CADRE
Good to Great for the Social Sector

Making Your Organization Great!
Deck-1
March 29, 2016
How is EM & BCP Seen in the Business World?

• SOX Requirement
• Regulatory Requirement
• Customer/Client Requirement

An Insurance Policy!
The Business Case for Both!!

Best Selling Business Leadership Author: Jim Collins

Great by Choice: Uncertainty, Chaos, and Luck--Why Some Thrive Despite Them All
Built To Last

BHAG = Big Hairy Audacious Goals

Try a Lot of Stuff and Keep What Works
Good to Great

Good is the Enemy of Great

First Who, Then What

The Hedgehog Concept (Simplicity Within the Three Circles)

The Flywheel and the Doom Loop
**Level 5 Leadership**

**Level 5 Executive**
Builds enduring greatness through a paradoxical blend of personal humility and professional will.

**Effective Leader**
Catalyzes commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.

**Competent Manager**
Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.

**Contributing Team Member**
Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.

**Highly Capable Individual**
Makes productive contributions through talent, knowledge, skills, and good work habits.
### How the Mighty Fall

<table>
<thead>
<tr>
<th>Fallen Company</th>
<th>Success Contrast</th>
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<tbody>
<tr>
<td>A&amp;P</td>
<td>Kroger</td>
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<tr>
<td>Addressograph</td>
<td>Pitney Bowes</td>
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<tr>
<td>Ames</td>
<td>Wal-Mart</td>
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<tr>
<td>Bank of America</td>
<td>Wells Fargo</td>
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<td>Circuit City</td>
<td>Best Buy</td>
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<td>HP</td>
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<td>Merck</td>
<td>Johnson &amp; Johnson</td>
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<td><em>Motorola</em></td>
<td>Texas Instruments</td>
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<tr>
<td>Rubbermaid</td>
<td>None qualified</td>
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<tr>
<td>Scott Paper</td>
<td>Kimberly-Clark</td>
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<tr>
<td>Zenith</td>
<td>Motorola</td>
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</tbody>
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**Diagram: Stages of Decline**

- **Stage 1:** Hubris Born of Success
- **Stage 2:** Undisciplined Pursuit of More
- **Stage 3:** Denial of Risk and Peril
- **Stage 4:** Grasping for Salvation
- **Stage 5:** Capitulation to Irrelevance or Death

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*Image 0x0 to 720x540*

(CADRE logo)

(SJW Water Company logo)
Great by Choice

SMaC = Specific, Methodical, and Consistent

20 Mile March!

10X

Fire Bullets then Cannon Balls!
The Case for Risk Management
Race to the South Pole

Amundsen

Scott
What Started as THIS
Became THIS!
What Started as THIS
Became THIS!
Ultimately The Difference!!

- Amundsen
  - First to Arrive at South Pole
  - Every Member Returned
  - Ultimate Success

- Scott
  - Second to South Pole
  - Every Member of the Team Perished
Luck…Skill…Preparation?

• David Breashears
  • Imax Filming from Mt. Everest

• Malcolm Daly & Jim Donini
  • Rescue on Thunder Mountain
Productive Paranoia

Paranoid behavior is enormously functional if fear is channeled into extensive preparation and calm, clear headed action. ~Jim Collins, Great by Choice

Productive Paranoia - Collins categorized successful leaders as "paranoid, neurotic freaks." They are always preparing for when, not if, the next big disruption is going to happen. They may be preparing for the worst -- one company he studied prided itself on predicting the majority of the recessions in the past several decades -- but their pessimism pays off.

~ Kathleen Davis is an associate editor at Entrepreneur.com
We are a Cornerstone of GBC Companies!

Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All
CalWARN 2.0 Vision

Create model for other WARN state programs to begin and collaborate on future goals.

OTHER GOALS
- Enhanced Daily Use Tools for all Member Agencies
- Expand membership benefits / value to smaller agencies
- Enhance interactive feedback / response in emergencies
- Credentialing key skills to improve mutual-aid response
- Real-time Situation Awareness via Mobile & Maps

Mass Notify by:
- Email = (HTML and Plain Text)
- Text = (SMS Text & True Text)
- Voice Broadcast = (Landline, VOIP & Cell)
- Voice Response = (Q&A Survey)
- Pager = (SMS/Email Page & Dial Service)
- Fax = (Agency Fax via Phone Service)
- Mobile App = (text, email and voice files)
The Great Mutual Assistance Network
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Taking Your Organization From Good to Great

Making Your Organization Great!
Deck-2
March 29, 2016

Eclipxi
Major Themes

• Level 5 Leadership
  – The type of leadership required.
  – Compared to high-profile celebrity leaders with big personalities, level 5 leaders are self-effacing, quiet, reserved.
  – A paradoxical blend of personal humility and professional will

• First Who…Then What
  – First get the right people on the bus, and the right people in the rights seats, then figure out where to drive it.
  – People are not the most important asset. The right people are.

• Confront the Brutal Facts
  – Maintain unwavering faith that you can and will prevail, regardless of the difficulties, AND at the same time have the discipline to confront the most brutal facts of our current reality.

• The Hedgehog Concept
  – Simplicity within 3 circles – What you are deeply passionate about; What you can be best in the world at; What drives your economic engine.

• A Culture of Discipline
  – Create a culture of discipline where self-motivated employees manage themselves.

• Technology Accelerators
  – Technology by itself is not a primary, root cause of either greatness or decline.

• The Flywheel and the Doom Loop
  – Those who launch revolutions, dramatic change programs, and wrenching restructurings will almost certainly fail to make the leap from good to great.
Level 5 Leadership
First Who…Then What
Confront the Brutal Facts
The Hedgehog Concept
A Culture of Discipline
Technology Accelerators
The Flywheel and the Doom Loop
Level 5 Leadership - Hierarchy

- Level 5 – Level 5 Executive
  - Builds enduring greatness through a paradoxical blend of personal humility and professional will.

- Level 4 – Effective Leader
  - Catalyses commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.

- Level 3 – Competent Manager
  - Organises people and resources toward the effective and efficient pursuit of pre-determined objectives.

- Level 2 – Contributing Team Member
  - Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.

- Level 1 – Highly Capable Individual
  - Makes productive contributions through talent, knowledge, skills, and good work habits.
# Level 5 Leadership

The Two Sides of Level 5 Leadership

<table>
<thead>
<tr>
<th>Professional Will</th>
<th>Personal Humility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creates superb results, a clear catalyst in the transition from good to great</td>
<td>Demonstrates a compelling modesty, shunning public adulation; never boastful</td>
</tr>
<tr>
<td>Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult</td>
<td>Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate</td>
</tr>
<tr>
<td>Sets the standard of building an enduring great company; will settle for nothing less</td>
<td>Channels ambition into the company, not the self; sets up successors for even greater success in the next generation</td>
</tr>
<tr>
<td>Looks in the mirror, not out the window to apportion responsibility for poor results, never blaming other people, external factors, or bad luck</td>
<td>Looks out the window, not in the mirror, to apportion credit for the success of the company - to other people, external factors and good luck.</td>
</tr>
</tbody>
</table>
Level 5 Leadership

- Level 5 leaders channel their ego needs away from themselves and into the larger goal of building a great company. Their ambition is first and foremost for the institution, not themselves.
- Level 5 leadership is not just about humility and modesty. It is equally about ferocious resolve, an almost stoic determination to do whatever needs to be done to make the company great.
- Level 5 leaders are fanatically driven, infected with the incurable need to produce results. Whatever it takes to make their company great.
- One of the most damaging trends in recent history is the tendency to select dazzling, celebrity leaders and de-select potential level 5 leaders.
- Larger-than-life, celebrity leaders who ride in from the outside are negatively correlated with going from good to great.
- Those who built the good-to-great companies weren’t motivated by fear. They weren’t driven by fear of what they didn’t understand. They weren’t driven by fear of looking stupid. They weren’t driven by fear of watching others hit it big while they didn’t. They weren’t driven by the fear of being hammered by the competition.
- Those who turn good into great are motivated by a deep creative urge and an inner compulsion for sheer unadulterated excellence for its own sake. Those who build and perpetuate mediocrity, in contrast, are motivated more by the fear of being left behind.
Level 5 Leadership – Summary

• Level 5 leaders build a company that can tick along without them, rather than feeding their egos by becoming indispensable
• Personal humility AND professional will.
• Level 5 leaders are relentless in stimulating progress toward tangible results and achievement, even if it means firing their brothers.
• Level 5 leaders are ambitious for the company and what it stands for; they have a sense of purpose beyond their own success.
Level 5 Leadership

First Who...Then What

Confront the Brutal Facts

The Hedgehog Concept

A Culture of Discipline

Technology Accelerators

The Flywheel and the Doom Loop
First Who...Then What

Some Simple Truths

• If you begin with “who” rather than “what”, you can more easily adapt to a changing world. If people join the bus primarily because of where it is going, what happens if you get ten miles down the road and you need to change direction? You’ve got a problem.

• If you have the right people on the bus, the problem of how to motivate and manage people largely goes away. The right people don’t need to be tightly managed or fired up; they will be self motivated by the inner drive to produce the best results and to be part of creating something great.

• If you have the wrong people, it doesn’t matter whether you discover the right direction; you still won’t have a great company. Great vision without great people is irrelevant.

• Specific knowledge and skills are teachable traits. Traits such as character, work ethic, basic intelligence, dedication to fulfilling commitments, and values are more ingrained.

• The only way to deliver to the people who are achieving is to not burden them with the people who are not achieving.

• Avoid hiring selfish, negative, or egotistical people – don’t make exceptions to this. There should be a spirit of joy and contribution within the group.
First Who...Then What

It’s Who You Pay, Not How You Pay Them

• The evidence does not support the idea that the specific structure of executive compensation acts as a key lever in taking a company from good to great.
• Once you’ve structured something that makes basic sense, executive compensation falls away as a distinguishing variable in moving an organisation from good to great.
• If you have the right executives on the bus, they will do everything within their power to build a great company, not because of what they will get for it, but because they cannot imagine settling for anything less. Their moral code requires building excellence for its own sake.
• The right people will do the right things and deliver the best results they’re capable of, regardless of the incentive system.
• Compensation and incentives are important, but for very different reasons in good-to-great companies. The purpose of a compensation system should not be to get the right behaviours from the wrong people, but to get the right people on the bus in the first place, and to keep them there.
• Nucor paid its steelworkers more than any other steel company in the world, but over 50% of a workers compensation was tied directly to the productivity of his work team of 20 to 40 people.
First Who...Then What

How to Be Rigorous

• Discipline #1 – When in doubt, don’t hire. Keep looking
  – A company should limit its growth based on its ability to hire the best people.

• Discipline #2 – When you know you need to make a people change, act
  – The moment you feel the need to tightly manage someone, you’ve made a hiring mistake. The best people don’t need to be managed. Guided, taught, led – yes, but not tightly managed
  – Letting the wrong people hang around is unfair to the right people, as they inevitably find themselves compensating for the inadequacies of the wrong people
  – Conversely, waiting too long is equally unfair to the wrong people. For every minute you allow a person to continue, knowing they will not make it in the end, you’re stealing time that they could spend finding a better place where they would flourish.
  – Before moving people (especially if they are talented) out of the organisation, it’s worth trying them in two or three other positions in the company where they might blossom. Make sure you don’t simply have the right person, but in the wrong seat.

• Discipline #3 – Put your best people on the biggest opportunities, not the biggest problems.
First Who...Then What - Summary

- Practicing “first who” is clock building; practicing “first what” (setting strategy first) is time telling.
- Get the right people on the bus AND the wrong people off the bus.
- Practicing “first who” means selecting people more on their fit with the core values and purpose than on their skills and knowledge.
- Practicing “first who” means a bias for promoting from within, which reinforces the core values.
Level 5 Leadership
First Who…Then What
Confront the Brutal Facts
The Hedgehog Concept
A Culture of Discipline
Technology Accelerators
The Flywheel and the Doom Loop
Confront the Brutal Facts

- You absolutely cannot make a series of good decisions without first confronting the brutal facts.
- The moment a leader allows themselves to become the primary reality people worry about, rather than the reality being the primary reality, you have a recipe for mediocrity or worse.
- Does motivation stem from a compelling vision? No. Not because vision is unimportant, but because expending energy trying to motivate people is largely a waste of time. If you have the right people on the bus they will largely be self motivated. The real question becomes how do you manage in such a way as not to de-motivate people?
- Yes leadership is about vision, but it’s equally about creating a climate where truth is heard and brutal facts confronted. There’s a huge difference between the opportunity to have your say, and the opportunity to be heard.
Confront the Brutal Facts

Creating a Climate Where Truth is Heard

• Lead with questions, not answers.
  – Leading does not mean coming up with answers and then motivating everyone else to follow your messianic vision. It means having the humility to grasp the fact that you do not yet understand enough to have the answers, and then ask the questions that will lead to the best possible insights.

• Engage in dialogue and debate, not coercion.
  – Discussion should not be a sham process to let people have their say so they can buy in to a pre-determined decision. It should involve heated scientific debate, with people engaged in a search for the best answers.
  – Every great idea is born drowning. Initially, all ideas should be supported. After that has happened the naysayers are given a chance to express their fears and foreboding. This way the team supports its brilliance rather than talking itself out of it.

• Conduct autopsies without blame
  – Instead autopsy discussions should be a clinical analysis of the mistake, its implications, and its lessons.

• Build “red flag” mechanisms
  – The key lies not in better information, but in turning information into information that cannot be ignored.
Confront the Brutal Facts - Summary

- Create a climate where truth is heard, and red flag mechanisms are created.
- Confront the brutal facts of your current reality AND retain unwavering faith that you will prevail in the end.
- Confronting the brutal facts clarifies the values an organisation truly holds as core versus those it would like to hold as core.
- Brutal facts clarify what must be done to stimulate progress.
Level 5 Leadership
First Who...Then What
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The Hedgehog Concept

The hedgehog concept is a simple concept that flows from deep understanding about the intersection of the following three circles:

1. What you can be best in the world at, and conversely what you cannot be best in the world at. Just because you possess a core competence doesn’t mean you can be the best in the world at it. Conversely, what you can be the best at might not even be something in which you are currently engaged.

2. What drives your economic engine. All the good to great companies attained piercing insight into how to most effectively generate sustained and robust cash flow and profitability.

3. What you are deeply passionate about. The good to great companies focused on those activities that ignited their passion.
The Hedgehog Concept

• To have a fully developed Hedgehog concept, you need all three circles. If you make a lot of money doing things at which you can never be the best, you’ll only build a successful company, not a great one. If you become the best at something, you’ll never remain top if you don’t have intrinsic passion for what you are doing. Finally, you can be passionate all you want, but if you can’t be the best at it, or it doesn’t make economic sense, then you might have a lot of fun, but you won’t produce great results.

• A Hedgehog concept is not a goal to be the best, a strategy to be the best, an intention to be the best, or a plan to be the best. It is an understanding of what you can be best at. The distinction is absolutely crucial.

• Doing what you are good at will only make you good; focusing solely on what you can potentially do better than any other organisation is the only path to greatness.

• You absolutely do not need to be in a great industry to produce sustained great results. No matter how bad the industry, every good-to-great company figured out how to produce truly superior economic returns.

• If you successfully apply these ideas, but then stop doing them, you will slide backward from great to good, or worse.
The Hedgehog Concept

One particularly useful mechanism for moving the process along is called the Council. This consists of a group of the right people who participate in dialogue and debate guided by the three circles. The diagram below shows how it works.
The Hedgehog Concept

Characteristics of the Council

1. The council exists to gain understanding about important issues facing the organisation.
2. The council is assembled by the leading executive and usually consists of five to twelve people.
3. Each council member has the ability to argue and debate in search of understanding, not from egotistic needs to win a point or protect a parochial interest.
4. Each council member retains the respect of every other council member without exception.
5. Council members come from a range of perspectives, but each member has deep knowledge about some aspect of the organisation and/or the environment in which it operates.
6. The council includes key members of the management team but is not limited to members of the management team, nor is every executive automatically a member.
7. The council is a standing body, not an ad hoc committee assembled for a specific project.
8. The council meets periodically, as much as once a week, or as infrequently as once per quarter.
9. The council does not seek consensus, recognising that consensus decisions are often at odds with intelligent decisions. The responsibility for the final decision remains with the leading executive.
10. The council is an informal body, not listed on any formal organisation chart or in any formal documents.
The Hedgehog Concept - Summary

- The hedgehog concept and the council mechanism are models of deep understanding AND incredible simplicity
- The “what you are passionate about” circle overlaps nicely with core values and purpose. Only those values about which you are so passionate that you would never, under any conditions, give them up qualify as truly core.
- Good BHAG’s flow from understanding; bad BHAGS flow from bravado. Great BHAG’s sit right smack in the middle of the three circles.
Level 5 Leadership
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A Culture of Discipline
Technology Accelerators
The Flywheel and the Doom Loop
A Culture of Discipline

The Entrepreneurial Death Cycle
The entrepreneurial death cycle is what stops most startups becoming great companies. This refers to the situation where a startup fuelled with imagination, creativity and visionary zeal trips over its own success – too many new people/customers/orders/products - becomes an unwieldy mess. This is usually due to lack of planning/accounting/hiring/systems.

In response seasoned executives and MBA’s are brought in along with processes, procedures, checklists &c. The professional managers finally rein in the mess but also kill the entrepreneurial spirit. The creative spirit wanes as the most innovative people leave, and the exciting startup transforms into just another company, and the cancer of mediocrity begins to grow.
A Culture of Discipline

Avoiding The Entrepreneurial Death Cycle

• The purpose of bureaucracy is to compensate for incompetence and lack of discipline, a problem that largely goes away if you have the right people on the bus.

• Most companies build their bureaucratic rules to manage the small percentage of wrong people on the bus, which in turn drives away the right people, which then increases the percentage of wrong people, which then increases the need for more bureaucracy, which then drives more of the right people away…and so on.

• Set your objectives for the year and record them in concrete. You can change your plans during the year, but you never change what you measure them against.
A Culture of Discipline

Building A Culture of Discipline
1. Build a culture around the idea of freedom and responsibility, within a framework (c.f. Macquarie bank)
2. Fill that culture with self-disciplined people who are willing to go to extreme lengths to fulfil their responsibilities.
3. Don’t confuse a culture of discipline with a tyrannical disciplinarian
4. Adhere with great consistency to the Hedgehog concept, exercising an almost religious focus on the intersection of the three circles. Equally important, create a “stop doing list” and systematically unplug anything extraneous.
5. Hire self-disciplined people who don’t need to be managed, then manage the system, not the people. E.g. Nucor grew into a USD3.5 Billion company with only four layers of management and a headquarters staff of less than twenty five people.
6. Status and authority in should come from your leadership capabilities, not your position. If you really feel that you need that class distinction, then a good-to-great company is not the right place for you.
A Culture of Discipline - Summary

• A culture of discipline is based around freedom AND responsibility.
• A culture of discipline ejects those who do not share the values and standards of an organisation.
• When you have a culture of discipline, you can give people more freedom to experiment and find their own best path to results.
Level 5 Leadership
First Who…Then What
Confront the Brutal Facts
The Hedgehog Concept
A Culture of Discipline

Technology Accelerators
The Flywheel and the Doom Loop
Technology Accelerators

• Technology is an accelerator, NOT a creator of momentum.
• You cannot make good use of technology until you know which technologies are relevant. And those are the ones that link directly to the intersecting circles of your Hedgehog concept.
• Systems, be they technology related or not save you time, energy, and money. If you don’t have systems in place for all your processes and procedures it’s almost impossible to succeed in becoming great.
Technology Accelerators - Summary

- Shun technology fads AND pioneer the application of technology.
- In a great company, technology is subservient to core values, not the other way round.
- The right technologies accelerate momentum in the flywheel, toward the achievement of BHAG’s
Level 5 Leadership
First Who...Then What
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A Culture of Discipline
Technology Accelerators

The Flywheel and the Doom Loop
The Flywheel and the Doom Loop

The Flywheel

Steps forward consistent with hedgehog concept

Flywheel builds momentum

Accumulation of visible results

People line up, energised by results
The Flywheel and the Doom Loop

• When you let the flywheel do the talking you don’t need to fervently communicate your goals. As people decide amongst themselves to turn the fact of potential into the fact of results, the goal almost sets itself.

• More than anything else, the right people want to be part of a winning team and contribute to producing visible tangible results. When the right people see a simple plan born of confronting the brutal facts—a plan developed from understanding, not bravado—they are more likely to say “count me in” throw their shoulders against the flywheel and push.
The Flywheel and the Doom Loop

The Doom Loop

Disappointing Results

Reaction without understanding

No buildup; no accumulated momentum

New direction, program, leader, event, fad, or acquisition
The Flywheel and the Doom Loop - Summary

- The flywheel effect creates the sustained building of momentum, and does not depend on the presence of a charismatic visionary to motivate people.
- Evolutionary, incremental process AND revolutionary, dramatic results
- The doom loop makes it almost impossible to instil core values and purpose as people chronically wonder, “Who are we? What do we stand for”
- The smooth consistency of the flywheel and the cumulative building of momentum to a point of breakthrough create the perfect conditions for instilling core values while stimulating change and progress.
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Overview of Key Concepts

Good to Great and the Social Sectors
by Jim Collins

Making Your Organization Great!

Deck-3
March 29, 2016
The “Good to Great” Formula

Four Key Stages

1. Cultivate disciplined people
2. Engage in disciplined thought
3. Take disciplined action
4. Make the leap to greatness endure over time
Stage 1: Cultivate disciplined people

- Select disciplined people who demonstrate personal humility and professional will
  - Get the right people “on the bus”
  - Do not allow people to stay “on the bus” if they do not have the right traits.
Stage 2: Engage in disciplined thought

- Face the brutal facts about your business
- Have the faith to believe you will survive and thrive

- **Answer three pivotal questions:**
  1. What am I deeply passionate about?
  2. What can I be the best in the world at?
  3. What best drives my economic or resource engine?
Stage 3:
Take disciplined action

• Doggedly stick to the hedgehog elements

• Don’t give up—the flywheel will spin!
Hedgehog Concept

Passion

Best At...

Resource Engine
3 Aspects of Hedgehog Concepts

• **Passion** — what your organization stands for and why it exists

• **Best at...** — What your organization can uniquely contribute to the people it touches—better than any other organization on the planet

• **Resource engine** — Understanding what best drives your resource engine
  – Time
  – Money
  – Brand
Flywheel Effect

• Power and success that builds slowly at first and then with increasing momentum over time.

• Requires single-minded devotion to the "hedgehog concept."
Flywheel Effect in the Social Sectors

Resource Engine

Best At...

Attract Believers

Passion

Build Brand

RELENTLESS FOCUS ON HEDGEHOG CONCEPT

Build Strength

Demonstrate Results

Resource Engine
Flywheel Effect in the Social Sectors

Power of the Flywheel

• Success breeds support and commitment, which breeds even greater success, which breeds more support and commitment—round and round and around the flywheel goes.

• People like to support winners!
Stage 4: Build greatness to last

• Longevity of great organizations is related to the successful transfer of power to exceptional leaders over time.

• These leaders rely less on charismatic personalities and more on strategies to stimulate organizational progress.

• Lasting organizations are based on consistent core values yet relentlessly assess themselves to adapt to an ever-changing world.
5 Key Differences Between Business and Nonprofit Sector

• “Great” had to be calibrated without using business metrics.

• Excellent leaders had to be cultivated within the diffuse power structures of nonprofits.

• The right people had to be recruited and the wrong people let go within the particular constraints of the nonprofit world.

• The “hedgehog concept” had to be rethought without a profit motive.

• A new concept of the “flywheel” had to be developed by building the brand.
Along the Road to Greatness

• Measuring greatness

• Getting things done

• Getting the right people

• Making the economic engine work

• Turning the flywheel and building momentum
Measuring Greatness

**Business Sector**
- Uses money as input (means) and output
- Financial returns measure greatness
- Asks, “How much did we make?”

**Nonprofit Sector**
- Uses money as input only
- Financial returns not a measure of greatness
- Asks three questions:
  - “How well do we deliver on the mission?”
  - “Do we make a distinct impact with our resources?”
  - What’s the qualitative evidence that we are a success?
### Getting Things Done

#### Business Sector
- Uses mostly executive leadership
- CEO employs concentrated power to make the right decisions.

#### Nonprofit Sector
- Uses mostly legislative leadership
- CEO employs persuasion, political currency, and shared interests.
Getting the Right People

**Business Sector**
- Can pay for talented employees
- The right people share corporate vision and passion

**Nonprofit Sector**
- Cannot pay high salaries; unpaid board
- Sometimes hard to get the wrong people “off the bus”; careful selection is essential.
- The right people volunteer to add meaning to their lives and because of their belief in the mission.
Making the economic engine work

**Business Sector**
• Single component to measure success: Profit

**Nonprofit Sector**
• Multiple components to measure success:
  • **Human capital**—Do we have enough time?
  • **Financial capital**—can we pay the bills and break even?
  • **Brand capital**—Are we known as the best in our field?
Turning the flywheel & building momentum

**Business Sector**
- Success breeds success.
- With discipline, the slow turning of the flywheel yields financial success over time.

**Nonprofit Sector**
- Success building on brand reputation.
- Success comes when you deliver tangible results and people grow committed to your mission.
Levels of Leaders

- **LEVEL 5**: Level 5 Executive
- **LEVEL 4**: Effective Leader
- **LEVEL 3**: Competent Manager
- **LEVEL 2**: Contributing Team Member
- **LEVEL 1**: Highly Capable Individual
Level 5 Leader

• The rare extraordinary executive who transforms a good company or organization into a great one through personal humility and professional will.
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