

2 Daniel Stid and Jeff Bradach, "Strongly Led, Under-Managed," The Bridgespan Group (July 2008): 7.

3 Names are not included here by request of the organization.