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STANFORD SOCIAL INNOVATION *review*

Notable Books

THE BIG MOO: Stop Trying to Be Perfect and Start Being Remarkable.

Edited by Seth Godin

Reviewed by Alan R. Andreasen

THE MARKET FOR VIRTUE: The Potential and Limits of Corporate Social Responsibility. Reviewed by Matthew Hirschland

A GIFT OF FREEDOM: How the John M. Olin Foundation Changed America. Reviewed by Bruce Sievers

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THE BIG MOO: Stop Trying to Be Perfect and Start Being Remarkable

Edited by Seth Godin

208 pp. (New York: Portfolio, 2005)

Reviewed by Alan R. Andreasen

It is a cliché of modern management that great leaders “think outside the box.” The metaphorical box is the set of assumptions that people carry around in their heads that stifle creativity. The box bounds the leader’s analysis and vision and makes for cautious behavior – especially when the organization has gotten big and respectable and employs a lot of people.

But some leaders are different. Steve Jobs, Bill Gates, Sergey Brin, Steve Case, and Jeff Bezos are leaders who can get their colleagues to be daring and get outside the box. They did it when they started out and, perhaps more critically, they continue to do it today. Their organizations and the people in them “get it”: They know that they can’t pursue business as usual – especially business using the old rules.

Unfortunately, even the largest and most ambitious nonprofit organizations, and their most imaginative leaders, are often hemmed in by the boxlike thinking of the numerous stakeholders they must represent. Some of this is institutional. Private sector organizations can be very focused: They have one dominant goal, one key set of stakeholders – the stockholders – and one measure of performance (return on investment). Out-of-the-box innovations that promise big returns to stockholders can be quickly embraced and infused into a complex environment that shares a common benchmark.

By contrast, the nonprofit world is a place where professors and consultants constantly hear “we’ve never done

that,” or “that’s just too risky,” or other versions of what I call the “organizational box.” Part of the problem is that nonprofits have multiple goals and multiple stakeholders. AARP has to seek out and deliver the direct services its members want, the new policies and institutions that society needs (e.g., Social Security reform), and the work styles its staff and volunteers seek, while keeping donors happy about the overall direction of this massive enterprise.

Does AARP’s leadership dare push for controversial legislation if it might upset its members who then burn their membership cards because AARP didn’t do what they want? Will a museum director embark on a bold plan to bring poor kids, immigrants, and minorities into her building if she fears that big-bucks donors may not like urchins running amok among their donated art works?

Unfortunately, the nonprofit world is full of leaders who believe that every new idea needs to “touch base” with all of the various constituencies that might be affected. Key people who might be upset or resistant need to be brought on board first. Boards of directors need to see that donations will not be affected, and that the organization’s brand will not be tarnished by some crazy new idea that didn’t work out.

In the private sector, the mantra is *Ready-Fire-Aim!*

In the nonprofit sector, it’s *Ready-Aim-Aim-Aim-Aim-Aim ... Fire* (if the risks aren’t too great).

So, how do nonprofit leaders break out of the nested boxes they are in – the mind-sets and the organization walls?

Seth Godin has thought about this a lot. And so have Tom Peters, Malcolm Gladwell, Mark Cuban, Amit Gupta, and a host of others whose careers are



built around turning organizations into daring enterprises. To the great benefit of all of us, Godin has rounded up 33 of these gurus and put together their best ideas in a book called “The Big Moo.” Godin wrote an earlier book titled “Purple Cow,”

about creating innovative companies. Now he wants to invent the “big moo,” a phrase that means that organizations and their leaders need to “stop trying to be perfect and start being remarkable!” Nonprofit managers and their key staffers would profit greatly from reading this book.

—Alan R. Andreasen is a professor at Georgetown University’s McDonough School of Business and executive director of the Social Marketing Institute. His books include “Social Marketing in the 21st Century,” and “Strategic Marketing for Nonprofit Organizations.”

THE MARKET FOR VIRTUE: The Potential and Limits of Corporate Social Responsibility

David Vogel

222 pp. (Washington, D.C.: Brookings Institution Press, 2005)

Reviewed by Matthew Hirschland

David Vogel, a professor at UC Berkeley’s Haas School of Business, has established himself as a distinguished scholar on the subject of business and politics. In his latest work he has crafted a wide-ranging survey of contemporary trends and ideas in corporate social responsibility (CSR) that provides a very good introduction to the subject for the uninitiated. He details many of the challenges and questions raised after two decades of work by

notable books

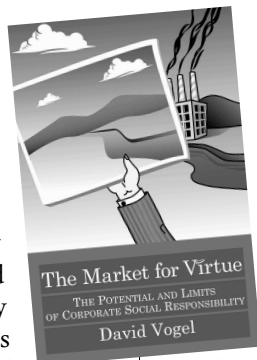
civil society organizations, governments, and companies redefining the relationship between business and society.

Through a broad survey of reports and studies, and illustrative case study vignettes, the book provides an overview of the central areas that occupy much of CSR work today: labor and working conditions, environmental stewardship, and human rights.

But Vogel's survey suffers from one notable shortcoming that colors its treatment throughout: He never provides a clear definition of what he means by CSR. The result is a definitional vacuum that leads to a rather one-dimensional portrayal of the environmental and social efforts undertaken by companies. What Vogel offers instead is a CSR broadly defined by business practices as they are celebrated and castigated in news accounts and scholarly treatments of the subject. His study, therefore, offers only a peek into the difficult and daily operational challenges undertaken by many businesses answering increasing demands upon them to provide a host of public goods, ranging from clean air to workers' rights protections.

This oversight leads Vogel to conclude that CSR is a business strategy that makes sense for only two types of companies: those with a conscience – the Ben & Jerry's, Marks & Spencer, and Patagonias of the world; or those that “have been targeted by activists, [or] who are concerned that they could be targeted.”

This conclusion overlooks the deeper behavioral changes that are under way in the business world, and that are reflected in the approach to CSR by many companies that fall into neither category. These are the compa-



nies that are incorporating the strategic advantages inherent in CSR as a management tool that better equips them to first connect with, and then respond to, a multitude of stakeholder demands in what are increasingly demanding operating environments.

Though consumer willingness to reward “good” corporate behavior for its own sake – his “market for virtue” – may indeed be limited, the market for sophisticated managers that understand and leverage the comprehensive stakeholder engagement at the heart of CSR is great and growing.

Vogel's analysis has its limitations, but this fact has as much to do with the shortcomings of the field of CSR as it does with Vogel's approach to it. The reality is that those of us who are directly involved in CSR have not yet successfully established its value as a crucial business approach to managing organizational behavior, complexity, and change. In this sense, the book holds up a revealing mirror to CSR as it is currently understood. It demonstrates that much work remains to be done in terms of the framing and practice of CSR today and going forward to establish its importance to business.

In spite of its definitional shortcomings, Vogel's analysis is spot-on in redirecting our attention to the important role governments should play in shaping the boundaries of business behavior. He reminds us that throughout history powerful and necessary shifts in business practices have not emerged voluntarily, but from government mandate.

“The Market for Virtue” provides a solid first volume of what should be a two-volume treatment of the subject of business regulation in the age of CSR. It would be a great contribution if Vogel would apply his deep expertise to a sec-

ond volume, one that explores what a stronger role for public policy would look like in governing global business behavior, what conditions and business drivers would support this, and how historical experience informs this process. Teasing out these themes, which he has only begun to do in this work, will provide needed answers to the very question being asked by many CSR practitioners and observers both in and outside companies: Why has the government retreated from the role it once played in regulating business, and how do we bring the government back in a meaningful and constructive manner?

—Matthew Hirschland is a director at Business for Social Responsibility in San Francisco.

A GIFT OF FREEDOM: How the John M. Olin Foundation Changed America

John J. Miller

232 pp. (New York: Encounter Books, 2005)

Reviewed by Bruce Sievers

There are two ways to read this book: as a paean to a hard-working, bristly, moderately visionary industrialist who became a financial angel of the right; or as a step-by-step recounting of how a group of conservative intellectuals allied themselves with a right-leaning wealthy philanthropist to accomplish a massive transformation of American political culture.

On the first count, the book serves up an excessively laudatory tribute to John Olin, a man who inherited substantial wealth and devoted a portion of it to defending the system that afforded that wealth. This part of the story is aptly symbolized by a photograph in the book reproduced from a 1958 cover

of *Sports Illustrated* depicting Olin hunting ducks in his elegant attire of coat, tie, and hat, the gentleman-sportsman wielding one of the products of his industrial empire.

On the second count, however, the book provides a fascinating account of one of the mostly deftly orchestrated political movements in American history. John Olin was one of three sons of Franklin Olin, a wealthy entrepreneur whose company had grown from a black powder mill into a major ammunition manufacturer during World War II, and later into a huge, diversified chemical and ammunition corporation. John and his brother, Spencer, had helped guide the company's expansion, but in later life John turned his attention toward philanthropy dedicated to, in his words, "the use [of] this fortune to help preserve the system which made its accumulation possible..."

As John became more interested in the potential of philanthropy, his John M. Olin Foundation rapidly evolved – from awarding the usual sort of grants to universities; to serving as a conduit for CIA money secretly channeled to causes designed to spread U.S.-friendly ideas throughout the world; and finally, under the leadership of former Secretary of the Treasury William E. Simon, to becoming a highly strategic financial engine of the growing conservative movement through a coordinated pattern of activity involving foundations, think tanks, and university institutes. The list of intellectuals, political figures, and institutions that interacted with the benefit of grants and other support of the John M. Olin Foundation reads like a "Who's Who" of late 20th-century conservatism.

For those interested in philanthropy's role in shaping social policy, the book offers a rare insider's view of how a group of similar-minded businessmen,

policymakers, and intellectuals joined forces under the leadership of a few private foundations to transform the American political landscape. The strategy was smart and straightforward: foster an idea-incubating network of conservative intellectuals; support the creation of institutes, think tanks, and publications through which such ideas get disseminated; forge close ties with policymakers; and persistently seek to steer the course of major economic, political, and academic institutions in the desired direction. This strategy was carried out through highly targeted grants to ideologically compatible programs at elite universities, emergent conservative magazines, selected intellectuals, and new organizations. What is surprising is that it was accomplished for a total expenditure of under \$400 million over a 30-year period, substantially less than the current annual grants budget of the Ford Foundation.

Author John Miller summarizes the lessons learned from this approach to philanthropy, the most important of which is that "ideas have consequences." He points to the John M. Olin Foundation's defining principle: a commitment to *freedom*, understood as the values and social institutions that underpin the free market system. He frequently uses war metaphors to describe the tenacity and aggressiveness with which the foundation pursued this principle: "war of ideas," "culture war," "war over higher education," "colleagues in arms," and so on. Indeed, his profile of William Simon resembles how one might describe a commanding general inspiring his troops, when Simon declares the purpose of the foundation to be the defeat of the "statist, anti-freedom philosophy that was growing like a cancer."

Miller is hardly a disinterested author. He is a writer for *National Review* and received a grant from the John M. Olin Foundation to research this book.

In celebrating the work of the foundation he tends to ignore other important economic and social forces that aided the growth of conservatism in the late 20th century. Yet even allowing for partisan hyperbole, the story provides one of the most interesting and best-documented accounts in recent years of the work of a highly focused philanthropic institution.

The demonstrated impact of this form of philanthropy suggests yet a third way to read this book – as a case study of the ambiguous role of private wealth in shaping social policy. The Olin story raises important questions concerning the function of philanthropic institutions in a democracy: Does great wealth channeled through philanthropy unfairly distort the marketplace of ideas? What is the role of partisanship in foundations' work? And, ultimately, is there a danger that foundations, themselves creatures of the holders of great wealth, tend to exacerbate the movement toward the privatization of the public arena that we are experiencing in political life today? "A Gift of Freedom" is worth reading for many reasons, not the least of which is that it provides an opportunity to reflect upon these important, though perhaps unintended, questions about the purpose of philanthropy.

–Bruce Sievers is a visiting scholar at Stanford University's Haas Center for Public Service and a senior fellow at Rockefeller Philanthropy Advisors. He was the founding CEO of the California Council for the Humanities and executive director of the Walter & Elise Haas Fund.

