

## **It Takes Three to Tango**

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## It Takes Three to Tango

A European perspective on American civil society BY JOHAN VAN DE GRONDEN

THE LOCUS CLASSICUS OF European bewilderment with the United States is Alexis de Tocqueville's seminal study *Democracy in America*, first published in 1835. Some of the original wonder at the American way of life has never left Europeans. Somehow the English colonies pulled off a societal experiment, which so far Europeans had dreamed of only in complex works of political philosophy or smothered in the bloodshed of failed revolutions. In this new land of milk and honey, commoners could make a fortune, citizens united in liberty to pursue matters of mutual gain, and equality ran deeper than anywhere else.

Much has changed in 175 years. And yet a quick glance at the latest thinking about not-for-profit management and philanthropy reveals some profound differences between the ways American and European practitioners look at today's major societal challenges.

I went to Stanford University last fall to attend "Leading During Times of Change," a nonprofit management conference organized by this magazine and the Association of Fundraising Professionals. I was with a group of peers from the Dutch charity sector, leaders in the fields of child welfare, health care, and philanthropic management. We enjoyed an excellent seminar complemented with instructive field visits to nonprofit organizations in the San Francisco Bay Area.

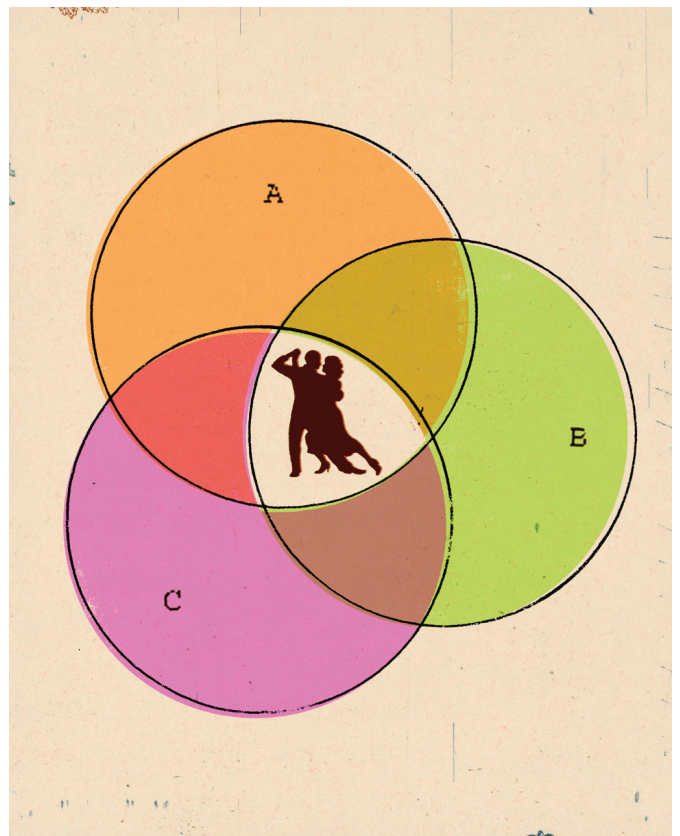
What probably struck me most during our visit is the almost unquestioned belief Americans have in the value of an entrepreneurial approach to just about everything—and with it, a deep-seated suspicion of anything that smells of government. Hospitals are better off if they are run like health care businesses, with clients rather than patients. Unemployment is best tackled by social entrepreneurs, who help people set up their own (small) businesses. Philanthropy is largely redefined as social innovation. And market failures are often seen as the root cause of societal problems. An entire worldview transpires through these assumptions, a worldview I only partly share.

### ACT AS A CATALYST

I believe that the three main actors in society must all pay their dues. Businesses create economic value, provide jobs, and lay the basis for material prosperity. Governments set the stage, create and maintain a level playing field, pass laws, make sure there is an independent judiciary, keep us away from war and crime, collect taxes, protect the weak and vulnerable, and generally look

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after the public good. Civil society provides the checks and balances that are needed to hold government accountable and businesses transparent. It is that most valued place in democratic society where citizens rally together to pursue a common goal on a voluntary basis beyond the nucleus of their family or the context of their employer or political party.

In my preferred blueprint, civil society organizations are privately funded, to prevent collusion or mission creep; governments leave the provision of commercial services to entrepreneurs; and businessmen mind their business rather than tell us how to live or who should lead. Seen from this perspective, a thriving civil society is a good indicator of the health and wealth of any democracy. For nonprofit leaders, it is important to figure out where you stand in this tangled trio, to determine what type of mission you will try to accomplish and which management principles you will adopt before you frame an issue.

I lead the Dutch chapter of the World Wildlife Fund, an organization that aims to protect the world's remaining and highly threatened

diversity of animal and plant species (what E.O. Wilson calls “biodiversity”). We are not in business. Sure, our returns are measurable, but more in terms of stakeholder value rather than shareholder value. In our marketing and back office, we try to apply good business practices, with distinct value propositions, demonstrable cost leadership, tight budgets, and proper planning. But writing a business plan to save the planet’s biodiversity is not the silver bullet for mission impact. We see our funding and our actions predominantly

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as catalytic. We try to make as many people aware of the value of biodiversity as we can. We develop solutions with stakeholders from all sectors, and we strive for impact at scale through the adoption of new practices by businesses and the adaptation or introduction of supporting regulation by governments. At the end of the day we are a catalytic actor in society, harnessing public opinion, urging government to adequately protect the public good, and demanding that businesses accept their responsibility to decouple growth from environmental impact.

I would therefore avoid framing the root cause of global biodiversity destruction as market failure. Rather, what we have is a societal failure, the complexity of which demands a coordinated approach by business, government, and civil society alike. Often, it is the latter that acts as the most powerful force for change. And as change agents, we’d do well to seek inspiration beyond the language of business and entrepreneurship.

### STICK TO YOUR MÉTIER

What if the language preference for business concepts just reflects a cultural curiosity of American life? I don’t think it is that harmless. Suggesting that sufficient entrepreneurial tools and practices will solve most of society’s ailments is a category mistake. It comes with the tacit assumption that society is better off when social entrepreneurs replace the many functions of government. This is a classic fallacy of development aid. When NGOs start delivering the services many poor governments can’t deliver, they involuntarily aggravate the problem rather than build a solution. Governments spiral into a starvation cycle. If citizens cannot hold government accountable for basic services, for the proper spending of the collective revenue for the public good, then on what grounds would they favor one government over the other in the polls? And what reasons would citizens have to pursue a government career?

It seems to me that some of these characteristics are not alien to, say, the state of California. The world’s eighth largest economy and home to some of the planet’s wealthiest individuals is barely capable of running a balanced state budget, while providing a minimum of basic and affordable services to its citizens, from health care to public schooling. There is tragic irony in this, as some of the world’s most generous foundations, finest NGOs, and best universities are

part of the same societal fabric. And I think there is a correlation. When we place so much emphasis on the values of entrepreneurship to the extent that we start defining the poor quality of basic services as market failures, we may begin to think that the conception of a business plan is the mother of all solutions.

To American observers, Europeans may look like strange, egalitarian creatures. I proudly graduated from a public university in the Netherlands more than 20 years ago. Private colleges are still rare. The upside of this is that all Dutch universities, except one, rank among the world’s 200 finest places of learning. The flip side is that none of them is in the top 10. This is a matter of choice, of societal design, if you wish. Access to good quality and affordable higher education for the greatest number of talented young men and women—or intense competition to select the brightest with the biggest wallets. The latter is a good business proposition. The former, I think, is a superior societal alternative.

### CEMENT TIES ACROSS SOCIETY

What would a fusion of both value systems look like? I am an admirer of the obsession with scale that is often reflected in the pages of this review. Yet the expectation of what American civil society, or social entrepreneurship, can do to solve today’s complex societal challenges seems to me a little over the top. With this can-do mentality, however, comes an infectious level of ambition and drive. Also, on the fundraising side, I never have met more impressive professionals than in the U.S. philanthropy sector. At the World Wildlife Fund, we manage to rally the support of every sixth Dutch citizen. Nowhere in the 100-odd countries we work in can we count on a bigger level of per capita support. Yet in our efforts to raise funds from “high net worth individuals,” as marketers call rich folks, we have only scratched the surface compared with our American peers.

In an ideal world, I fancy leaders at the helm of thriving NGOs who draw with equal ease from a business toolkit and from long-term, policy-setting practices in the public sector; who develop distinct skill sets for properly managing their organizations in the crossfire of well-resourced, profit-seeking organizations and the generally less affluent guardians of the public good we vote in and out of office; who can credibly speak on behalf of the constituency they represent; and who can inspire millions from all segments of society to safeguard the commons that is often left unprotected by politicians and businessmen.

In my fusion world of Euro-American civil society, we smartly mobilize every penny to support our greater cause. We are open about our failures, but we demonstrate impact at the highest possible scale. We borrow from businesses and business schools, but we do not blindly emulate their tools or practices. And we don’t replace government where and when it fails, but rather seek to cement productive ties among government, businesses, and citizen organizations. We also acknowledge that the holy grail of societal bliss lies not with us alone, but when all societal actors stick to their core while reaching out to cooperate for the greater benefit of all. ■