

## WHARTON LEADERSHIP DIGEST

February, 2006, Volume 10, Number 5

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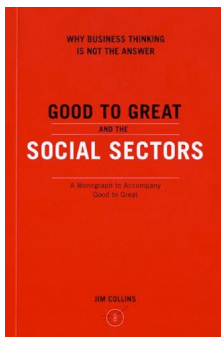
### LEADERSHIP IN PUBLIC AND NON-PROFIT ORGANIZATIONS: *Good to Great and the Social Sectors*

By Andrea Useem

Churches, schools, non-profits, public agencies – all are essential but the complaints about them are familiar. They are slow to integrate technology. Unresponsive to individual needs. Financially unaccountable.

If you're heard those complaints, you've also heard the commonly prescribed remedy. Those organizations should become more like businesses: dynamic, responsive, financially sound.

According to Jim Collins, the prescription would be right – improvement is necessary – but the metaphor would be wrong. Those organizations don't need to become more like businesses. They need to become great organizations.



So writes Collins in *Good to Great and the Social Sectors*, a 33-page monograph released last year. Collins said he was inspired to write this extra chapter for his book, *Good to Great* (published in 2001), when he learned that more than half the people who read his book belonged to non-business organizations. After conducting new research, Collins has tweaked his *Good to Great* concepts so they ring true for social sector organizations. He boils the content down to five main points:

1. *Defining "Great" – Calibrating success without business metrics.* Like businesses, social organizations need to measure performance. Unlike a business, however, a social organization cannot point to easily quantifiable bottom-line profits. Some make the mistake of focusing on fund-raising, but raising funds is not the ultimate goal of, say, an environmental protection non-profit. Excellent performance in that case means actually protecting the environment. How to measure such an amorphous goal? Well, writes Collins, just do it. Push your organization to create multiple measures of success.

2. *Level 5 Leadership – Getting things done within a diffuse power structure.* Leaders of social organization wield less raw power than a business-world CEO. They must contend with complex constituencies, such as unionized work-forces, membership bodies or elected trustees. As a result, social leaders exercise what Collins calls "legislative" leadership, relying "more upon persuasion, political currency and shared interests" to make the right things happen. This distinction leads Collins to the assertion that "more true leadership" may be found in the social sector. "True leadership only exists if people follow when they have the freedom not to."

3. *First Who – Getting the right people on the bus, within social sector constraints.* Excellence derives first of all from human capital, Collins insists. How can a social sector leader find and

retain the best people while constrained by factors like tenure, unions, and relatively low pay? Do your best, Collins says. If it's hard to get the "wrong people" off the bus through firing, then double your efforts to get the right people on through hiring. If you have only small salaries to offer, then find people who are not primarily motivated by money. Here's where the social sector can shine, argues Collins. A noble purpose – such as feeding the hungry or creating great art – "has the power to ignite passion and commitment."

#### 4. *The Hedgehog Concept – Rethinking the economic engine without a profit motive.*

Greatness means forward single-mindedly, like a hedgehog, Collins argued in *Good to Great*. The "hedgehog concept" revolved around three questions: What are you deeply passionate about? What can you be best in the world at? And what drives your economic engine? Collins discovered that the last question needed tinkering for the social sector, where money is just one fuel for a larger "resource" engine. In a volunteer-driven organization, for example, people donating *time* can be as important, if not more, than people donating *money*. Building brand in a marketplace of organizations can be equally valuable.

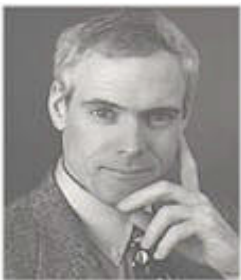
5. *Turning the Flywheel – Building momentum by building the brand.* When Hurricane Katrina struck last year, a sympathetic public overwhelmed the American Red Cross with donations. Was it the best organization to deliver assistance? Not necessarily, as it turned out. But the organization's well-known name gave the public "an easy answer to the question, 'How can I help?'" writes Collins. A strong brand reputation provides momentum for a virtuous circle of success, what Collins calls "turning the flywheel." In business, rational capital markets provide this momentum: when a company succeeds financially, capital pours in. In the social sector, a solid reputation, built on proven results and emotional pull, draws in the funding and opportunities required for long-term success.

Collins closes his monograph with the observation that "people often obsess on systemic constraints." It might seem that leaders of social organizations face particularly difficult circumstances: shoestring budgets or volunteer workforces. But Collins says no: both business and social sector organizations have a unique set of advantages and disadvantages. And ultimately, he says, it's not the environment that matters but the will towards excellence. How else to explain why some institutions thrive while others wither, even though they face the same challenges? "Greatness, it turns out, is largely a matter of conscious choice and discipline."

*Note:* Andrea Useem writes about religion for the *Washington (D.C.) Examiner*, and the Religion News Service. Her articles have appeared in the *Washington Post*, *Dallas Morning News* and other newspapers. Based in Reston, Va., she can be reached at [auseem@hotmail.com](mailto:auseem@hotmail.com).

### LEADING WITH RESILIENCE: Wharton Leadership Conference on June 13, 2006

Wharton's annual Leadership Conference on June 13, 2006 is focused on "Leading with Resilience: Coming back from Challenge and Adversity."



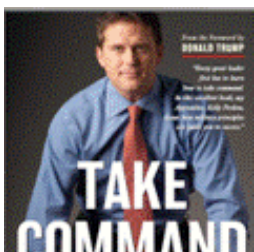
Jim Collins, author of *Good to Great* and *Good to Great and the Social Sectors* will be speaking, as will be Helen Greiner, co-founder and board chair of iRobot, a provider of robots to the industrial, consumer and military markets, and maker of the world's best selling robot.



Information on the conference is available [here](#), and online registration for the conference is available [here](#).

### TAKE COMMAND: Military Roots of Leadership

By Kelly Perdew



When Donald Trump pointed at me and said, "You're hired!" on live television a year ago, I felt exhilarated. I had survived the many business challenges on NBC's reality show, "The Apprentice," and won the prize – working as Trump's real-life apprentice for a year.

In the aftermath of my victory, I was asked the same question over and over again: Did I think that my military background helped me win "The



Apprentice?” Initially, I just said “Yes.” It was obvious to me that the discipline, attention to detail and stress management I learned while a student at U.S. Military Academy at West Point, and later as a U.S. Army officer, were critical to my win. But when the question kept coming up, I grew a little irritated. Doesn’t everyone know that the military trains you to be a leader?

I decided to write a book about the leadership principles I learned in the military that have helped me succeed in business and in life. But I wanted to write about more than myself, so I asked six business luminaries to tell how their military backgrounds shaped their later successes.

Here are some of the critical points on leadership I took away from each of the interviews:

*Planning really works.* Bill Coleman, who graduated from the U.S. Air Force Academy and was later founding CEO of the software company BEA Systems, confronts challenges by identifying specific long-term goals, breaking those goals down into intermediate objectives and then further identifying short-term tasks. Many people associate planning with bureaucracies. Coleman, however, said that a *lack* of good planning is what creates bureaucracies. Effective planning enables massive efficiencies.

*Leadership means action.* Pete Dawkins has been aggressively studying leadership for over 30 years. As a Heisman Trophy winner at West Point, Rhodes Scholar, retired Army Brigadier General and the current Vice-Chair of Citigroup’s Private Bank, Dawkins has come up with one of the best one-line definitions of leadership: “The ability to motivate others to action.”

*The call to serve exists in all of us.* Each business icon I interviewed exhibited significant philanthropic drive, but Marsha “Marty” Evans’ record stood out in this regard. Evans left the Navy as an Admiral to be president of the Girl Scouts, where she significantly expanded the reach of the organization into inner cities and even prisons. She later became CEO of the Red Cross (from which she recently resigned). Evans told me, “The call to serve exists in everyone, and it is a leader’s job to determine how best to bring it out.”

*Leadership means “No excuses.”* Jim Kimsey, founding CEO of America Online, recalled his days at West Point, where cadets can offer only one of three answers to a question from a superior: “Yes sir!,” “No sir!,” and “No excuse, Sir!” That last answer hit home for Kimsey while serving as a company commander in Vietnam. If one of his soldiers was killed, he had to explain that death to the soldier’s family – not a time for excuses. Similarly, a CEO laying off 3,000 employees cannot offer excuses. A leader is responsible for the lives of those who follow him.

*It’s not the size of the dog in the fight, it’s the size of the fight in the dog.* As a young man, Ross Perot wrote to his Texas Senator three years running, asking for a nomination to the U.S. Naval Academy in Annapolis, Md.; the Senator finally granted the nomination based on the young man’s tenacity. After leaving the military years later, Perot borrowed \$1,000 from his wife Margot and founded EDS, originally a data processing company, which he later sold to General Motors, Corp., for \$2.5 billion. His perseverance and “never give up” attitude resulted in his great success.

*Integrity really is everything.* Roger Staubach won the Heisman Trophy as a junior at the U.S. Naval Academy and was drafted by the Dallas Cowboys. Before launching his pro football career, however, Staubach fulfilled his military commitment, serving four years in Vietnam before joining the Cowboys. He built his 1,300-person real estate firm – The Staubach Company – on the principles of trust and integrity. Character defines you, both in your business and personal life.

*Note:* Kelly Perdeu served as a military intelligence officer in the U.S. Army and held multiple chairman and CEO positions before winning the second season of “The Apprentice.” A percentage of royalties from sales of his new book, *Take Command: 10 Leadership Principles I Learned in the Military and Put to Work for Donald Trump* (Regnery Publishing, 2006), will go to the [United Service Organizations](http://www.unitedservice.org). Perdeu can be reached through his website at [www.kellyperdeu.com](http://www.kellyperdeu.com), and his interactive website is located at [www.kellyperdeuforums.com](http://www.kellyperdeuforums.com).

## **MEGACHURCH LEADERSHIP: An Interview with the Leadership Network’s Dave Travis**

Megachurches – churches whose average weekly attendance exceeds 2,000 – are booming across the country, changing forever the way Americans “do church.” There are an estimated 1,210 Protestant megachurches today, more than double the number five years ago, according

to a new study released by the Hartford Seminary's Institute for Religion Research and the Leadership Network, a Dallas-based organization that works with "high capacity" Christian leaders.

"Leading a large church can be more challenging than leading a same-size revenue company." said Dave Travis, executive vice president of the Leadership Network and one of the study's co-authors. "Not only is 90 percent of the workforce volunteer, but most of these leaders have to give an hour-long public address once a week to their constituencies." *Wharton Leadership Digest* spoke with Travis about the leadership challenges facing megachurch leaders.

*Wharton Leadership Digest*: Why does your organization think megachurches are important?



*Dave Travis*: In the American Christian eco-system, smaller churches pay attention to larger churches. Of the estimated 350,000 churches in the country, only a small fraction are innovating in significant ways. The Leadership Network works with innovative "flagship churches" that impact their local communities and influence others regionally, nationally, or within their denomination. These churches tend to be megachurches.

*WLD*: Are all megachurches influential?

*Travis*: No, but all megachurches have a high degree of influence in their local communities. In some suburbs, it would take 30 smaller churches to make one megachurch. The sheer number of people they touch and influence is huge.

*WLD*: Are megachurches the result of successful leadership?

*Travis*: That's one factor, absolutely. People don't just show up at a church and say, "Let's all start going here." Strategic leadership teams of these megachurches have learned to adapt their styles and methodologies as the church grows.

*WLD*: How do you turn a small church into a megachurch?

*Travis*: Relevant communication and the ability to build teams. Those are the factors that differentiate between an average church and a megachurch. Megachurch leaders are good not just at leadership themselves, but in building teams of leaders. Second, strategic leaders of these megachurches tend to be extremely good communicators, both orally and in writing. That's important because megachurches have a dizzying array of options in terms of worship services and community life. But when a newcomer arrives, he or she will find a very simple message: We think you attend worship services and join a small group. Successful churches offer a very clear path towards being a vital part of the congregation. They have clear expectations.

*WLD*: Some scholars say that the most successful churches hold high expectations for their members. Is that true at megachurches?

*Travis*: Yes, but they differentiate between the core and the crowd. For the core, and that includes all the church leadership, they have very high expectations in terms of belief, involvement and moral behavior. But successful leaders are more accommodating for the crowd – the people on the outer fringes who are there just kicking the tires.

*WLD*: Rick Warren, author of the *Purpose Driven Life* and pastor of 20,000-member Saddleback Church in California, is probably the best known megachurch leader today. Do megachurches tend to revolve around charismatic leaders like Warren?

*Travis*: Saying Rick Warren leads Saddleback church is the same as saying Jeff Immelt runs GE. Yes, there is a strong front man, a strong leader, at the center. However, very close to that leader are strong teams of leaders who make the meaning for the whole. Rick Warren and others like him are not present at their churches every week. In Rick's case he's there only about half the time. It's his close associates that give much of the leadership, not just day to day, but in helping to cast the long term vision of the church.

*WLD*: What challenges do leaders of megachurches face?

*Travis*: Internally, they face the same types of challenges as leaders of large corporations: selection and development of team members. Externally, megachurches face difficulties in finding land and building facilities that can accommodate large congregations. Not a day goes by that I don't hear about a megachurch fighting for a piece of ground. Some communities would rather have a Super Wal-Mart than a church. But megachurches are innovating ways

around the problem, for example, by using a “multi-site” model. [Sometimes called “church franchising” by secular observers, the multi-site model allows one church to offer identical Sunday morning content at different geographic locations, often using video or other technology. Multi-site churches tend to hold worship services at existing public facilities, such as schools or theatres, rather than invest in bricks and mortar. – *editor’s note*]

*WLD*: “Bigger is better” is a truism in the business world. Is bigger better when it comes to church?

*Travis*: If the end goal is to reach as many people as possible, then megachurches are better. Attracting new people is one of their key strengths. But the Christian ecology in each locale needs a mix of larger churches and smaller congregations. Not everyone wants to attend a huge church, and megachurch leaders recognize that. Ten years ago, one leader I know was trying to build a big church. At that time he had about 1,000 attenders. He became convinced that his God-given job was not to build the biggest church in the community. His job was to “church” that community – that is, bring the maximum number of people in contact with God’s word. So this leader planted 10 smaller churches within five miles of his original church. Now he has 2,500 attenders at his church and 10,000 at the smaller churches. At least half the megachurch leaders I know share that philosophy: “Our job is to extend the body of Christ in this community, not build the biggest church.”

*Note*: Andrea Useem conducted the interview. The survey, *Megachurches Today 2005*, is available from the [Leadership Network](#) and the [Hartford Seminary](#).

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