

# SUSTAINABLE STRATEGY<sup>A</sup>

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## GREAT IDEAS

What *could* we do next?

If you don't know where you're going,  
you might wind up someplace else.  
Yogi Berra

### Vision Statement

Many writers in popular literature have long argued that vision is essential for effective leadership.<sup>1</sup> Says Peter Senge, it is “a force in people’s hearts, a force of impressive power.”<sup>2</sup> Scholars also give an equally strong vote of confidence to its importance.<sup>3</sup> As such it is now generally accepted that the “single defining quality of leaders is the capacity to create and realize a vision.”<sup>4</sup> In other words, “leadership behavior that is not infused with vision is not truly leadership.”<sup>5</sup>

The news that vision is the “essential *leadership act*”<sup>6</sup> would be cause for celebration if there were agreement on what it actually is. Gary Yukl says that vision is “a term used with many different meanings, and there is widespread confusion about it.”<sup>7</sup> Multiple studies show that leaders have visions that vary widely from vague to concrete.<sup>8</sup>

Some like John Kotter define vision quite broadly as “a picture of the future.”<sup>9</sup> Others like Henry Mintzberg take the view that it is simply strategy expanded:

Vision sets the broad outlines of a strategy, while leaving the specific details to be worked out. In other words, the broad perspective may be deliberate but the specific positions can emerge. So when the unexpected happens, assuming the vision is sufficiently robust, the organization can adapt.<sup>10</sup>

Making sense of the differences are Jill Strange and Michael Mumford who reviewed a host of definitions and found the commonality that “vision may be conceived of a set of beliefs about how people should act, and interact, to attain some idealized future.”<sup>11</sup> As Burt Nanus eloquently puts it, “vision always deals with the future. Indeed, vision is where tomorrow begins.”<sup>12</sup> Put in the context of sustainable strategy, **your purpose is present tense – who you are; your vision is future tense – this is where you’re going.**

Just how important is vision? According to John Kotter, underestimating the power of vision is one of the top three reasons why transformation efforts fail.<sup>13</sup> Leaders of organizations are paying attention. In 1989, 1,500 leaders from 20 different countries including 860 CEOs agreed that vision was crucial to success.<sup>14</sup> Popular writers then amplified the importance of vision, and by the mid-1990s, all top executives had visions of one sort or another.<sup>15</sup> The position that vision is essential has not abated in the new millennium.<sup>16</sup> In 2003, vision was the third most popular management tool used by 84 percent of the respondents from 708 companies on five continents. In 2011, vision remained a top three contender.<sup>17</sup>

Yet, not everyone is convinced of the power of vision. The venerable *Bass & Stogdill's Handbook of Leadership* barely makes note of vision in its 1,182 pages.<sup>18</sup> A study of 1,400 Australian public sector employees indicated, “articulating a vision does not always have a positive influence on followers.”<sup>19</sup> Research on the Israeli Defense Forces show that a leader’s vision is “not positively related to subordinate identification and trust, self-efficacy, and motivation and willingness to sacrifice.”<sup>20</sup>

Even so, for many highly regarded practitioners, vision is specific enough to have a direct impact on the day-to-day efforts in the workplace:

“A vision gives you a focal point . . . It tells people what’s expected of them.”  
Frederick Smith, Founder, Chairman, President, and CEO, FedEx<sup>21</sup>

“A vision provides a framework through which you view everything that goes on in the company and in the external environment.” Raymond Gilmartin, former CEO, Merck & Co<sup>22</sup>

The vision referred to by these deans of corporate America is valuable “because an organization needs to know where it wants to be in order to act in a reasonably efficient manner to get there.”<sup>23</sup> Experts define organizational aspirations by the drive to yield specific results.<sup>24</sup> This includes Ronald Heifetz’s adaptive work where “a vision must track the contours of reality; it has to have accuracy, and not simply imagination and appeal.”<sup>25</sup>

One common type of vision elevates the organization to someplace new.<sup>26</sup> It is “a new story, one not known to most individuals before.”<sup>27</sup> Defined by idealism, these visions are “transcendent in the sense that they are ideological rather than pragmatic, and are laden with moral overtones.”<sup>28</sup> These are the kind of visions that Walt Disney refers to in his often-quoted mantra, “If you can dream it, you can do it.”<sup>29</sup>

Another common type of vision has an operational texture similar to formal planning, which “seems better suited to the tranquilities of peacetime than the disruptiveness of war, especially unforeseen war.”<sup>30</sup> The visions that yield practical results are the type that Paul Valery referred to when he said, “The best way to make your dreams come true is to wake up.”<sup>31</sup>

In all of this confusion, however, patterns develop. Scholar Gary Yukl developed a list of desirable characteristics from well-known experts. By grouping these characteristics around common themes, two major types of vision emerge:

| Characteristics  | Types      |
|--|------------|
| simple and idealistic; simple enough to be communicated clearly in five minutes or less; a picture of a desirable future; not a complex plan with quantitative objectives and detailed action steps; appeals to values, hopes, and ideals; emphasizes distant ideological objectives | Idealistic |

|   |           |
|---|-----------|
| challenging, but realistic; not wishful fantasy; an attainable future grounded in the present reality; addresses basic assumptions about what is important for the organization; focused enough to guide decisions and actions; general enough to allow initiative and creativity | Pragmatic |
|---|-----------|

The belief that there are two primary types of vision is widespread among practitioners. Alan Guskin, former Chancellor of Antioch University, takes this point of view:

I believe that one must be both idealistic and pragmatic. For, to be idealistic without being pragmatic leads to frustrated aspirations and unfulfilled promise; to be pragmatic without being idealistic leads one to be a hack and a bureaucrat. Being both idealistic and pragmatic leads to hope and optimism along with being realistic and focused.<sup>32</sup>

This paradoxical blend is also prevalent in strategic literature. For example, Glenn Rowe argues that strategic leaders show a “synergistic combination of managerial [pragmatic] and visionary leadership [idealistic].”<sup>33</sup> This is also consistent with Jim Collins and Jerry Porras’ view that vision “consists of two parts: a 10-to-30 audacious goal plus vivid descriptions of what it will be like to achieve the goal.”<sup>34</sup>

**In summary, the vision statement is an overarching picture of the future while the vision strategies articulate how you’re going make that future happen.**

## Ideate

Many characterize vision making as an almost mystical process with spiritual undertones. Says Po Bronson, “Most of us don’t get epiphanies. We only get a whisper – a faint urge. That’s it. That’s the call.”<sup>35</sup> Charlie Knight, a Ute medicine man, describes how he found his vision, “Everyone has a song. God gives us each a song. That’s how we know who we are. Our song tells us who we are.”<sup>36</sup> Jay Conger observes, “vision when articulated is surprisingly simple; yet when we examine the evolution of a specific leader’s vision it appears to be a much more complex process. Events stretching as far back as childhood may influence its origins.”<sup>37</sup>

Building the vision statement and strategies to achieve it begins with ideation. Ideation is what it sounds like – creating ideas - lots and lots of them. Along the way, you will ideate scores of possible ideas that you can then turn into the vision statement and strategies.

## Stakeholders

The first method for ideating is listening to your stakeholders. Many agencies choose to advance their strategic planning process with a stakeholder analysis. This is because “the key to success in the public and nonprofit sectors – and the private sector, too, for that matter – is the satisfaction of key stakeholders.”<sup>38</sup> Allison and Kaye declare there are two reasons to analyze your constituents: the benefit of outside perspective into

opportunities or threats and the chance to build relationships.<sup>39</sup> In the sustainable strategy approach, your goal is to identify opportunities for taking the agency forward and ideas for addressing what holds the agency back.

The first step in a stakeholder analysis is to identify any and all entities that your organization impacts. A stakeholder is “any person, group, or organization that can place a claim on . . . attention, resources, or output . . . or is affected by that output.”<sup>40</sup> For external stakeholders, Allison and Kaye suggest clients, funders, government regulators, individual donors, community leaders, competitors, potential collaborators, other agencies in related fields, previous staff, and board members.<sup>41</sup> Internal stakeholders will include paid and unpaid (volunteer) staff and suppliers.

Generally, you organize stakeholders into groups. Once differentiated, the analysis should ascertain their goals, their inclination to accomplish their goals, and their degree of power or influence to get their goals accomplished in the face of resistance. The following example comes from a theatre:<sup>42</sup>

| Stakeholder Analysis   |  |          |           |
|--|--|----------|-----------|
| Stakeholder  | Principal Goals  | Interest | Influence |
| Theatre Patrons: 25,000 in the Chicago metropolitan area         | Experience excellent and enlightening theatre              | Mid      | High      |
| Staff: 13 nonprofit employees                                    | Valuable work experience and financial compensation        | Mid      | High      |
| Company Artists: 40 actors, artisans, and directors              | Enhanced artistic experience and stake in the organization | High     | Low       |
| Funders: foundation, corporate, government and individual donors | Return on investment                                       | High     | High      |
| Board: 21 Chicago-area members                                   | Ensure proper governing of theatre                         | Mid      | High      |
| CPS Students: 500  | Become better students using drama-based strategies        | Mid      | Low       |
| Partners: space rental   | Generate a portion of revenue from the theatre's audience  | Low      | Low       |

There are two ways to ascertain stakeholder goals, interest, and power. First is to make an informed guess. Second is to **reach out to a dozen or so members of each stakeholder group and ask them**. Most credible stakeholder analyses take the latter course of action.

### External Stakeholders

One line of inquiry for external stakeholders is simply asking them about their goals for the agency and interest in seeing them accomplished. Allison and Kaye suggest the following topics that I have used successfully in my own practice:

1. Primary experience with the agency

2. Primary strengths
3. Primary weaknesses
4. Greatest challenges
5. Trends and developments in the field
6. Things to do more of, less of, or differently
7. Distinguishing characteristics compared to others doing similar work
8. How to increase awareness
9. How to better work with the stakeholder
10. Other issues to consider<sup>43</sup>

Bryson suggests that you ask your external stakeholders to “make a judgment about how well the organization performs against the stakeholder’s criteria . . . Simply noting whether or not the organization does poorly, okay or very well against the criteria is enough to prompt a very useful discussion.”<sup>44</sup>

Because influence is a recommended criterion for selecting stakeholders, funders and others with power often dominate the process while giving short shrift to the voice of the customer.

Fortunately, three out of four nonprofits use customer satisfaction surveys or focus groups for performance measurement.<sup>45</sup> It’s quite possible that you can mine your most recent information if you have it. Looking at what’s going on with those you serve doesn’t mean looking at your customers or clients from a helicopter; it means seeing them eye-to-eye. This research typically requires either qualitative up-close-and-personal interviewing or quantitative broad-and-deep surveying.

Peter Drucker gets at the customer question by addressing the following three topics: “Who is our primary customer? Who are our supporting customers? How will our customers change?”<sup>46</sup>

If you didn’t address these questions when you worked on the mission, you have a second opportunity to do so now. Even so, the issue of how your customers will change is different when referring to vision. Here, Peter Drucker is not referring to the life-changing difference that you make in their lives, but literally how they will transform:

Customers are never static. There will be greater or lesser numbers in the groups you already serve. They will become more diverse. Their needs, wants, and aspirations will evolve. There may be entirely new customers you must satisfy to achieve results – individuals who really need the service, want the service, but not in the way in which it is available today. And there are customers you should *stop* serving because the organization has filled a need, because people can be better served elsewhere, or because you are not producing results.<sup>47</sup>

But even this doesn’t quite get at customer voice. The most important advice Peter Drucker gives about customers is about staying close to them, which is what customer voice is all about, “Often the customer is one step ahead of you. So you must *know your*

*customer* – or quickly get to know them. **Time and again you will have to ask, ‘Who is our customer?’ because customers constantly change.**<sup>48</sup>

Kristin Majeska, former executive director of Common Good: Investments in Nonprofit Solutions, calls this customer focus, which begins with identifying your customers and ends with researching what they value:

*Identify your customers:* Separate your customers into distinct groups that you can picture, reach, and, above all, understand. Figure out what type of customers you serve most effectively, ask yourself why, and use that knowledge to serve your “best” customers exceptionally well and to improve your service for others...

*Research:* *Don’t assume you know what customers value.* Dig into information sources. Observe. Most important, ask your customers! Listen attentively to their answers and get to know the people who make up your market . . . and who will determine your success.<sup>49</sup>

One of the best ways to get close to your customers is to do exactly that. Yes, you can commission rich and rewarding research, but one of the most effective ways to understand your clients is to talk with them. I ran a performing arts center for 15 years, and though the work didn’t require me at the theatre every night, that’s where you’d generally find me – and not standing in the wings; I was in the lobby.

I knew what our customers liked about our organization and what they didn’t like because I asked them. No wonder that the Victoria Theatre Association’s customer base was the envy of much larger communities and that our renewal rate for subscriptions was regularly 20 basis points higher than most other practices. Our customers really were the stars.

Externally, I like to keep it simple. After introducing myself, explaining what I’m doing, and getting to know the customer a bit, **I begin by asking what he or she likes about the product, program, or service they are using.** This is a good icebreaker and the answers can inform your marketing strategies.

**Second, I ask the customer what he or she doesn’t like.** Don’t ask what he or she thinks you should do to improve this or that aspect of your services, products, or programs because this is hard to conceptualize. People have a tough time knowing how to improve things, but they know what they don’t like. Your customer’s first response may be deferential as most people are uncomfortable giving honest criticism. However, if you encourage the feedback authentically and persistently, you will prevail. Most of the time, a dozen or so interviews will give you a lot of information to work with.

If you are not getting thoughtful answers, the way you’re asking the questions is likely flawed. I like to use open-ended questions, those that don’t require a simple yes or no, when I’m trying to get at the customer experience. As you receive responses, be sure to

probe answers to get more information and restate what you have heard to be sure you understand what the customer said *and* meant.

**Third, I ask the customer what he or she would like.** Unlike the question of what the customer didn't like, which is about the past, this question takes the customer into the future. For example, maybe she didn't like the ham sandwich lunch you served when you asked for dislikes, but here she responds that she would have liked a vegetarian selection.

**Finally, I ask an "anything else" question around what I should have asked, but didn't, which usually yields a rich response.** The four questions together generate a surprising amount of information if you are patient and listen carefully. A typical interview with a customer should take 20 minutes or so, maybe more if the customer is talkative, maybe less if they're not.

The identification and research of your customers is the first and most important thing you must do to prepare yourself for vision making. What Tom Peters and Robert Waterman say is as true for nonprofits as it is with for-profits, "Excellent companies *really are* close to their customers."<sup>50</sup>

Of course, you may not need to do hands-on surveying. You may already have done this or you may be able to have a discussion with your front-line programming staff and query them with the questions. Whatever your approach, take some time and summarize what you know.

There are other ways of getting a deeper understanding of your customers too. You can go to sources of information already available at your fingertips on the web, at your local chamber of commerce, and through other sources including the United States Census Bureau at [www.census.gov](http://www.census.gov) and the Small Business Association at [www.sba.gov](http://www.sba.gov). Moreover, you can talk to the best of the best agencies in your field to find out what they know.

You can also observe things. Take opening a restaurant for instance. You don't launch a restaurant just anywhere. You look for the volume of people who ordinarily will walk by your location especially at the times of day when you plan to be open. You look at the other business nearby and visit with the proprietors about how well they are doing. You are especially interested in whether there are any other restaurants nearby, what they charge, their menus, and the quality of the food. In addition, if there are no other restaurants nearby, you find out why because this may mean something about your probabilities for success.

It is important to conduct thorough research with your customers to develop a better understanding of your target market. In addition to direct conversations with clients, organizations should consider focus groups, survey research, and test marketing. A focus group typically works this way:

A focus group consists of eight to ten members of your target market (try to include both current customers and potential customers who don't know you at all) who are guided by a facilitator to answer open-ended questions about a specific topic. Focus groups are a low-cost means of conducting face-to-face interviews, with the additional benefit of interactions that occur within the group.<sup>51</sup>

Survey research is most often quantitative (although qualitative interviewing is gaining in popularity) and can range from a simple web-based protocol like SurveyMonkey to telephone surveys or direct mail. Research can be fast and cheap or slow and costly. The difference is usually in validity, reliability, and generalizability to the customer population. Quantitative research yields useful data that you can quickly analyze and is usually representative of your customers at large. On the other hand, qualitative interviewing generates more nuanced and granular information that may not represent the general views of your primary customer.

According to Kristen Majeska, "*Test marketing* is essentially performing an experiment. Rather than asking your customers what they think they'd do, you give them the opportunity, record the results, and if you're entrepreneurial, you figure out why they did what they did."<sup>52</sup> Because of its ability to tell you what the customer will actually do, test marketing can be a powerful and very useful tool.

You'll also need to think about how you intend to promote your strategy to your intended market including sales, branding, and the like. Peter Brinckerhoff has a list of questions you can consider:

- How are you going to find out what your markets want and then give it to them?
- How are you going to let them know that you exist?
- How are you going to assure that they are happy and bring others back with them?
- Who are your target markets and who are your secondary markets?<sup>53</sup>

This often adds up to a marketing plan that, according to Christopher Lovelock, should include situation analysis, marketing program goals, marketing strategies, marketing budget, marketing action plan and schedule, and monitoring system. In particular, marketing strategies address the following:

- Positioning
- Target segments
- Competitive differentiation
- Value proposition: distinctive benefits
- Marketing mix
- Core product, supplementary services, and delivery systems
- Price and trade terms (if selling through intermediaries)
- Marketing communication: advertising, personal selling, promotion, and so on<sup>54</sup>

Because marketing is so important for the success of strategies related to your lines of business (LOBs), it is a good idea to consider employing a marketing consultant. Most nonprofits do not have the expertise onboard to get to the heart of marketing strategies. Fortunately, many marketing firms offer a mix of pro bono and paid services.

The point here is that you have to get close enough to your stakeholders to get some great ideas for the future – and you don't have to go overboard and spend tons of money to do this.

### **Internal Stakeholders**

Allison and Kaye suggest a survey of internal stakeholders to address the following general questions:

1. What is our vision for the future of the organization?
2. What are the major changes we may need to consider undertaking to achieve your vision?
3. What are our organization's key opportunities and threats – the political, economic, social, technological, demographic, and/or legal trends that may impact our organization's ability to achieve its mission?
4. What are our major internal strengths and weaknesses?<sup>55</sup>

Because many organizations are smaller relative to the number of staff, employees are often involved directly in the process and a survey is unnecessary. In larger organizations, I have had good success with internal staff by gathering groups of 10-15 internal stakeholders for focus groups of 90 minutes.

### **Stakeholder Management**

Once you've completed your analysis, you can work up a communication approach to your stakeholders using a very simple tool:

The influence versus interest grid helps determine the players, the people whose interests and influence that you *must* take into account in order to address the problem or issue at hand. It also highlights the coalitions to be encouraged or discouraged, the behavior that you should foster, and people whose buy-in you should seek or that you should co-opt. Finally, it provides some information on how to influence stakeholders to change their views.<sup>56</sup> The grid is quite easy to use as shown in the following table:

| Stakeholder Management                            |  |
|---|--|
| High Influence – Low Interest                     | High Influence – High Interest                           |
| Keep Satisfied<br>• Theatre patrons; staff; board | Manage Closely<br>• Funders                              |
| Low Influence – Low Interest                      | Low Influence – High Interest                            |
| Monitor<br>• CPS students                         | Keep Informed<br>• Company artists; space-rental partner |

Before wrapping up, summarize your four to six top Great Ideas in a table like the one below:

| Stakeholders Ideas   |   |
|--|---|
| External Stakeholders  | Internal Stakeholders   |
| <ul style="list-style-type: none"> <li>Implement a box office and make exterior look more like a theatre (to ease patron confusion)</li> <li>Provide annual reports to funders</li> <li>Invite major funders to opening performances and rehearsals</li> </ul> | <ul style="list-style-type: none"> <li>Increase administrative space</li> <li>Search for new hires with diverse backgrounds</li> <li>Invest in staff human resource benefits</li> </ul> |

## BOBs

The second ideation tool, which investigates the best of the best (BOBs) in your field, is elemental according to Marcus Buckingham: “Conventional wisdom tells us that we learn from our mistakes [but] all we learn from mistakes are the characteristics of mistakes. If we want to learn about our successes, we must study successes.”<sup>57</sup>

Leaders agree, as shown by a 2009 study of international executives where benchmarking was the most-used for-profit management tool. In 2015, it still held the number two slot.<sup>58</sup>

It’s likely that you are doing some of this already, as the number one way to learn about innovation in the nonprofit sector is from peer organizations.<sup>59</sup> The difference with the BOBs is in the choice of the peer – the BOBs are the best of the best in your field.

In terms of definitions, benchmarking is “a systematic, continuous process of measuring and comparing an organization’s business processes against leaders in *any* industry to gain insights that will help the organization take action to improve its performance.”<sup>60</sup>

The idea here is that benchmarking *any* best process at *any* leading firm, nonprofit or for-profit, leads to specific practices that you can imitate.

Knowing the best of the best is different than benchmarking because you are looking at the best of the best *in your field only*. It is akin to survivor technique, which “draws upon the notion of survival of the fittest in a competitive environment.”<sup>61</sup> You seek out those firms in your field that have endured over the long haul and investigate the sources of their longevity. Then you drill down to find the reasons for their success including processes, structure, governance, everything and anything that might be the source for

their *best-of-best-ness*. Oster defines this as **“those characteristics that are essential to successful performance** in that industry.”<sup>62</sup>

In essence, you’re trying to put yourself in the shoes of the people who work at your BOBs to see what they’ve done to achieve results. Amar Bhide’s study found “many successful entrepreneurs spend little time researching and analyzing.”<sup>63</sup> Four percent found ideas through systematic research for opportunities, five percent came from going with the flow of their industry, 20 percent found ideas serendipitously, and 71 percent came from an idea encountered at an earlier job.<sup>64</sup>

What do you do with all this wonderful information? Why imitate it, of course. After all, seven out of 10 ideas for new ventures in Amar Bhide’s study of entrepreneur founders came from an earlier job.<sup>65</sup> This goes for nonprofits as well. A study on nonprofit innovation from Lester Salamon, Stephanie Geller, and Kasey Mengel surveyed 417 nonprofit organizations and found the most common way to learn about innovations was from peer organizations.<sup>66</sup>

I worked with an agency once that was all about finding the next killer application - that new venture that would take them to the next level. Money was a big issue and the dominating discussion was how best to amplify earned income. It turned out that the executive director had never looked at the best practices in her agency’s field. In her first telephone call, she learned that she was charging 25 percent less than the best competitor in her field for an identical service.

Most of the strategies that you’ll come up with will not be killer applications. W. Chan Kim and Renée Mauborgne found that nearly all (86 percent) of new for-profit ventures were “line extensions – incremental improvements to existing industry offerings – and a mere 14 percent were aimed at creating new markets or industries.”<sup>67</sup>

Even if you learn nothing in your investigation of best practices, you may at least temper the natural inclination to be overly optimistic. This happens because we tend to overstate our talents, misunderstand the real cause of events, inflate the degree of control we think we have over things, discount the role luck plays, and thus fall prey to what Dan Lovallo and Daniel Kahneman call “delusions of success.”<sup>68</sup> In other words, when “pessimistic opinions are suppressed, while optimistic ones are rewarded, an organization’s ability to think critically is undermined.”<sup>69</sup>

Begin by identifying two BOBs in your field and justify your choice. One of the best ways to detect these best of the best agencies is by asking the executive director which are superior in the field, which does he or she admire nationally, internationally, statewide, or even locally. You can also go to Charity Navigator and find ratings on organizations like yours; there is a small possibility that your agency might even be there already.

The first thing to do with your BOBs is to investigate their LOBs for commonalities. What programs are the BOBs doing that you are not? Are any of your programs unique?

Knowing the LOBs for your BOBs may give you some ideas about what you should start or stop. Here's an example from a theatre agency:

|                            | Lines of Business            |  |
|----------------------------|------------------------------|--|
| A Stage                    | BOB 1                        | BOB 2  |
|                            | Lines of Business            |  |
| • Annual Season of 4 Plays | • Annual Season of 8-9 Plays | • Annual Season of 8-9 Plays                           |
| • Subscribers              | • Subscribers                | • Subscribers  |
| • Young Audience Program   | • Student Subscriptions      | • Young Professionals Group                            |
| • New Work Reading Series  | • New Work Readings          | • LGBT Group   |
| • Student Programming      | • General Theatre Studies    | • Young Playwright Exchange                            |
| • Scholar Program          | • Audience Discussions       | • Post-Show Discussions                                |
| • Company Artists          | • The Artistic Collective    | • Acting Company                                       |
| • Research (Dramaturgy)    | • Creative Partners          | • Conservatory   |
| • Annual Fund              | • Annual Fund                | • Annual Fund  |
| • Special Events           | • Special Events             | • Special Events                                       |
| • Sponsorship              | • Sponsorship                | • Sponsorship  |
| • Foundation Support       | • Foundation Support         | • Foundation Support                                   |
| •                          | • Planned Giving             | • Planned Giving                                       |
| •                          | •                            | • Capital Giving                                       |
| •                          | • Youth Arts Council         | • Student Matinees (At theatre and touring to schools) |
|                            | • Access Performances        | • Access Performances                                  |
|                            | • Adult Writing Workshop     | •  |

Notice that the agency arranged the LOBs across the columns to see what the BOBs had and didn't have compared to their agency. As you can see from analyzing the BOBs above, there are two opportunities the agency had to seriously consider for further investigation: Deeping its fundraising capacity to include planned giving, and enhancing services for people with disabilities. That is, if the agency wanted to be a best practice.

The next issue to consider is your BOBs' four basic financial items: revenue, expenses, net revenue, and net assets. These can tell you a bit about the strength of their bottom lines and generate ideas as you dig into the information. Again, our theatre example helps illustrate the usefulness of this:

|                       | Financials |            |
|-----------------------|------------|------------|
| A Stage               | BOB 1      | BOB 2      |
| Revenue: 1,360,995    | 23,291,558 | 15,388,217 |
| Expenses: 1,371,786   | 23,107,444 | 15,338,000 |
| Net Revenue: (10,791) | 184,114    | 49,417     |
| Net Assets: 632,951   | 38,715,519 | 43,375,356 |

Learning from the BOBs in this example seems difficult because the scale of the BOBs is so much greater. And we are looking at just one year of 990s for the agencies. But in this one snapshot, we see that the net revenue bottom line is less than one percent for all three agencies albeit that A Stage is in the negative. This seems to suggest some measure of fiscal responsibility. Net Assets are an issue to consider however. It seems true that the two BOBs have substantial investments including facilities.

Often the financial piece of the BOBs sparks your curiosity and perhaps a deeper investigation of the 990s to ascertain the reasons behind the numbers. Even better, you can now reach out now to your BOBs to see how they got to where they are and how you can learn from them.

Finally, study the competitive advantages of each of your BOBs to investigate possible ideas. What makes them better than their rivals? The table bellows shows what our theatre in Chicago discovered:

|  | Competitive Advantages  |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>Chicago's only theatre devoted to work inspired by history</li> </ul> | <ul style="list-style-type: none"> <li>One of the nation's largest and oldest nonprofit theatres</li> <li>National and international recognition</li> </ul> | <ul style="list-style-type: none"> <li>One of the nation's most successful regional theatres</li> <li>Revenue-generating education programs</li> </ul> |

In looking at the competitive advantages of the BOBs, the agency might find a potential idea for a vision strategy to strengthen its marketing capabilities to become better known in the community.

Because competitive advantages are rarely stated, you have considerable latitude to discuss what makes the BOBs special. Try using the process you went through (strengths, resources, core competencies, competitive advantages). Is your competitive advantage different from those of the BOBs?

### Possible Ideas

Comparing the theatre company in Chicago to its BOBs illuminated several additional LOBs, which the theatre could replicate or revise to fit the organization's needs. Imperatively, both BOBs have twice as many annual productions supplementing their earned income. Additionally, both BOBs have built security, as evidenced by their net assets. Granted, both BOBs are older and established, but it's never too early to build an endowment and safeguard your efforts.

Furthermore, the majority of the BOBs' LOBs are low-cost, low-staff initiatives like programs for patrons under 35 or community blogs. Each BOB also is dedicated to education initiatives. Finally, each BOB has one or two high-risk, high-reward programs

like the Latino Festival or conservatory. Considering all this, the theatre in Chicago brainstormed the following additional great ideas:

| BOBs Ideas  |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Increase season of work</li> <li>• Raise endowment funds</li> <li>• Create a festival</li> </ul> | <ul style="list-style-type: none"> <li>• Have teachers, students, subscribers and donors write entries for a monthly blog</li> <li>• Start a theatre camp</li> </ul> |

### Stop Fix

The third ideation approach looks at your portfolio of programs. Although it may seem obvious that you should put everything on the table when working on your vision strategies, do not forget that stopping things you are currently doing is a very potent strategy itself - and this includes considering your LOBs. A strategy analysis I conducted recently for a very small agency identified 20 strategies including six current ones, eight in various stages of exploration, and 10 new ideas.

The board and staff evaluated all of these strategies and they made the decision to reduce the volume to 10 strategies total including scrapping four current LOBs. The process of reaching this decision included qualitative interviews with key decision makers and quantitative rankings in person and through the web.

The specific lesson of this example is that every strategy you are currently doing, those you're investigating, and those slated for the future should be under consideration when deciding what goes forward.

In the last two years, 68 percent of the nonprofits in a study on innovation were unable to move their ideas forward. The four most salient fundraising obstacles included lack of funds, growth capital availability, narrowness of government funding streams, and foundations that encourage innovation but don't sustain it.<sup>70</sup>

When we want a ready source of funding, our eyes commonly look outside of the agency and toward our funders for support. Sometimes we'll also cut costs through things like negotiating for lower rent or cutting overhead. There's nothing wrong with this, but we often overlook a readily available source of funding (and a quick boost to operational effectiveness), which is to consider eliminating underperforming or inconsequential lines of business.

Beware of the sunk cost fallacy, also known as escalation of commitment. This counterproductive behavior occurs when people increase their investment in a lost cause because of the effort they've already put toward the initiative.<sup>71</sup> Be open to the idea of shutting down any fully developed or emerging strategies – you cannot be all things to all people.

It is certainly true that competitive advantage is all about how you are better than your rivals. Having more LOBs than any other agency may accomplish this, but it's not likely

to be viable for the long term. The essence of strategy may indeed be “choosing to perform activities differently or to perform different activities than rivals.” However, this doesn’t mean doing everything for everyone. What then is the key to strategy?

Remember the words of Michael Porter, “**The essence of strategy is choosing what not to do.**”<sup>72</sup>

Before you make your decision about which – if any – of the strategies (including those you are currently doing and those you might want to do), take time for portfolio analysis. These tools include simple ones like the ubiquitous Growth-Share Matrix from the Boston Consulting Group shown below:<sup>73</sup>

|                      |      | Relative Competitive Position (Market Share) |             |
|----------------------|------|--|-------------|
|                      |      | Low  | High        |
| Business Growth Rate | High | “Question Marks”                             | “Stars”     |
|                      | Low  | “Dogs”                                       | “Cash Cows” |

There are many variants to this simple four-quadrant matrix. One of the most useful is the similar Portfolio Analysis Matrix from Robert Gruber and Mary Mohr<sup>74</sup> that some people call the Double Bottom Line Matrix:

|                      |          | Benefits (Social Value)                 |  |
|----------------------|----------|---|--|
|                      |          | Low                                     | High   |
| Business Growth Rate | Positive | Sustaining<br>(Necessary evil?)         | Beneficial<br>(Best of all possible worlds)  |
|                      | Negative | Detrimental<br>(No redeeming qualities) | Worthwhile<br>(Satisfying, good for society) |

A more nuanced, and my go-to prescriptive three-step portfolio analysis tool, is the MacMillan Product Matrix:<sup>75</sup>

|                                |                        | 1. Program Attractiveness  |                          |                             |     |
|--------------------------------|------------------------|----------------------------|--------------------------|-----------------------------|-----|
|                                |                        | High                       |                          | Low                         |     |
|                                |                        | 2. Alternative Coverage    |                          |                             |     |
|                                |                        | High                       | Low                      | High                        | Low |
| 3. Strong Competitive Position | Aggressive Competition | Aggressive Growth          | Build Up Best Competitor | Soul of the Agency          |     |
| 4. Weak Competitive Position   | Aggressive Divestment  | Build Strength or Bail Out | Orderly Divestment       | Joint Venture – Foreign Aid |     |

**In step one, you determine program attractiveness** on the basis of internal fit (mission congruence, competencies, overhead sharing) and external fit (support group

appeal, fundability and funding stability, size and concentration of client base, growth rate, volunteer appeal, measurability, prevention versus cure, exit barriers, client resistance, and self-sufficiency orientation of client base).<sup>76</sup>

**Step two is to determine alternative coverage**, which simply means the number of agencies with similar programs.

**In step three, you determine competitive position**, which requires “some clear basis for declaring superiority over *all* competitors.”<sup>77</sup> Within each of the cells is the prescribed strategy to deal with LOBs. In general, weak competitive position is the deciding factor.

By following these steps, you can generate opportunities for each of your current LOBs. The example below comes from a theatre company:<sup>78</sup>

| 1. Program Attractiveness  |  |  |  |   |   |
|--|--|--|--|---|---|
| High   |  | Low  |  |   |   |
| <ul style="list-style-type: none"> <li>• Annual season</li> <li>• Flex Pass Subs</li> <li>• Fundraising</li> </ul> |  | <ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> </ul> |  | <ul style="list-style-type: none"> <li>• Company Artists</li> </ul> |   |
| 2. Alternative Coverage  |  |  |  |   |   |
| High   |  | Low  |  | High  | Low   |
| Aggressive Competition   |  | Aggressive Growth  |  | Build Up Best Competitor  | Soul of the Agency  |
| 3. Strong Competitive Position   | <ul style="list-style-type: none"> <li>• Annual Season</li> <li>• Flex Pass Subs</li> <li>• Fundraising</li> </ul> |  | <ul style="list-style-type: none"> <li>• Lobby Displays</li> <li>• Research</li> </ul>                             |   | <ul style="list-style-type: none"> <li>• Company Artists</li> </ul>         |
|  | Aggressive Divestment  |  | Build Strength or Sell Out   |   | Orderly Divestment  |
| 4. Weak Competitive Position   |  |  | <ul style="list-style-type: none"> <li>• Programming for Audiences Under 35</li> <li>• Scholar Sessions</li> </ul> |   | <ul style="list-style-type: none"> <li>• New Work Reading Series</li> </ul> |
|  |  |  |  |   |   |

As an example of how to generate possible ideas, consider the second cell to the right of the weak competitive position row. Here you have two ideas: build strength or sell out of programming for audiences under 35, and build strength or sell out of scholar sessions.

Using the MacMillan Product Matrix, make four to six conclusions about what you learn and show them as Great Ideas in a table like the one below:

| MacMillan Matrix Ideas   |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Cut new work reading series</li> <li>• Ramp up education programs</li> <li>• Increase program of work to increase subscriptions</li> <li>• Improve strategies for scholar events</li> </ul> | <ul style="list-style-type: none"> <li>• Report dramaturgical research and audience impact findings to funders</li> <li>• Invite teachers and students to Sunday performances that feature scholars</li> <li>• Ramp up programming for audiences under 35</li> </ul> |

## Great Questions

### Schumpeter Five

The fourth and last ideation method is great questions, which begins with exploring questions from the earned income literature. J. Gregory Dees offers seven questions that can stimulate the process of finding opportunities:

1. How well are you serving your clients, customers, etc.?
2. Are you reaching all of the people you would like to reach?
3. Have the demographics (e.g. age, ethnicity, preferred language, educational levels, incomes, wealth) changed in the community you serve or want to serve?
4. Have social values, moods, perceptions, or politics changed in a way that hampers your effectiveness or creates new opportunities?
5. Are your staff members unhappy or frustrated in their work?
6. What kinds of innovations are working in other fields?
7. Do we have any new scientific knowledge or new technology that could improve the way you operate?<sup>79</sup>

Allison and Kaye propose answering ten questions as part of a visioning exercise:

1. How would the world be improved or changed if we were successful in achieving our purpose?
2. What are the most important services that we should continue to provide, change, or begin to offer in the next three years?
3. What staffing and benefits changes do we need to implement to better achieve our purpose?
4. What board of directors changes do we need to implement to better achieve our purpose?
5. What resource development (fundraising) changes do we need to implement to better achieve our purpose?
6. What facilities and technology changes do we need to implement to better achieve our purpose?
7. What infrastructure, systems, or communication changes do we need to implement to better achieve our purpose?
8. How could we more effectively or efficiently provide our services? If we could only make three changes that would significantly impact our ability to provide quality services to our clients/customers, what would those changes be?
9. What makes us unique (distinguishes us from our competition)?
10. What do our clients/customers consider most important in our provision of services? What do our customers need from us?<sup>80</sup>

Richard Brewster also takes a five-question approach to help you find the “best match between what it does very well . . . and available financial resources and other forms of support.”<sup>81</sup>

1. Modify the nature of a program, particularly to improve quality
2. Add a new program
3. Withdraw from programs
4. Increase the number of people to whom programs are delivered
5. Secure more resources<sup>82</sup>

The great Joseph Schumpeter<sup>83</sup> who coined the term creative destruction offers five categories of questions that are valuable for generating ideas:

1. Creating a new or improved product, service, or program – one with which the users are not yet familiar.
2. Introducing a new or improved strategy or method of operating [including] how the product, service, or program is designed, tested, produced, and assessed.
3. Reaching a new market, serving an unmet need – making a product available to a group that did not otherwise have access to it.
4. Tapping into a new source of supply or labor.
5. Establishing a new industrial or organizational structure [including] mergers, spinoffs, alliances, and other contractual arrangements.<sup>84</sup>

By answering these questions, you can generate additional ideas. The example below comes from a theatre company:<sup>85</sup>

| Schumpeter Five                                 |  |
|---|--|
| New or improved product, service or program     | <ul style="list-style-type: none"> <li>• Improved student programs</li> <li>• Improved new works program</li> <li>• New scholar programs</li> </ul>  |
| New or improved strategy or method of operating | <ul style="list-style-type: none"> <li>• Better marketing to support new works</li> <li>• Hire a PR firm for increased visibility – local and nationally</li> <li>• Formalizing audience feedback and surveys</li> </ul> |
| New market                                      | <ul style="list-style-type: none"> <li>• Working with history classes, as well as drama classes</li> <li>• Wine and theatre pairing events</li> </ul>  |
| New source of supply or labor                   | <ul style="list-style-type: none"> <li>• Working with DePaul and other local universities to create work-study programs and internship opportunities</li> </ul>  |
| New organization structure                      | <ul style="list-style-type: none"> <li>• Looking for additional venues to rent space from to expand our season of work</li> </ul>  |

### Ansoff Four

The easiest Great Question approach to use comes from Igor Ansoff:<sup>86</sup> “There are four basic growth alternatives open to a business. It can grow through increased market penetration, through market development, through product development, or through diversification.”<sup>87</sup> The table below illustrates the Ansoff Matrix:

| Products        | Current Products   | New Products   |
|-----------------|--|--|
| Current Markets | <b>Market Penetration</b><br>current products to more customers like current customers | <b>Product Development</b><br>new products to current customers  |
| New Markets     | <b>Market Development</b><br>current products to new kinds of customers                | <b>Diversification</b><br>new products to new kinds of customers |

Although there are no hard and fast rules about which quadrant is better, diversification is the most difficult to pull off because you are doing something you have never done before. Market penetration is the least difficult because you are doing more of what you're already doing. In general, market penetration is the most preferred strategy followed in order by product development, market development, and diversification is the least preferred.<sup>88</sup> Here is an example from an arts agency:<sup>89</sup>

| Ansoff Four Ideas |   |   |
|-------------------|---|---|
|                   | Current Products  | New Products  |
| Current Markets   | Market Penetration  | Product Development   |
|                   | <ul style="list-style-type: none"> <li>• Increase annual productions</li> <li>• Expand education programs</li> <li>• Apply for more funding/sponsorship</li> <li>• Expand MyLine programming</li> </ul> | <ul style="list-style-type: none"> <li>• Festival around historical holidays</li> <li>• Student matinees</li> <li>• Digital study guides and playbills</li> <li>• Resource center for further study</li> </ul>  |
| New Markets       | Market Development  | Diversification   |
|                   | <ul style="list-style-type: none"> <li>• Build a larger theatre in a new neighborhood</li> </ul>  | <ul style="list-style-type: none"> <li>• Partner with DePaul</li> <li>• Screen films inspired by history</li> <li>• Start a playwriting contest</li> <li>• Build neighborhood partnerships</li> <li>• Create student productions</li> <li>• Start a theatre camp</li> <li>• Sell vintage clothes</li> </ul> |

The vast majority of the strategies you will identify will not be killer applications. There is nothing wrong with this; most of your low hanging fruit is of the sustaining variety.<sup>90</sup> As Tom Peters and Robert Waterman observed nearly three decades ago, "Organizations that do branch out (whether by acquisition or internal diversification) but stick very close to their knitting outperform the others."<sup>91</sup>

## Drucker Two

One of the often-used ideation tools is the SWOT model (strengths, weaknesses, opportunities, and threats) analysis. Some have suggested a slight variation that uses problems instead of weaknesses – a SPOT analysis – because weaknesses (causes) are much more difficult to identify than problems.

The SWOT begins with the assumption that there are two contexts for every organization: internal and external. Great idea possibilities come from finding internal

strengths to build upon plus weaknesses to address, and external opportunities to seize upon and threats to mitigate.

Doing a SWOT analysis upfront can be a useful source of ideas with a few caveats. First, strengths and problems analysis “may be unreliable, all bound up with aspirations, biases, and hopes . . . Who can tell without actually trying, if the strength will carry the organization through or the weakness will undermine its efforts”.<sup>92</sup> Because there is ample testing in the gap analysis at the end of the process, any ideas that arise from this ideation will have their day in court.

Second, the analysis may cause a focus on your problems, which is self-defeating:

Few strategic concepts have taken hold of strategic planning quite so thoroughly as the SWOT model. It offers an appealing balanced approach – identify your strengths and weaknesses, and be aware of your threats and opportunities. But in practice it doesn’t deliver. In fact, it tends to divert attention to unproductive areas . . . like a kindly, well-meaning family doctor who inadvertently gets you thinking about disease when you should be thinking about health.<sup>93</sup>

Of course, the horse was out of the barn when you investigated competitive advantage in building your mission.

There are a variety of ways to identify strengths and weaknesses; some agencies do deep analyses, others simply brainstorm. The same goes for opportunities and threats external to the agency. Be mindful of the nuance that “An opportunity is a condition in the general environment that, if exploited effectively, helps a company [and] a threat is a condition in the general environment that may hinder a company’s efforts.”<sup>94</sup> These are the sorts of nuances of SWOT, especially when thinking about opportunities, which are often confused with goals (and understandably so).

The challenges for doing a SWOT analysis include that it is time consuming, often quite analytical, and usually does not involve people who know the work and others who have fresh eyes. This raises the question of how we can expect the average group of people, often including board members who spend about 16 hours a year around the board table to engage constructively in a task that could have long-term consequences.<sup>95</sup>

Finding a solution that invites people’s thoughtful input is important and this is especially true for the board because one of the key ways it adds value is to “encourage experimentation, trying out new approaches and alternative ways of dealing with issues.”<sup>96</sup>

Ultimately, it’s all about the questions you ask. Bryson’s first two questions of his five-question method are relevant:

1. What are the practical alternatives, dreams, or visions we might pursue to address this strategic issue, achieve this goal, or realize this scenario?

2. What are the barriers to the realization of these alternatives, dreams, or visions?<sup>97</sup>

Peter Drucker also uses a two-part method when he says “genuinely entrepreneurial businesses have two ‘first pages’ – a problem page and an opportunity page – and managers spend equal time on both.”<sup>98</sup> **Put simply, what holds you back and what takes you forward?** These two questions also implicitly address Michael Porter’s assertion that “operational effectiveness and strategy are both essential.”<sup>99</sup>

I often use the BAM process to generate ideas from the Drucker Two approach. This process generated the results shown below for a theatre company in Chicago. Before grouping, the participants generated 76 ideas; after grouping, there are 14 credible ideas worthy of further discussion. Not bad for a process that engaged a great many people and took roughly 45 minutes to conduct:<sup>100</sup>

| Ideas  | Vision Ideas          |
|--|-----------------------|
| <ul style="list-style-type: none"> <li>increase administration space; make exterior look more like a theatre; generate a larger audience by having more seats to sell; increase season of work; add more shows to meet demand: increase available seating; implement a box office; obtain a liquor license; create a resource center for students/life-long learners; expand current programming; build a larger theatre in a new area; gain new donors through a capital campaign (19)<sup>A</sup></li> </ul> | A New Home            |
| <ul style="list-style-type: none"> <li>go after a Regional Tony Award; increase advertising; strengthen branding; advertise Jeff Awards; promote strength of artistic staff; leverage reputation as the only theatre devoted to plays inspired by history; tour productions; report dramaturgical research and audience impact findings to funders (17)</li> </ul>   | Strengthen Reputation |
| <ul style="list-style-type: none"> <li>create a festival of plays around a historical holiday</li> <li>partner with other social/health causes</li> <li>begin an annual playwriting competition (15)</li> </ul>  | Extraordinary Events  |
| <ul style="list-style-type: none"> <li>search for new hires with diverse backgrounds; cut new work reading series; increase program of work to increase subscriptions</li> <li>identify additional funding opportunities; raise endowment funds; provide annual reports to funders; invite major funders to opening performances and rehearsals;</li> <li>ask bigger theatres for advice; partner with other storefront theatres on events to lessen financial burdens (15)</li> </ul>                         | Get in the Black      |
| <ul style="list-style-type: none"> <li>cut unnecessary programs; implement staff incentives; create a structured volunteer program; hire additional interns; invest in HR, develop employee reviews (10)</li> </ul>  | Prevent Staff Burnout |

<sup>A</sup> Participants used a type of voting (multi-voting) to prioritize the results shown parentheses.

## Vision Statement

You have used some or all of the four tools to generate dozens of strategy ideas, which will be very useful as you decide the best ones to use moving forward. Before doing this, however, you need to construct your vision statement. The vision statement is a “guidepost showing the way.”<sup>101</sup> It doesn’t have to be lengthy or particularly descriptive. Recall Henry Mintzberg’s advice, “vision – expressed even in imagery, or metaphorically – may prove a greater incentive to action than a plan that is formally detailed, simply because it may be more attractive and less constraining.”<sup>102</sup>

Sustainable strategy splits the vision into three elements:

1. The vision statement that is a clear picture of the future and is typically idealistic in texture. The vision statement usually has a three to five year timeframe (give or take).
2. The vision strategies bring the picture to life and are typically pragmatic. Vision strategies usually have a shorter timeframe of one to two years.
3. The vision goals for each strategy have a timeframe of no more than a year. These goals become part of the operating plan.

In sum, the vision statement tells you what direction you’re heading in; the vision strategies provide specific directions; and the vision goals tell how you will make progress towards achieving the strategies in the shorter term.

Like it or not, making a vision statement requires that you “see and *feel* . . . it requires a mental capacity for synthesis.”<sup>103</sup> It is not so much a deductive process as it is an art. Sometimes you will find the vision statement in just one idea out of the dozens you generated. Sometimes you will step back and see a theme emerge from all of the ideas – the “**shared picture of the future**.”<sup>104</sup>

Thinking back to the types of visions, you will recall that visions are often idealistic or pragmatic. Here are four **idealistic** vision statements:

- Be the best practice nationally that delivers comprehensive solutions
- To the next level of excellence through creativity and leadership
- The best of all
- Iconographic

Here are four **pragmatic** ones:

- Stabilize the core with diversified funding sources
- Consolidate operations to prepare for the next level
- Make effectiveness count
- More funding – more advocates

The **first step is to gather together all of your information** from the four tools: Stakeholders, BOBs, Stop Fix, and Great Questions. Usually you do this immediately following the BAM using post-it notes.

**Second, look for dominant themes by reviewing what you learned from the ideation tools.** As you review the work, are there any prevailing ideas that arise? Perhaps you see a pattern of fixing things to ready your agency for the next level? Maybe you're actually at a point of going to that level?

A particularly good place to look for themes is the affinity-grouped BAM ideas. It could be that one or two of your affinity groups form the vision statement, or that there is a wild card within all of the ideas that adds up to the vision. For example, out of more than 60 ideas to the question "what takes us forward?" a housing agency focused on just one idea for its vision statement: *to be the model for fair housing*.

**Third, ideate specifically for the vision statement.** Come up with ideas to fill in the blanks for the following:

- In three years, our agency will be \_\_\_\_\_.
- The difference between our agency now and in three years will be \_\_\_\_\_.

Fourth, polish your best candidates and put them into statements of *no more than five words* give or take and make sure each has a definite *future tense*.

Fifth, test each statement against the following checklist from Jim Collins and Jerry Porras:

- Does it stimulate forward progress?
- Does it create momentum?
- Does it get people going?
- Does it get people's juices flowing?
- Do they find it stimulating, exciting, adventurous?
- Are they willing to throw their creative talents and human energies into it?<sup>105</sup>

Finally, if you're not satisfied with your choices, start over. If you are satisfied, choose the best one and move forward to your vision ideas. By no means should you discard any of the information you've collected – you will use it all shortly.

## Vision Ideas

### Collect

The first thing to do at this point is bring together all of the credible ideas from the ideation process. Ask yourself the following questions:

- What ideas did you get from talking to your **stakeholders**?
- What ideas did you get from your **BOBs**? Any things you're doing that the BOBs aren't doing? Anything your BOBs are doing that you're not?
- In terms of **Stop Fix**, what ideas did you find? Anything you should stop doing? Start doing? Fix?
- What ideas came from **Great Questions**?

Here for example are 28 ideas culled from a theatrical agency:<sup>106</sup>

| All Ideas   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• A new venue</li> <li>• Advertise subscriptions</li> <li>• Ask bigger theatres for advice</li> <li>• Become part of the citywide cultural plan</li> <li>• Cut reading series</li> <li>• Cut unnecessary LOBs</li> <li>• Festival around historical holiday</li> <li>• History trivia nights</li> <li>• Implement staff incentives</li> <li>• Improve strategies for scholar events and programming for audiences under 35</li> <li>• Increase season offerings</li> <li>• Late night historical satire</li> <li>• Look for more low-cost, low-staff LOBs</li> <li>• Look for PR opportunities and capitalize on being the only theatre solely dedicated to presenting plays inspired by history</li> <li>• Partner with other causes</li> </ul> | <ul style="list-style-type: none"> <li>• Partner with universities and city colleges (to recruit staff, volunteers, interns and performers)</li> <li>• Apply for more funding</li> <li>• Patron/student blog</li> <li>• Revamp education program</li> <li>• Seek additional sponsorships</li> <li>• Set up a resource center for patrons to visit the theatre outside of scheduled performances to encourage further learning</li> <li>• Start a theatre camp</li> <li>• Start an administration volunteer program</li> <li>• Strengthen reputation</li> <li>• Student matinees</li> <li>• Tour productions</li> <li>• Update box office and ticketing system</li> <li>• Update website</li> </ul> |

## Evaluate

### Decisions – Decisions

Once you have enough ideas identified you need to reduce the list to a manageable number that you can then consider more carefully. Just how do you choose?

The way you finalize and ready vision statements and strategies for feasibility studies can range from “Take it to Vegas” multi-voting style in the BAM process to more nuanced ranking matrixes, and from feasibility studies to full-blown business plans. Interestingly, the exemplars in my study of high-performing executives were quite informal about this matter. Just one method stood out for the participants: “You kick around a final draft of the vision with others including staff and board; it’s a way of floating trial balloons and building ownership.”<sup>107</sup>

All things being equal, we human beings prefer the intuitive to the analytic. An analytic approach greatly improves accuracy, but “the gain in precision which accompanies an

analytic approach to decision-making strategy may be offset by the danger of extreme error.”<sup>108</sup> In other words, when we use an analytic approach, we are either perfectly right most of the time or we are utterly wrong. Intuitive decision makers, on the other hand, are approximately correct all of the time without the extreme errors. Perhaps this is why we only use analytic methods when we absolutely cannot use our intuition.

Some scholars call this left-brain and right-brain thinking. As Dorothy Leonard and Susan Straus write, “An analytical, logical, and sequential approach to problem framing and solving (left-brained thinking) clearly differs from an intuitive, values-based, and nonlinear one (right-brained thinking).”<sup>109</sup> Whatever you call it, left brained or right, intuitive or analytic, all decision-making (and research for that matter) are subject to misinterpretation and misperception:

We are predisposed to see order, pattern, and meaning in the world, and we find randomness, chaos, and meaninglessness unsatisfying. Human nature abhors a lack of predictability and the absence of meaning. Consequently, we tend to “see” order where there is none, and we SWOT meaningful patterns where only the vagaries of chance are operating.<sup>110</sup>

Though simple matters are best decided through conscious thinking, we should “delegate thinking about complex matters to the unconscious.”<sup>111</sup> In other words, let the decision simmer:

Use your conscious mind to acquire all the information for making a decision – but don’t try to analyze the information. Instead, go on a holiday while your unconscious mind digests it for a day or two. Whatever your intuition then tells you is almost certainly going to be the best choice.<sup>112</sup>

Like so many things in life, the resolution to the question of analytical versus intuitive is paradoxical. It is both/and as opposed to either/or. Analysis and intuition go hand in hand. Dorothy Leonard and Susan Straus elaborate that, “Rightly harnessed, the energy released by the intersection of different thought processes will propel innovation.”<sup>113</sup> And Herbert Simon argues, **the effective manager must be capable in both decision-making approaches – the analytic and intuitive.**<sup>114</sup> The point is that you must use your head and your gut, but don’t trust either exclusively.

### First Cut

Many decisions we make are characterized by a “ready, fire, aim” variety popular with entrepreneurs.<sup>115</sup> Why not? In his best-selling book, *Blink*, Malcolm Gladwell argues that our snap judgments can be every bit as good as those decisions we carefully deliberate. Much of this is due to thin slicing, which is the ability to size up a situation quickly with very little information.<sup>116</sup>

It turns out that snap judgments based on thin slices aren’t very astonishing. When studying chess masters, we see them simultaneously play many opponents, make split-

second moves, and beat all comers. The experience and learning from a lifetime of playing makes this possible. **Intuition is simply another word for vast experience**, for “analyses frozen into habit.”<sup>117</sup>

The first cut is a vetting process to reduce the volume of strategies to a smaller number. In the first cut, winnow down all of your ideas to 12 or so using intuition as shown in the following example:<sup>118</sup>

| First Cut   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• A new venue</li> <li>• Become part of the citywide cultural plan</li> <li>• Cut unnecessary LOBs</li> <li>• Festival around historical holiday</li> <li>• Increase season offerings</li> <li>• Late night historical satire</li> </ul> | <ul style="list-style-type: none"> <li>• Look for PR opportunities</li> <li>• Obtain more funding</li> <li>• Partner with other causes</li> <li>• Start an administration volunteer program</li> <li>• Strengthen reputation</li> <li>• Student matinees</li> </ul> |

### Contenders

Ideas need to percolate, which is why time is one of the key situational variables when it comes to decision-making. Herbert Simon offers two decision-making approaches that are temporal in texture: Logical decision-making is where “goals and alternatives are made explicit [while] judgmental decision making [is where] the response to the need for a decision is usually rapid, too rapid to allow for an orderly sequential analysis of the situation.”<sup>119</sup> Among the fast methods for deciding is the Payoff Matrix popularized at General Electric and shown below:<sup>120</sup>

|              | Hard to Do      | Easy to Do          |
|--------------|-----------------|---------------------|
| Big Payoff   | Special Efforts | Quick Wins          |
| Small Payoff | Time Wasters    | Bonus Opportunities |

Use the Payoff Matrix to reduce your ideas (six or so will do it). The following example highlights (bolded and italicized) the ideas that will move forward to finalists:<sup>121</sup>

|              | Hard to Do  | Easy to Do   |
|--------------|---|--|
| Big Payoff   | <ul style="list-style-type: none"> <li>• <b><i>A new venue</i></b></li> <li>• <b><i>Festival around historical holiday</i></b></li> <li>• <b><i>Increase season offerings</i></b></li> <li>• Obtain more funding</li> <li>• Partner with other causes</li> <li>• Strengthen reputation</li> </ul> | <ul style="list-style-type: none"> <li>• <b><i>Cut unnecessary LOBs</i></b></li> <li>• <b><i>Student matinees</i></b></li> <li>• <b><i>Start an administration volunteer program</i></b></li> <li>• Look for PR opportunities</li> </ul> |
| Small Payoff | <ul style="list-style-type: none"> <li>• None</li> </ul>  | <ul style="list-style-type: none"> <li>• Late night historical satire</li> <li>• Work with the city to become part of the citywide cultural plan</li> </ul>  |

## Finalists

A slower and perhaps more nuanced method to rank strategies is one suggested by Burt Nanus.<sup>122</sup> Step one is to decide what decision criteria you'll use. Next, you can weigh the importance of each criterion. Third, you vote and tally. The following table is the output from ranking the LOBs against weighted selection criteria at an arts organization:<sup>123</sup>

| Criteria                        | W<br>T | Finalists  |                  |             |          |                          |                             |
|---------------------------------|--------|------------|------------------|-------------|----------|--------------------------|-----------------------------|
|                                 |        | A New Home | Student Matinees | Increase PR | Cut LOBs | Admin. Volunteer Program | Historical Holiday Festival |
| Plays to competitive advantage  | 5      | 20         | 15               | 15          | 25       | 5                        | 25                          |
| Brings vision statement to life | 5      | 25         | 25               | 25          | 5        | 10                       | 25                          |
| Mission fit                     | 4      | 4          | 20               | 4           | 12       | 4                        | 20                          |
| Profitable                      | 3      | 15         | 9                | 12          | 15       | 15                       | 15                          |
| Fundable                        | 4      | 20         | 20               | 4           | 4        | 4                        | 20                          |
| Achievable                      | 3      | 12         | 12               | 12          | 15       | 12                       | 12                          |
| Total                           |        | 96         | 101              | 72          | 76       | 50                       | 117                         |

You can use a matrix like this and include your values, your mission (customers, transformation, and competitive advantage), and the results from the question *what holds you back*. The nice thing about this method is that it forces you to think about the criteria that matter, which may help prevent our altogether too human tendency to fit data to the decision we were going to make in the first place.

Whatever criteria you choose, the question is not so much about which idea is the best, as much as it is about which ideas are weakest. Remember, "The essence of strategy is choosing what *not* to do."<sup>124</sup>

Step one is to decide what decision criteria you'll use. Next, you can weigh the importance of each criterion. Third, you vote and tally. Winnow your ideas from six to three or so using the Excel [Weighted Decision Matrix](#) template.

The final thing to do before wrapping up this report is to identify three strategies that you want to pursue exploring in the Great Strategies process.

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## ENDNOTES

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- <sup>2</sup> (Senge, 2006, p. 192)
- <sup>3</sup> (Berson, Shamir, Avolio, & Popper, 2001, p. 54; Conger, 1989, p. 29; J. W. Gardner, 1990, p. 130; Sashkin, 1995, p. 403; Tichy & Devanna, 1986, p. 28)
- <sup>4</sup> (Bennis, 1989, p. 194)
- <sup>5</sup> (Vaill, 2002, p. 18)
- <sup>6</sup> (Vaill, 2002, p. 28)
- <sup>7</sup> (Yukl, 2002, p. 283)
- <sup>8</sup> (Bennis & Nanus, 1997; Larwood, Falbe, Miesing, & Kriger, 1995)
- <sup>9</sup> (Kotter, 1990, p. 68)
- <sup>10</sup> (Mintzberg, 1994, pp. 209-210)
- <sup>11</sup> (Strange & Mumford, 2002, p. 344)
- <sup>12</sup> (Nanus, 1992, pp. 8-9)
- <sup>13</sup> (Kotter, 1990)
- <sup>14</sup> (Korn, 1989, p. 157)
- <sup>15</sup> (Kotter, 1996; Larwood et al., 1995; Nanus, 1992)
- <sup>16</sup> (Bennis & Thomas, 2002)
- <sup>17</sup> (Rigby & Bilodeau, 2011)
- <sup>18</sup> (Bass & Stogdill, 1990)
- <sup>19</sup> (Rafferty & Griffin, 2004, p. 348)
- <sup>20</sup> (Shamir, Zakay, Breinin, & Popper, 1998, p. 400)
- <sup>21</sup> ("All in a day's work," 2001, p. 58)
- <sup>22</sup> ("All in a day's work," 2001, p. 58)
- <sup>23</sup> (Tichy & Cohen, 1997, p. 173)
- <sup>24</sup> (Bennis & Nanus, 1997; Crosby, 1979, p. 66; Kotter, 2000; Tichy & Cohen, 1997, p. 173; Wheatley, 1999, p. 95)
- <sup>25</sup> (Heifetz, 1994, p. 24)
- <sup>26</sup> (Conger, 1989, p. 38; Kouzes & Posner, 1995, p. 119; Senge, 1990, p. 208)
- <sup>27</sup> (H. Gardner & Laskin, 1995, p. 11)
- <sup>28</sup> (House & Shamir, 1993, p. 97)
- <sup>29</sup> ("BrainyQuote," 2001-2014)
- <sup>30</sup> (Mintzberg, 1994, p. 115)
- <sup>31</sup> ("BrainyQuote," 2001-2014)
- <sup>32</sup> (Guskin, 1997, bolding added)
- <sup>33</sup> (Rowe, 2001, p. 82)
- <sup>34</sup> (J. C. Collins & Porras, 1996, p. 73)
- <sup>35</sup> (Bronson, 2003, p. 75)
- <sup>36</sup> (as cited in Arden, Wall, & White Deer of Autumn, 1990, pp. 14-15)
- <sup>37</sup> (Conger, 1989, p. 66)
- <sup>38</sup> (Bryson, 2011, p. 132)
- <sup>39</sup> (Allison & Kaye, 2015, p. 65)
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- <sup>42</sup> (Bolman & Deal, 2013)
- <sup>43</sup> (Allison & Kaye, 2015, pp. 74-76)
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- <sup>45</sup> (Salamon, Geller, & Mengel, 2010, p. 14)
- <sup>46</sup> (Drucker & Collins, 2008, p. 23)
- <sup>47</sup> (Drucker & Collins, 2008, p. 28)
- <sup>48</sup> (Drucker & Collins, 2008, p. 29, bolding added)

- 49 (Majeska, 2001, p. 247)  
50 (T. J. Peters & Waterman, 1982, p. 156)  
51 (Majeska, 2001, p. 213)  
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53 (Brinckerhoff, 2000, p. 74)  
54 (Lovelock, 2004, p. 46)  
55 (Allison & Kaye, 2015, p. 69)  
56 (Bryson, 2011, p. 408)  
57 (Buckingham, 2007, p. 6)  
58 (Rigby & Bilodeau, 2015)  
59 (Salamon et al., 2010)  
60 (Saul, 2004, p. 1 italics added)  
61 (Stigler, 1958, p. 58)  
62 (Oster, 1995, p. 42)  
63 (Bhide, 1994, p. 150)  
64 (Bhide, 1994, p. 151)  
65 (Bhide, 1994)  
66 (Salamon et al., 2010, p. 3)  
67 (Kim & Mauborgne, 2004, p. 80)  
68 (Lovallo & Kahneman, 2003)  
69 (Lovallo & Kahneman, 2003, p. 60)  
70 (Salamon et al., 2010, p. 7)  
71 (Staw, 1976)  
72 (Porter, 1996, p. 70, bolding added)  
73 (Abbreviated from Hedley, 1977)  
74 (Gruber & Mohr, 1982, p. 17)  
75 (Adapted from MacMillan, 1983, pp. 65-68)  
76 (Adapted from MacMillan, 1983, pp. 65-68)  
77 (MacMillan, 1983, p. 68)  
78 Thanks to Dottie Bris-Bois for sharing this example.  
79 (Dees, 2001, p. 169)  
80 (Allison & Kaye, 2005, pp. 106-107)  
81 (Brewster, 2008, p. 63)  
82 (Brewster, 2008, p. 63)  
83 (Schumpeter, 1983)  
84 (Dees, 2001, p. 163)  
85 Thanks to Dottie Bris-Bois for sharing this example.  
86 (Ansoff, 1957)  
87 (Ansoff, 1957, p. 113, bolding added)  
88 (Carroll & Mui, 2008; Nolop, 2007)  
89 Thanks to Dottie Bris-Bois for sharing this example.  
90 (Kim & Mauborgne, 2004, p. 80)  
91 (T. J. Peters & Waterman, 1982, p. 293)  
92 (Mintzberg, 1994, pp. 277-279)  
93 (McLaughlin, 2002)  
94 (Hitt, Ireland, & Hoskisson, 2015, pp. 40-41)  
95 (Moyers & Enright, 1997)  
96 (Holland & Blackmon, 2000, p. 7)  
97 (Bryson, 1995, p. 139)  
98 (Drucker, 1985, p. 68)  
99 (Porter, 1996)  
100 Thanks to Dottie Bris-Bois for sharing this example.  
101 (Nanus, 1992, pp. 8-9)  
102 (Mintzberg, 1994, p. 293)  
103 (Mintzberg, 1994, pp. 270-272)  
104 (Senge, 1990, pp. 9, bolding added)

- <sup>105</sup> (J. C. Collins & Porras, 1994, pp. 95-96)
- <sup>106</sup> Thanks to Dottie Bris-Bois for sharing this example.
- <sup>107</sup> (Light, 2007)
- <sup>108</sup> (J. Peters, Hammond, & Summers, 1974, p. 131)
- <sup>109</sup> (Leonard & Straus, 1997, p. 113)
- <sup>110</sup> (Gilovich, 1991, p. 9)
- <sup>111</sup> (Dijksterhuis, Bos, Nordgren, & van Baaren, 2006, p. 1007)
- <sup>112</sup> (Dijksterhuis, 2007, p. 32)
- <sup>113</sup> (Leonard & Straus, 1997, p. 121)
- <sup>114</sup> (Simon, 1987)
- <sup>115</sup> (Hammond, Keeney, & Raiffa, 1998)
- <sup>116</sup> (Gladwell, 2005)
- <sup>117</sup> (Simon, 1987, p. 63)
- <sup>118</sup> Thanks to Dottie Bris-Bois for sharing this example.
- <sup>119</sup> (Simon, 1987, p. 57)
- <sup>120</sup> (Ulrich, Kerr, & Ashkenas, 2002, p. 137)
- <sup>121</sup> Thanks to Dottie Bris-Bois for sharing this example.
- <sup>122</sup> (Nanus, 1992)
- <sup>123</sup> Thanks to Dottie Bris-Bois for sharing this example.
- <sup>124</sup> (Porter, 1996, p. 70)