

TALES FROM A **RELUCTANT** CEO

**LESSONS FOR**

**NONPROFIT**

**AND START-UP**

**LEADERS**

**MAXINE HARRIS**  
**AND MICHAEL B. O'LEARY**

"The topics that this book covers are the ones that keep CEOs up at night. The insights and recommendations are focused and meaningful."

—**KENNETH A. SAMET**, president and CEO, MedStar Health

"For anyone looking to understand and master the art of starting and building a sustainable not-for-profit organization, [this] is a must-read book for you. The combination of deep knowledge, vivid case studies, and sage advice that only comes from thirty years of being in the role of CEO will get you to the level of insight found in this new and compelling book by Harris."

—**JAMES OWEN MATHEWS**, vice chairman, Healthy Companies International

"Harris and O'Leary have written a book that helps navigate an all too common dilemma which has not been addressed enough—the nonprofit which is created to do good but must also learn to be a business in order to survive. This book resonated with my experience as a woman entrepreneur who has run both for-profit and nonprofit organizations. I wish I'd had this book to read when I was first starting out."

—**REBECCA FISHMAN**, president, Florida Investment Group, LLC

"In their thoroughly engaging and imaginative book, Harris and O'Leary have managed to find just the right blend of theory, practice story, and insight to help any reader navigate the problems inherent in building an organization from the ground up."

—**ERIC HASELTINE**, PhD, futurist and author; former executive vice president,  
Walt Disney Imagineering

"As someone who's been on the founder's journey, reluctant (*or not*), I can honestly say *Lessons for Nonprofit and Start-Up Leaders* is a terrific book for someone thinking about starting a business with a purpose. Thanks for the honest reflection on the trials and triumphs of the start-up!"

—**JOHN LOCK**, serial entrepreneur, investor, and former market leader of Global B2B  
Training at Kaplan

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HARRIS  
AND  
O'LEARY



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*Tales from a Reluctant CEO*

**Maxine Harris and Michael B. O'Leary**

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# **LESSONS FOR NONPROFIT AND START-UP LEADERS**



For Helen







## INTRODUCTION

**E**very year thousands of nonprofit organizations, start-up companies, and small businesses open their doors. Some are motivated by a big vision, some by an altruistic mission; others have an innovative product or a novel process for making things work better. But what almost all of them have in common is that their founders know very little about business or what helps new ventures succeed or, as in most cases, fail. Despite coming from diverse worlds, they almost all confront the same issues of organizational culture, power and authority, hiring, problem solving, and dealing with the world outside their doors. They have to be aware of how they are seen, how their ideas grow into products or services, and how they will sustain themselves over time.

Consider this book the advice of someone who's been there (sometimes reluctantly). It's intended for all those driven, focused founders who have to confront the struggles of starting, running, and sustaining a business.

We begin with the story of one particular start-up behavioral health organization, Community Connections, which opened in 1984 in Washington, D.C. Within fifteen years, Community Connections grew to become the largest nonprofit behavioral health care organization in the nation's capital. Within thirty years, it was serving three thousand men, women, and children and employing four hundred people. It currently has an annual budget of \$35 million and owns a real estate portfolio in excess of \$46 million.

Just how did that happen? How did the *mission and vision* to provide high-quality behavioral health care and safe community living for people whose mental illnesses had caused them to become disenfranchised from the rest of society turn into the *organization* called Community Connections?

In the early 1980s, while the founders of Community Connections were building their organization, faculty at places like Georgetown University were teaching, doing research, studying successful businesses, and writing papers. These two worlds existed in relatively parallel universes back then. Now, in this book, we try to bring together the experience and insights from the leader of an in-the-trenches behavioral health organization and a former nonprofit consultant turned business-school scholar/teacher.

Many books on management use a case study approach as a vehicle for illustrating how organizations grow and thrive. Often the cases involve large, well-known organizations, and it can be hard to apply the lessons learned to smaller companies in the early stages of their development. Sometimes books focus on one company exclusively. At other times, shorter vignettes are combined from several organizations. While this latter strategy may illustrate the universality of certain issues, it can be hard for readers new to the business world. After a while, a short vignette from one company seems to blend with other examples, and those unfamiliar with the business world may find themselves getting lost.

Other books, like *Five Temptations of a CEO* by best-selling author Patrick Lencioni, invent a fictional business, describe how it deals with a range of problems, and then provide commentary on the decisions made by the imaginary company.<sup>1</sup> As engaging as this style can be, it runs the risk of confusing the reader who is disinclined to trust a hypothetical case where all of the variables are controlled by the author to make a point. For some, it may lack a certain authenticity.

Not everyone learns in the same way. Some of us like factual information. We want to know what we can learn from the business or academic world, a world in which research and data form the basis of knowledge. For others, information comes from actual case studies of how similar organizations coped with their challenges. “Oh, tell me what happened. How did you deal with that problem?” A book that uses case studies invites the reader to have a “conversation” with someone

who has had similar experiences. “How can I learn from what you did right and what you did wrong?” *Lessons for Nonprofit and Start-Up Leaders: Tales from a Reluctant CEO* uses a real organization, Community Connections, to bring to life the actual conflicts that an organization (particularly a founder-run midsize business) must confront and solve if it is to survive and be successful. The book takes the reader through the challenges of building and sustaining an organization: whom to hire; how to solve problems; how and when to engage the community and other external stakeholders. We have written this book in an attempt to help readers understand that they can do it too—and perhaps avoid some mistakes along the way by seeing how it unfolded at Community Connections.

Some people learn best when their imaginations are engaged. It is no surprise that every culture, from the Maori in New Zealand to the Navajo in North America to the Danish in Western Europe, has a tradition of fairy tales—stories of fanciful creatures and naive protagonists, set in an imaginary land, in a time long ago. As these stories engage our imaginations, they teach us a moral lesson, a way to solve a problem, or an explanation for how things work in the world. We read them, or more often listen to them, for amusement or pleasure. But when the story is over and we leave the world of fantasy, we look up and realize that we have learned something.

In *Lessons for Nonprofit and Start-Up Leaders*, we attempt to meld all three of these ways of knowing into a single coherent whole. The case studies come from Community Connections, an organization founded by Maxine Harris and Helen Bergman. Each case study illustrates a unique theme, with particulars drawn from several separate incidents. The names of the people involved are invented, and the story itself is a composite of similar events that occurred over a span of thirty years. Of course, it must be said that case stories are always a product of memory. No one example is recorded exactly as it happened. The fairy tales come from our collective imagination, or, as the storyteller might say, “They were plucked from the air.” The academic commentary is provided by Michael O’Leary, a professor of leadership at Georgetown University’s McDonough School of Business.

We asked ourselves, “What would happen if we started every chapter with a fairy tale, a myth involving naive characters set in a place outside of time, away from everyday existence?” The reader—especially

the reader not usually inclined to pick up a management book but one struggling with management issues nonetheless—would become engaged in a story that indirectly introduced a business dilemma and laid out new ways to understand choices in running a company. We would follow with a case story from the work at Community Connections and conclude with a discussion and a perspective that would come from current research and more theoretical formulations. A little something for everyone.

What emerged was a structure addressing eight different issues that Community Connections wrestled with and that are encountered by almost every founder-run organization.

In chapter 1, “Every Organization Has a Culture of Its Own: The Beginnings of Community Connections,” the authors discuss the circumstances surrounding the birth and growth of Community Connections and how experiences, pitfalls, struggles, and successes helped to shape the culture of the organization. The importance of the relationship between the two founders is also highlighted as an important factor in shaping the eventual direction that Community Connections took.

The fable of “Two Girls” reminds the reader that curiosity and fun are also part of starting a new business. It is not all struggles and mistakes. And it is often curiosity and grit that keep organizations going during tough times.

The authors conclude the chapter with a more formal discussion of just what constitutes culture and why culture matters. They discuss how culture comes into being and what it means for an organization to have a strong culture.

In chapter 2, “How to Make an Idea Come Alive: Inspiration, Thinking It Through, and Making It Happen,” the focus shifts to how founders move from an idea or a vision to something that has real meat on the bones. All socially driven businesses and creative endeavors start with an idea, an inspiration that drives the decision to open up shop. But a bright idea is not enough. Thinking and implementing are at the core of the success of any start-up. The chapter uses examples from the history of Community Connections to show what happens when all three are aligned and what can go wrong when they are not.

The fable “A Tower to Reach the Sky” tells the story of a boy who sees a glorious shooting star and then finds others who help him build a

tower to the heavens. His vision, spectacular as it is, is not enough to build the tower alone.

The chapter concludes with a discussion of design thinking as an approach to innovation and applies its core concepts to Community Connections and other similar organizations. Design thinking emphasizes both a deep emotional understanding on the part of the stakeholders in any business venture and the value of the collaborative generation of ideas.

Chapter 3, “Power, Authority, and Responsibility: Who’s in Charge Around Here?” initiates a discussion of the all-important dimension of power within an organization. When mission-driven organizations begin, the last thing they think about is power. Usually there are only a few founders and great consensus on just how things are to be done. But as an organization grows, questions arise as to just who is in charge and who bears responsibility for the success of the organization.

“The Magic Ring” tells the story of two brothers who begin as joint owners of a magic ring that confers great power, but as the fable continues, the brothers struggle and only one remains in possession of the ring. The chapter concludes with a discussion of the social science of power and shared leadership.

Chapter 4, “Hiring: People to Help With the Work,” tackles problems that arise as organizations grow and expand. It may only take a few people to start a business, but it takes many more to actually run it. So how do you go about hiring new staff? Do you design the job and then hire the best person, or do you find good people and then let them create their own jobs? These are not simple questions as organizations move into the more complicated stages of growth. These are also questions that begin to require a more in-depth knowledge of how organizations work.

“The Clothing in the Chest” is a fable that tells the story of a girl who distributes clothing she has found in an old chest to a group of villagers who are shivering in the cold winter. But her distribution is based more on her need to feel generous and less on an assessment of what will actually fit each villager well. It is not surprising that most of the villagers are left with ill-fitting clothing and they make a pledge to be less eager and more thoughtful the next time an opportunity presents itself.

The chapter concludes with a discussion of talent management, a process that moves beyond simple hiring to managing an employee's needs and skills over the course of a career.

In chapter 5, "Barriers to Solving Problems: There Must Be a Way Around This," the authors address a concern ubiquitous in all new businesses, and in business in general: how to understand and solve problems. Even when everyone agrees as to what the problem is and how it might be addressed, there are still systemic and relational issues that prevent a clean solution. It is not always the case that there is unanimous agreement as to just what constitutes a problem. Differing perspectives add another barrier and a further difficulty in solving problems, especially in new organizations where standard practices do not exist.

In the fable "Crossing the Woods," a girl decides to risk her safety and cross a dark forest. She faces a variety of challenges on her journey and needs to figure out how to evaluate and solve each problem and all of the barriers she must overcome along her way.

The chapter closes with a discussion of how the way in which a problem is framed has a decisive impact on the solutions that are attempted. The authors also consider the advantages and disadvantages of collaborative problem solving.

Organizations do not exist in isolation, so in chapter 6, "Engaging the Outside World: Is Anyone Out There?" the authors turn their attention to how organizations deal with the world outside of their own boundaries. At some point in its evolution, an organization needs to turn its attention outward, toward the community and the context in which it does business. Who are its potential partners? Where is the competition coming from? What changes in the external environment will have the greatest impact? For an organization that has survived and even thrived in isolation, this turning outward can bring struggles and conflict. In chapter 6, the authors present examples of what happens when there is too little engagement with the world outside the organization and what happens if there is too much. An example is provided that demonstrates the right amount of collaboration with the world outside the business.

The fable of "The Three Brothers" tells the story of three brothers and their very different ways of dealing with the world outside of their small homes. Each brother has a different strategy and those strategies result in very different outcomes. The chapter identifies four different



strategies of interaction with the world outside the organization and suggests how these strategies might benefit or harm the organization.

In chapter 7, “The Importance of Self and Organizational Awareness: Taking a Hard Look,” the authors turn back to the world inside the organization and consider what it means for an organization and its founders to undertake a serious self-assessment. Of course, self-assessment should be an ongoing part of running an organization. Continual reflection and adjustment to feedback is critical to success, but too much time spent looking at what you are doing, rather than doing it, can become navel gazing and lead to failure.

In “A Face in the Mirror,” a young boy laments that he does not know what he looks like and would not be able to recognize himself. He embarks on a journey that takes him many places while he searches for his one true “face.”

Making an accurate judgment about oneself is not just difficult in business. The chapter concludes with a discussion of the discrepancies in self-perception and perception made by others.

The final chapter before the conclusion is chapter 8, “Preparing for the Future: What’s Next?” Questions of how to leave an organization that one has created and what needs to be done in order to ensure that an organization is sustained beyond the tenure of the founders are always difficult. Even in a relatively young organization, leaders need to have one eye to the future. What new development might be coming along and how can we prepare for it? Many businesses have a short life span because of a failure to plan ahead. This chapter addresses issues of scalability, sustainability, and succession.

The fable “Little One Note” addresses the concerns of a clan member who is always afraid of the future and the impact she has on the larger group.

In the chapter’s conclusion, the authors pay special attention to issues of sustainability and succession. Both of these have to do with whether or not an organization will survive. Small businesses in particular have only a 50 percent chance of surviving and family-owned businesses rarely make it to the third generation of owners.

Although these eight chapters do not cover all of the issues that new businesses might face, they do present a wide enough range to give some guidance. We hope it increases the probability that readers’ own