

# Stanford SOCIAL INNOVATION REVIEW

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## **Monk, Architect, Diplomat** By Mark Albion

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## Monk, Architect, Diplomat

Three types of leadership are needed to build a successful organization

BY MARK ALBION

IN 2005, THE LEADERS OF Social Venture Network (SVN), a group of social entrepreneurs, asked me to research why members had difficulty scaling social enterprises up from founder-led to second generation-led organizations. Instead of scaling, why did they almost always sell their companies to larger enterprises? We all believed that a lack of finances was the primary culprit.

From a group of 400 social entrepreneurs, SVN executive director Deb Nelson and I selected 75 members for me to interview. It was a diverse group of entrepreneurs: 66 percent had founded a for-profit and 40 percent had founded a nonprofit; 60 percent were male and 40 percent were female; and 89 percent were white and 11 percent were racial minorities. All of them had experienced the challenge of scaling.

Surprisingly, our research of best practices and common obstacles revealed that scaling challenges rarely rose from financial limitations, but were generally due to a lack of leadership skills. To successfully scale up, these entrepreneurs needed to think differently and lead differently from their peers. They had to understand that social entrepreneurship is not just a form of entrepreneurship but rather an instrument for social change. They needed to define their businesses less in terms of products or services and more as vehicles for personal, organizational, and global transformation—a transformation they realized must begin with themselves.

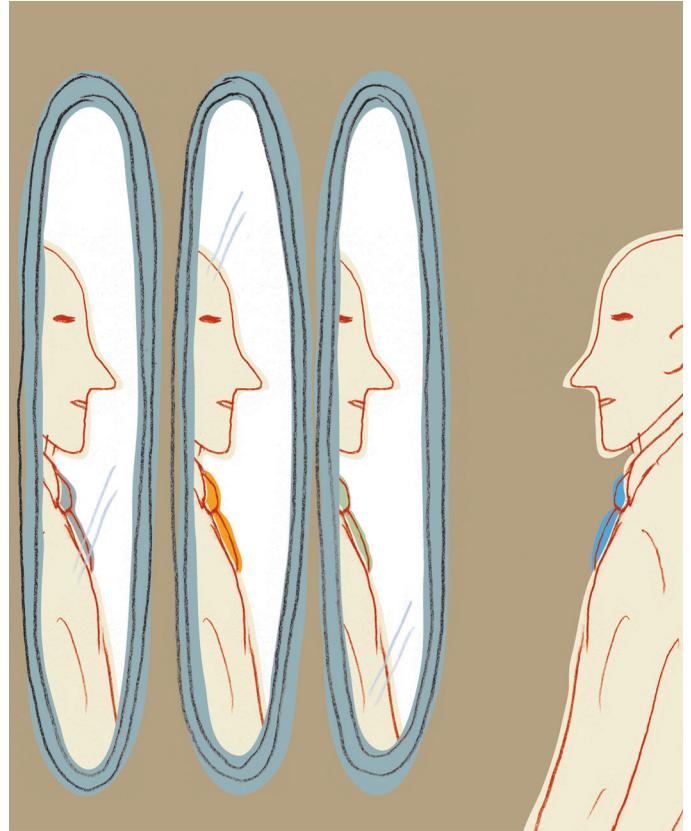
Our research indicated that to make that transformation from entrepreneurial founder to successful leader depended on leading more like a monk, an architect, and a diplomat. As monks, these social entrepreneurs become more mindful of their leadership role in the company and their impact on people; as architects, they spend most of their time on the immeasurable process known as company culture; and as diplomats, they become expert collaborators inside and outside of their organizations. Let's look more closely at these three transitions critical to leading for scale.

### BE A MONK, NOT A FATHER

Monks invite you to become spiritually engaged in your work. They do this by subtly modeling the values they want to impart. They listen carefully, never direct you paternalistically, and always strive to help you find your way.

Successful social entrepreneurs recognize that their primary role is to turn the organization's mission and values into practice. Like monks, they know that everything they say and do—and don't say or do—sends signals through the company about what values are important.

So be mindful of your powerful effect on people in your organiza-



tion. No matter what the formal company documents say, you make values visible. If respect for others is an important company value, what do you do when you, the CEO, walk into an office where two co-workers are engaged in a business conversation? Do you interrupt them because you and your agenda are more important, or do you

wait your turn until they are finished? Gun Denhart, cofounder and former CEO of children's clothing company Hanna Andersson, responded by saying: "I wait until they're finished. If it goes on, I'll leave and come back. I don't break in and interrupt their work. Unfortunately, I've seen that rudeness too often from 'important people.'"

Don't feel you need to know everything. If you did, there'd be no room for anyone else to contribute. Admit to "not knowing," even as you help others develop their com-

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petence. This creates an atmosphere of honesty and transparency, where employees share information and responsibility, accept doubt, and expect help in finding sustainable solutions to business challenges.

Another way to lead like a monk is to incorporate spirit into your work. At RSF Social Finance, a San Francisco-based socially responsible financial services organization, when monthly financial statements are sent to investor clients, each client's company representative personally initials each page of the statement. In these moments, they are mindful of their client's situation and of communicating that attention simply. Over the last 60 years, that one practice has received more positive response from investors than any other of the bank's client services.

Entrepreneurs can extend that mindfulness beyond traditional company boundaries, too. One CEO, for example, after recognizing how her seasonal business affected the working hours of her distributors' employees, shared her market research with her distributors so they could better predict work cycles and not increase seasonal employee stress.

### BE AN ARCHITECT, NOT A CAPTAIN

"Who's really the head of a ship?" a CEO once asked me. He answered by saying: "It's not the captain. It's the designer. The captain manages through the design. Don't dazzle everyone with your performance. Ask yourself how you can build the team."

Too often, social entrepreneurs never make what is likely the most difficult transition of them all: moving from addressing a social cause personally to creating a social enterprise to address that cause. The reason? They took their company culture for granted, interviewees said. That culture is the foundation of organizational effectiveness.

On the day he sold the company, Jay Coen Gilbert, cofounder and former CEO of AND 1, a basketball footwear and apparel company, told me: "Never underestimate the things you can't count. The most important thing you have at your company is your culture; through it you engage your values, build commitment, and inspire action." AND 1's founders had lost control of the company culture. Intoxicated with their recent rapid growth, an aggressive internally competitive culture developed that eroded AND 1's employee relationships. The founders couldn't imbue new hires with their foundational collaborative culture in time.

Becoming the architect of a leadership-distributive culture—a culture of shared leadership—is challenging. Founders typically try to control everything. But they must find a way to let go of control while remaining involved. If they don't, they minimize the opportunity for others to grow into leadership roles. Not only does growth make this less possible, but it also makes good people leave and others never graduate into leadership roles.

Before its sale to FedEx, for example, copy giant Kinko's consisted of 128 separately owned corporations under the umbrella of Kinko's Service Corp., each with its own leadership team. Each team was responsible for its operating results and strategy consistent with corporate values and goals. A state-of-the-art voice mail system complemented training; the 128 teams of 23,000 co-workers could share leadership strategies and tactics at any hour of the day.

Kinko's CEO and founder Paul Orfalea put a premium on personal growth. The service corporation offered many services company-wide, including monthly professional development through Kinko's University. Programming at all Kinko's educational retreats ended at 3 p.m. each day to allow time for personal balance. Orfalea explained his job as helping people develop their intellectual competencies and become more compassionate and balanced human beings: "If I take care of our co-workers, they take care of the product, the product serves the customer, and that takes care of the profit."

Successful social entrepreneurs have redefined corporate growth as this less measurable process, their people's personal growth. As one CEO put it: "We have changed our measure of success away from continual material growth, to internal growth. We can create both more personal and social change by deepening our relationships. We are growing consciousness and relationships—all the things that make life interesting—in a way that is sustainable and enjoyable for everyone."

### BE A DIPLOMAT, NOT A DICTATOR

The finding we found most surprising during our research was the extent to which successful social entrepreneurs collaborate. They consider themselves compassionate diplomats and create collaborations that defy traditional boundaries, so they can share their business advantages with other companies. Sometimes they even give their advantages away to competitors.

Judy Wicks, founder and former CEO of Philadelphia's White Dog Cafe, focuses on her brand's success and on creating an industry model for social change. "Our relationship with people, animals, and nature is more important than dollars," Wicks proclaimed. "That's why I'm happy not only to give my advantage away to my competitors, but I'll even educate them."

Wicks was referring to her cruelty-free menu. When she discovered that the factory farm system treated pigs inhumanely, she took pork off the menu. She then found a local farmer who raised free-range pigs. She not only purchased pork from his farm, but also lent him \$30,000 for a larger refrigerated truck so that he could deliver to other restaurants in the city. Wicks went on to provide consulting for other restaurants interested in buying from local farmers, leading to an increased demand for humanely raised local pork and other healthful farm products as competitors followed her example. She then helped increase the supply of pork by raising \$40,000 to help four more local pig farmers switch to free-range practices. The press, politicians, consumers, and other business leaders commended Wicks publicly, and more customers flocked to her restaurant.

Wicks concluded: "How can my business be based on the suffering of other creatures? Constant growth for increased profits is destroying life. We must build an economy based on compassion for all of life."

Social entrepreneurs are as passionate about their work as anyone. Yet leadership is an act of liberation, not of control, and it starts with unleashing your passion and finding your way. Paradoxically, this will happen only when you help others reach their full potential and uncover their passions—when you inspire them to dream more, do more, and be more. ■