WHITE PAPER

Collaborative Excellence Addresses Non-Profit Challenges

By Robert Porter Lynch   (bio)

The future of Non-Profits has always been tenuous, and the Corona Crisis has made things even more precarious. The nonprofit sector is a major contributor to our culture, representing 10 percent of our nation's workforce, contributes billions in economic activity, and addresses solutions to many of our local communities' most challenging problems.

Long-term sustainability is a real concern for every non-profit senior leader and board member. While non-profits have traditionally been dedicated to a noble cause, as society changes, it calls for reassessing mission, business models, internal structures, external linkages. This calls for innovations to solve both new and old problems, while rising to crises and calamities. Yesterday's grand mission no more assures future success than yesterday's meal assures you will not be hungry tomorrow.

Non-profit organizations are one of the cornerstones of American civilization, an invaluable bulwark against social, political, educational, and economic decay. As this decade has had a rocky start, it will be vital to keep our non-profits strong.

Today's challenges require a rethinking of mission, strategy, structure, culture, operations, adaptation, and relationships. We believe Collaborative Excellence is a central organizing principle that must play a vital role in giving non-profits an advantage in eight key areas where experts[1] have identified serious challenges:

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[1] Data accumulated from a survey of expert insights between 2018-2020

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1) Collaborative Challenge:

Collaboration is an essential ingredient in today's complex world. Collaboration produces better teams, higher productivity, better decision-making, and higher trust. It also enables building alliances with other organizations to gain better leverage of precious resources.

If you ask non-profit leaders and managers about their culture, privately so many will tell they say they are collaborative, but, in reality, they are not. In addition, when it comes to working closely with other organizations to deliver services, the common response is that they are all competing for the same donors, and thus don't want to cooperate.

This lack of cooperation shows up in lower morale, duplication of effort, slowness, and wasted energy. Closer integration with other players in the delivery network can be extremely rewarding. For example, in one Big Sisters organization, it took more than six months for background checks for volunteer sisters to be processed through the local police department. Volunteers became disillusioned and dropped out. With closer collaboration, Big Sisters and the police staff figured out how to cut the time down to 6-10 days.

The stage is filled with an abundance of niche, "boutique" nonprofits aiming at a small or trendy piece of a larger issue. Often donors will feel strained and financial resources diminish. Non-profits need to build partnerships and alliances to solve problems together, and give donors the opportunity to fund the alliance.

The same holds true in creating better collaborations between grant-makers and non-profits. This starts with a collaboration to design strategic outcomes together to enhance the ability of both to generate greater impact. This means far more candor, trust, and innovation to see how their collective impact can multiply and leverage resources. See Collective Impact from *Stanford Social Innovation Review* for many examples of this vital strategy. We are strong advocates of this approach because it's the most powerful line of new thinking we need to address the future.

2) Competitive Challenge:

All too often non-profits view competitiveness as either "bad" (we are to nice to be playing in a competitive game) or "we compete for money" (donors and grants, but that's the extent of our willingness to compete.)

These very narrow perspectives are not only shortsighted; they are destined to produce mediocrity. Non-profits must be competitive, or else they dwindle and die.

Being competitive means more than securing financial resources. It means finding more "customers," becoming more efficient, building better delivery mechanisms, improving employee morale, innovating and adapting faster, among others.

Non-profits make must stand out above the crowd and the noise. They must learn to create a trusted brand, and back up that brand with consistent quality. They must energize and mobilize their supporters to keep them in the flock.

The Competitive Challenge is manifold, both *strategically* and *operationally:*

Non-profits must learn to run more like a business and pay attention to the bottom line.

Because nonprofits often understandably put social impact at the forefront, their business acumen is neglected.

Alignment of strategy, operations, and financial management is essential for success; otherwise, it becomes impossible to deliver the life-changing impacts envisioned by leadership and the Board.

Many non-profits are seeing a substantial increase in the demand for services. With the Corona Crisis, poverty has become a massive issue, with families suffering unexpected and seemingly insurmountable hardships. Cultural programs are suffering cost cuts as school budgets are being slashed, which increases the ever-mounting burden on non-profits to come up with new ways to deliver quality services more efficiently and effectively, especially in situations of great uncertainty and unpredictability.

To function effectively in this stress-filled world, non-profits must become more collaborative, internally and externally.

In this swirling environment, the competiveness challenge is also one of effectiveness and legitimacy. How must a non-profit measure its effectiveness and publicize the achievement of goals and give donors confidence that their donation is making a difference? This requires that non-profits focus on both concrete results and solutions to strategic problems that will lessen or resolve the problems in the long run. Measuring the milestones for this achievement is essential to convince both donors and the public that the non-profit is doing its job effectively.

Achieving strategic objectives also means the non-profit may actually begin to diminish the need for their services in the future. If so, it's important to be thinking about merging with another organization, scaling back the scope, or expanding the scope by diversifying or extending the mission and transforming programs. Again, this will require far greater levels of collaboration than in the past.

3) Charitable Giving & Donor Challenge:

Non-profits face skepticism in the public arena. How do they differentiate and distinguish their initiatives and build confidence in their donor base? How do they display that they have the integrity that they do not misuse donor dollars?

This is a matter of trustworthiness. However, in an age when there is massive distrust in our institutions,[2] each non-profit must demonstrate its capability to build trust, be collaborative, and lead with an underpinning of integrity. This is especially important with the uncertainty shifts in demographics, economics, and social structures.

Many observers comment that both the deterioration of donor trust and stagnation of middle-class economics growth, a "perfect storm" is brewing that will mean the demise for those who fail to collaborate, are devoid of clear strategic and operational direction, and do not work closely with donors to design their programs.

Collaborative Excellence with donors means they are an integral part of your team, engaged on a regular basis. This means they are not just involved financially, but also in the design and development of programs, as well as assessment and measures of success.

While this collaborative approach may take more time and effort, the benefits far outweigh the effort. Remember the adage: "People support what they help create." Be gracious and show gratitude. Most donors like to know they are valued for more than just their money.

With the emergence of Donor Advised Funds, more and more, professional advisors will be directing donations. Some of these Donor Advised Funds (DAFs) are actually public charities administered by

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community foundations. Non-profits must develop the confidence and trust of the DAFs because donors cannot use a DAF to redeem personal pledge made to the nonprofit.

DAFs are going to have an increasing influence on who gets contributions. It will not be long before they establish criteria and standards of excellence to separate the wheat from the chaff. One standard that is available is the International Standards Organization (ISO) Collaborative Business Relationships (ISO 44001).

4) Resource Challenge:

How many times have you heard this" We just don't have enough resources!"

Guess what? Everyone says this, even global giants like IBM and General Electric. No one ever has enough resources, and never will. With recent budget cuts the problem has worsened.

The matter is addressed by reframing the issue.

> How do we use our resources more efficiently and effectively?
> Moreover, how do we form collaborations to leverage and multiply the resources of alliance partners to achieve our mission?

The answer, as delineated Collective Impact (*Stanford Social Innovation Review),* is to pool and align resources in other organizations via strategic alliances. Using collaborative excellence, often these alliances[3] produce innovations, networking into more partnerships, and multiplying the value of services delivered.

In one region, there were two food banks operating as competitors. Food donors expressed dissatisfaction, because neither was operating at a first-class level. We were asked to facilitate a strategic alliance, beginning to integrate their functions, remove superfluous functions, and help orchestrate a merger. By starting collaboratively with an alliance, it made it much easier to merge and create a new organization that was, at its roots, collaborative.

This is what transformation is about – transforming obstacles into opportunities, transforming transactional relationships into collaborative engagement. Seek other organizations to team up with to solve seemingly intractable problems. Just be sure the overarching missions of the partnering organizations are compatible and they are seeking collaborations.

5) Innovation Challenge:

Most people, when they hear the word "innovation" automatically envision some new technological invention – a new widget, computer, or other electronic devise. Most do not realize a large proportion of innovations have nothing to do with technology. These include process innovations (the way work is done), new business models, new organizational supply and delivery relationships, and integrated solutions, to name a just a few.

Innovation means something new that functions to improve value (note the distinction between "invention:" something new and different, but may have no real value.)

Innovation is an essential element in today's non-profit world. Change is a constant, stability is only available to those that can lead when adaptation is continuous; we need to move at a rate faster than our environment is changing. Think of your environment like a fast moving white water river. The crew of a boat in the rapids must paddle faster than the river for it to stay in control.

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[3] The International Collaborative Leadership Institute has mastered the art and science of building strategic alliances and has hundreds of best processes and practices and learning programs to ensure their success.

The racecar driver, Mario Andretti said,
"If your car is not on the edge of going out of control, you're not driving fast enough."

We should expect disruptive forces that upsets our normal patterns of operations. Certainly, the Corona Crisis is one example, but every year there is some new threat or crisis. Innovation is a transformative process required when new situations or circumstances arise. With good forecasting, some of these changes can be foreseen, others, like the Corona Crisis, will be rapid, needing dynamic realignment that transforms existing structures or requires the creation of new ones. Remember the adage: "Innovate or die."

It is in these situations that collaborative excellence shines: collaborative innovation is a strategy and process, using the differentials in thinking of a diverse group of people, to produce both incremental improvements as well as major paradigm shifts.

Non-profits who fail to engage in collaborative innovation as a regular function in their operations will be severely disadvantaged as future competition demands continue rising.

6) Employee Morale & Retention Challenge:

In both the private and non-profit sectors, attraction, retention and development of top talent is "top of mind" for senior leaders. This is a highly competitive arena, with both sectors anxious to hire the best people. In terms of financial compensation, non-profits are inherently disadvantaged.

So what must a non-profit do to compete? Several strategies can be deployed.

In recruitment and selection, we often make competence the number one factor in finding new talent. We suggest a greater balance between competence, character, and collaboration. As the most highly collaborative companies have learned, there people with strong character and natural collaboration skills can be taught new competencies far better than the other way around.

50% of nonprofit employees feel either nearly or totally burned out

The burden tends to be borne on the shoulders of founders and executive directors, who are stressed out and tend to default to less delegation at the very time more shared responsibility is essential.

The major reason people gravitate toward the non-profit sector is that the mission and purpose of the organization gives the staff a deep sense of meaning and purpose in their lives. This "passion factor" should be tested at the selection stage and be emphasized and reinforced during employment. Create more opportunities for your team to flourish by tapping into this energy. When selecting and promoting staff, it is not advisable to hire potential recruits who lack a driving sense of personal purpose for the organization's primary mission.

Another largely overlooked key retention factor is the impact of trust on employee retention. Collaborative excellence, by its nature, highlights a culture of trust and teamwork. Studies have shown that a simple 10% increase in trust will increase a person's sense of well-being by 40%. Add to this the love of teamwork for collaborative people, and you have a formula that can reduce employee turnover dramatically. Trust has major economic advantages, and facilitates better delegation of work, which can dramatically reduce stress. If monetary rewards are reasonable, collaborative people will take less money for the psychic rewards of community and well-being. Satisfied employees are less likely to jump ship, and are less likely to call in sick.

Collaborative leaders will typically spend 3-5 times more effort on building strong cultures than their non-collaborative counterparts. Why? Because culture is the #1 determinant of human behavior,

and leadership is the #1 determinant of culture. Thus how leaders mold culture will have great leverage over how people think and act.

Leaders should spend ample time focusing on building a collaborative culture for another reason: Many of those in the workforce come from broken or dysfunctional families. Thus, they are silently yearning for work to be a "surrogate family." This is where teamwork becomes a critical factor in producing, cross-boundary interaction, and using diversity for co-creative innovation becomes very valuable. While not a cure-all, teamwork can do a lot to alleviated employee burnout, especially when employees start caring for their fellow workers who are "on the edge."

In the same vein, many employees will bring dysfunctional baggage into the workplace. Most leaders will be highly reactive to this condition, often ending in discharges, creating internal factions, and costly lawsuits. For this reason, continual learning and development around collaborative thinking and skills is essential. To assume people will naturally behave collaboratively just because you as a leader advocate collaboration is naïve at best and fallacious at worst.

Collaborative mindsets are in the natural DNA of normal humans, but may not have been emphasized and reinforced in their upbringing and education. Thus, as a "learning organization," it will be leadership's responsibility to nurture, develop, and refine the collaborative mindsets and skillsets. This should apply not just for new recruits, but also to managers, emerging leaders, and senior staff. Small investments in talent development generally pay large dividends that have deep long-range impacts and make a non-profit far more sustainable.

7) Measurability Challenge:

If there is any one major vulnerability in non-profits that tends to go unstated, it is the inability of many non-profits to establish a clear value proposition. A value proposition is a "vision made measurable." An empowering value proposition is concrete, specific, measurable, and gives more short-range meaning and purpose to guide and align human energy, which aims at on achieving something specific. Comparing mission statements with value propositions will illustrate the difference:

Mission Statements (examples):

- ❖ *We are dedicated to finding the cure to cancer*

- ❖ *We will create new food sources for the poverty stricken*

- ❖ *We are the go-to source for new technologies in information processing*

Value Proposition (example):

- ➢ *For the millions of people in India with cataract blindness, the Aravind Eye Care Alliance profitably provides:*

  - ❖ *diagnosis, treatment, and post-operative care*
  - ❖ *which is 100% safe,*
  - ❖ *has a greater than 90% chance of cure,*
  - ❖ *is less than 1/5 of the cost of comparable care, and*
  - ❖ *is free for those who cannot afford to pay.*

Clarity of value is also essential for fund-raising to give donors a powerful "raison d'être" for their giving. For the business sector, value propositions are easier to generate because leaders are held accountable. However, non-profits are generally deeply reluctant to create a value proposition for fear they might fail. Leadership must be bold and provide support, alliances, and focus to maintain momentum in value creation.

8) Leadership Challenge

Ultimately, all the challenges boil down to a Leadership Challenge to transform organizations. The typical non-profit will interpret this through the traditional definition of Transformational Leadership, valued by non-profits according to these guidelines:

8 Traits of a Transformational Leader[4]

#1 --	Raise awareness of moral standards
#2 --	Use persuasive appeals
#3 --	Create an ethical climate of shared values
#4 --	Foster high moral maturity in followers
#5 --	Provide one-on-one coaching and mentoring
#6 --	Encourage followers to look beyond self-interests
#7 --	Appeal to a set of ideals
#8 --	Allow freedom of choice

The theory is that leading through inspiration and integrity helps embolden leaders to create shared visions, develop and coach future leaders, and spur innovation. Thus by connecting with a person's sense of identity, transformational leaders build a strong sense of independence in the workplace and encourage a culture that enables employees be engaged, creating a personal sense of ownership and better morale. Thus, employees that are more productive enable donors to experience the benefits.

While the theory is well intentioned, in the thirty-five years since its inception, Transformational Leadership training has not produced a major shift in leadership, and, generally, leadership training has been a failure.[5] The entire approach, while well intended, needs a substantial upgrading, a Next Generation 2.0. The inherent weaknesses in the first generation are numerous, especially in light of new evolutions in the understanding of leadership.[6] Here are a few its precepts:

Transformational Learning Model

Gen 2.0 starts with a five-step "learning-loop" for Transformational Paradigm Shifting. Organizations expect leadership development will produce influencers who can *transform* their organizations. This requires far more than the eight traits (above). Here's the current disconnect: *Transformation* is, by its nature, a *Paradigm Shift.* This means that *Transformational Leadership requires Transformational Learning* to acquire the new frameworks that will truly change the way leaders operate.

However, *most leadership development is not is transformational learning*, neglecting the nature of how real transformational change occurs. Just improving skills is simply insufficient. Great learning emerges when the *mind* and *spirit* are engaged, when people integrate *knowledge* and *desire*, when *concepts* become *measurable processes*, when *core beliefs* merge with *mindsets*, which align with *skillsets*.

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[4] The constructs of Transformational Leadership are attributed to Bernard Bass (1985,) continuing the work begun by James MacGregor Burns at Binghamton University School of Management.

[5] See **Shocking Truth — *Massive Failure of Leadership Development*** by Robert Porter Lynch

[6] Note: This paper does not attempt to address the critical failures in Leadership Development, but merely to outline some of the critical issues. For more detail, see:

- o **What Went Wrong — *Three Major Flaws in Leadership Development*** ,
- o **New Paradigm –*Transformative Action Learning Engagement*,**
- o **Systems Architecture — *Reframing Organizational Transformation*,**
- o **Designing the Future — *Creating Breakthroughs & Shifting Paradigms*,**
- o **Long Term Shift Required — *Colliberative Education & 12 Concordances***

Paradigm shifts are the hardest to design, and even after they are designed, many people cannot even see the structure of the new paradigm, because they are so invested in the old paradigm.

Paradigm Shifts require a multi-/dimensional change; otherwise, the shift will not stick. Creating a Paradigm Shift means seeing today's world through a different lens. The human mind interacts with reality on at least five levels (think of these as "frames of reference"): What you *believe* is what you will *perceive*, *conceive*, *achieve*, and *receive*. Each needs to be unified and aligned for the shift to work:

- **Believe** -- What I hold as inner values, what I think about other people, what I believe motivates me and the world around me. What I think are the governing principles in my world. Where I position my self-interest versus the mutual-interest of my community. These beliefs are seldom generated solely by the individual; most come from the culture and its leaders. Note: What one *believes* will color the course and intensity of the next four factors)

- **Perceive** -- This is how I see my reality, how I interpret what my senses tell me, whether I see my world as a place of conflict or opportunity, my possibility, my weaknesses, and what I will value most highly. Perceptions are always filtered through beliefs systems. If perceptions and beliefs do not match (called cognitive dissonance), most people are very resistant to changing their beliefs, preferring to change perceptions. Together what one believes and perceives constitutes their *awareness* and *ability to recognize patterns in life.*

- **Conceive** – These include: my conceptions that define my world; how I foresee the future unfolding; my ability to be proactive as the events of life evolve; my vision for the future; the commitments (or ambivalences) I choose; my attitudes about circumstances; how I regard my personal mission in life; how I conceptualize complex situations; and how I consciously balance and align my personal drives to *acquire*, *bond*, *create*, and *defend*. This is what I "think about."

*These three levels constitute one's "**Mindsets**."*

- **Achieve** -- My actions, direction, and goals. This addresses what I am actually going to do to achieve my conception of life, such as my role as parent, worker, leader, or other more personal mission. It's also about what I do with my resources (or lack thereof) such as how I spend my time and money, how I treat my friends, what I do with my intelligence and skills I need.

*Actions relate directly to the "**Skillsets**" one develops.*

- **Receive** -- The results I get from my actions (or inactions); the feedback that tells me if I am "on point;" the rewards or other consequences from the congruence (or incongruence) of my mindsets and skillsets, the metrics[7] used to measure my success or failure, and the course adjustments I must make to bring my reality into alignment.

*Together, all five become one's "**Solution Set**"*

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[7] Every situation has its own contextual metrics. For example, the metrics in sports (such as speed, distance, accuracy, time, and completion rates) predict whether your team will likely win or lose. If the metrics are misaligned, such as focusing strictly on individual behavior, not team performance, the solution set will be out of alignment. The metrics in business will always include financial performance, which is really a lagging indicator driven by other leading indicators, such as sales revenue, innovation, etc. Metrics must also be tied to rewards.

It's important to note that if you just train skillsets and competencies, the total "learning loop" impact will be neutralized or countermanded by the other four dimensions which are out of alignment or under-developed, and the paradigm either will *not shift* or *shift and then revert back*, or *get stuck somewhere in the middle of an upshift and downshift*.

Transformative Action Learning Engagement embraces
these five dimensions holistically to ensure both a
"cultural shift" and the "stickiness of the transformational shift" for
individuals and teams.

Failure to pay attention to the interplay between these five factors, and develop an aligned architecture has been a major factor in the inability of leadership development to have real impact in the field of operations. New Paradigm generation is the most noble of intellectual quests for it is so impactful on what the world believes, perceives, conceives, achieves, and receives in return. Yet this is also a thoroughly difficult and daunting task; one can work in intense intellectual and creative thought for a lifetime, never shifting a paradigm because one gets caught inside their own frames of reference.

Transformation presents a powerful, oft unstated challenge, for a leader must critically analyze one's beliefs (i.e. motivations), perceptions (i.e. understandings), conceptions (i.e. goals), achievements (i.e. actions), and results (i.e. measures, cause & effect) and be willing to cast out everything if one of the calculations triggers an erroneous course projection.

Six Core Frameworks of Collaborative Systems Architecture

The second flaw in virtually all leadership theory is the failure to see leadership as a holistic "system" in interactive principles, key factors for success, connectivities, and best processes & practices. Thus we continue with the centuries old, outmoded approach that views leadership as "traits" or "styles," approaches that has retarded the progress of leadership development.

We suggest that Gen 2.0 embraces leadership as a series of "system design architectures" just as the human being's body is a "system" composed of interconnected subsystems such as neural, pulmonary, vascular, gastro-intestinal, and so forth.

So too must we break Transformational Leadership down into core Collaborative Excellence Systems Architecture composed of six subsystems. (see Figure 1: Collaborative Excellence Architecture, which are described in the Appendix). For the sake of clarity, we have chosen to call the subsystem architectures: "frameworks" to distinguish from the larger holistic systems design architecture.

Best practices must support systems integrity. With systems architecture clarity, we can then delve deeper into detailed best processes & practices and improve the practices that increase the transformational systems synergy. So too can we isolate those practices that destroy or undermine the integrity of the system because they were actually designed for transactional or adversarial cultures.

Figure 1: Collaborative Excellence Architecture

While the best practices will change and evolve over time, the architectural principles – the "core truths" remain steady.

Transformative Action Learning Engagement

The third major weakness in the Gen 1 Transformational Leadership approach is that it lacks a *transformative learning methodology* for leadership and organization development (see **What Went Wrong — *Three Major Flaws in Leadership Development* **). While an exemplary senior leader's presence is essential, it is insufficient to make changes "stick" as the impact of the grand philosophy dwindles and fades away.

Moreover, what is implied in Gen 1, but not explicitly stated, is that transformational leadership is about *collaborative excellence*. Leadership, to be transformational, must engage employees and create a culture of trust and teamwork along with common purpose. And more … transformation is, by its very nature, a *paradigm shift*, and thus must wholly embrace its core principles (which is seldom done).

What's needed is an effective *learning methodology* that imbeds transformative mindsets and skillsets into the organizational culture, from the top to the bottom. We call this *Transformative Action-Learning Engagement (TALE)*, which:

- Imbeds the six core collaborative excellence frameworks *teams*, not just individuals. Teams then *apply* their learning to actual problems or opportunities to produce concrete results.

- People throughout the organization must learn by traversing the *5 step learning loop* to enable the heart and mind to fully integrate the new mindsets and skillsets.

- We know only when senior leadership is actively *engaged* in transformational learning, emerging leaders and managers will pay attention. Engaging the organization requires bringing senior sponsors together with both Human Resources and core operations leaders to support transformation. Then operations teams tasked to implement transformation, are selected to attend action-learning workshops where the strategies of collaborative excellence are implanted.

  A coach acts not as a consultant, but as a "resultant & facilitator" to assist the operations teams implement key learnings from the workshop.

  This ensures that transformational collaborative excellence becomes deeply engrained into the organization's culture, ensuring that when one senior leader leaves, there is no implosion, depletion, or degradation.

Leaders seeking to turn around their organizations and Boards searching for far better results should consider more than just the qualities of the CEO at the top.

Senior management should be the architects of building an infrastructure of collaborative excellence where transformation can be sustainable regardless who is in the driver's seat.

Collaborative excellence becomes a magnet for attracting and retaining quality staff. This is also a vital mindset for nurturing relationships and engagements with donors, funding organizations, clients and customers.

Executives and Directors who recognize "the future won't be what it used to be" know that fixation on today's success can mean tomorrow's downfall. Being pro-active in designing a bold new collaborative future is the best antidote to wrestling with mediocrity around the corner.

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Appendix:
Collaborative Excellence Architecture's Building Blocks

Transformational Leadership must not stand alone; when it has organizations sub-optimize their results. What's needed is a dependable "Architecture of Collaboration" upon which to construct a collaborative organizational system. The following six frameworks enable the codification of not only leadership, but also how people interact with trust, engage in teams, innovate, build a solid culture, create value, lead, adapt, manage complexity, and build alliances. The architecture is easy to learn and transmitting to thousands of people using Transformative Action-Learning Engagement. These six frameworks are, at their core, simple, logical, and easy to comprehend – otherwise no one will remember it – and elegant to use. Each segment is seamlessly woven into the building block for the next segment, ultimately expanding to complex organizational systems.[8]

Overview of the Six Core Collaborative Architectures

30 years in the making to discover, design, develop & test the first fully integrated architecture that elegantly connects six organizational levels to produce up to a 25% competitive advantage.

It's been field-tested and produces measurable results, while optimizing time and resources.
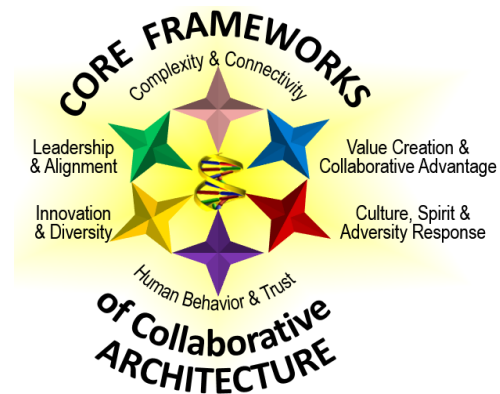
Please Note: The following pages of the Six Frameworks are presented in *outline form* because the material is highly proprietary and represent privileged intellectual property reserved for our Action-Learning Clients and the forthcoming book on *Collaborative Excellence for Leaders*.

Having been engaged in examining the fundamental causes of success and failure in thousands of alliances and other collaborative ventures, large-scale projects, mergers, acquisitions, and turnarounds, we have determined there are six key areas where joint initiatives took the critical path toward success or failure, victory or defeat. These become the foundation of the Collaborative Systems Architecture. (Outlined below)

Tip: Ensure these six frameworks are embodied in every organizational function, and especially in recruitment, hiring, and performance review of senior leaders and managers.

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[8] Note: These six core architectures were chosen because they have the highest impact and leverage on outcomes – the *building blocks* of collaborative excellence, and are universal to virtually every condition, strategy, or requirement of Collaborative Excellence.

#1 Human Behavior & Trust

The first, most basic framework for collaboration is unequivocally TRUST. It is the foundation of all collaborative enterprise. Without trust, a massive psychic vacuum is filled with FUDD – Fear, Uncertainty, Doubt, and Divisiveness.

To understand Trust, we first need a framework for understanding Human Behavior:

Four-DRIVE HUMAN BEHAVIOR "FOUNDATIONAL" Framework

Developed by mentor and colleague Paul Lawrence of Harvard Business School

- Elegant, simple & straightforward -- the $E=mc^2$ of Human Behavior
  (Far better than Maslow's Hierarchy)
- <u>Four Drives of the Brain</u> explains why people are "driven" to act, predicts and prescribes behavior.
- Backed up by breakthrough neuro-chemistry research conducted with Prof. Lawrence.
- Neuro-Chemistry of the Brain provides deep insight into Trust & Fear
- Explains how Fear defeats Collaboration – and how to overcome the Fear Factor
- Flows directly into the Trust & Culture Architectures

Value Delivered

➔ **Quickly Understand Dysfunctions**
➔ **ReAlign & ReBalance Individuals & Teams**
➔ **Foundation of Trust Architecture**

All the Frameworks are based on Science, Research and Tested Practical Experience.

These are guided by "natural" processes based on the DNA programing of normal humans.

Human Behavior Framework makes a fluid transition into the Trust Framework

Elegant and simple to use

- Trust Ladder & Tornado of Distrust -- powerful tools to create extraordinary relationships.
- Based on Breakthroughs in Neuro-Chemistry
- Includes quick and straightforward tools to assess and build Trust:
  - o 8 Principles of Trust
  - o Critical Operating Principles
  - o How to Rebuild Trust
- Without trust:
  - o Impossible to generate high performance teamwork
  - o Very difficult to produce consistent innovation
  - o Risky to attempt developing alliances and collaborations
  - o Highly challenging for leader to align organization
- Breakthrough modeling to understand Economics of Trust, Value Creation and exactly how trust generates productivity, performance, profitability and competitive advantage.

Without Trust, High Performance Teamwork is an illusion

Value Delivered

➔ **Rapid Diagnosis of Trust Breakdowns**
➔ **Prescription to Rebuild/Sustain Trust**
➔ **Sets Foundation for Understanding How Culture Impacts Behavior**

#2: CULTURE FRAMEWORK

**Trust Framework flows seamlessly into the Culture Framework**

Enables leaders to "design" culture of the Collaborative System spawning superior high performance teamwork

Why is Culture so Important?

- Between ⅔ & ¾ of all human behavior is determined by *culture* (not personality)

- Leaders are #1 determinant of culture – making Leadership the
  Primary Lever of Change, and Managers are the #2 determinant, embedding and reinforcing cultural principles into the organization.

- The framework enables Leaders to spot flaws and misguided thinking immediately and take rapid corrective action (see Appendix for more details)

- The "**START**" Model of Culture (*S*pirit, *T*rust, *A*dversity *R*esponse, & *T*eamwork) is powerful, elegantly simple, and easy to unite teams and alliances.

- Collaborative Cultures:

  o Produce 25% better results (speed, innovation, adaptability, profitability, etc.) than Adversarial Cultures
  o Retain wandering Millennials who experience Collaborative Culture as "family"
  o Propel Innovation & Value Creation in a sustainable cycle of continuous advance

Value Delivered

➔ **Provides both Leaders & Managers with Mindsets, Tools, & Frameworks for Building Great Cultures**

➔ **Enables Rapid Diagnosis and Correction of Culture Problems such as hiring, rewards, and measures of success**

➔ **Easy for engineers and technical people to understand**

➔ **Enables pivotal middle and upper middle management to invest their time in communicating and rewarding the mindset shift.**
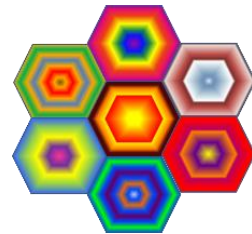
The idea of Collaborative Systems "Architecture" is that leaders & managers can step back, fully conceptualize the kaleidoscopic dynamics, not getting bogged down in the details of everyday turmoil & stress, then assess the situation from a perspective of wisdom and insight, taking corrective action.

From a practical perspective, leaders and managers can run through the 6 Frameworks like a 6-Point Checklist, evaluating which elements are missing or dysfunctional

#3: INNOVATION FRAMEWORK

Culture Framework folds fluidly into the Innovation Framework

Enables Rapid Adaptation in Fast Moving World

Explains how Trust can enable Diversity of Thinking to produce an "engine" of innovation running on "free fuel" – ideas

Reveals potent framework for unlocking Co-Creative Power of Cross-Functional Teams

- Builds Versatile, Multi-Pronged Innovation Engine to generate expansive Forms & Sources of Innovation to increase competitiveness

- Jump-starts innovation by identifying numerous "Triggers" that spur new levels of insights

- Engages 10 Best Processes for maximizing innovation

- Replicable and easy to understand…. Utilizes *creative inquiry* methodology to unleash hidden ideas

- Uses Creative Inquiry methodology to shift thinking to higher orders of insight

- Produces great results, in high trust, high collaboration cultures

- Transforms Diversity of Thinking, Ideas and Cultures into Massive Innovation Asset

- Uses Collaborative Innovation as a primary mechanism for Collaborative Advantage, Competitive Advantage, and Adaptation to Rapid Change

- Enables Every Employee to become a Collaborative Innovator

Value Delivered

➔ **Sustainable Innovation "Engine" that can double innovation**
➔ **Generate New Value from Existing Resources**
➔ **Maximize Value from Alliances & Collaborations**
➔ **Sets Foundation for Value Creation & Investment Decision Making**

*Culture is the Hidden Competitive Weapon
in the arsenal of Collaborative Excellence.*

*Because it's largely invisible to all
(except for those who understand collaborative architecture),
it is nearly impossible to duplicate.*

*When the Innovation Engine is engaged,
the ability of the system to adapt, morph, realign, and create new linkages
is compelling.*

#4: VALUE CREATION & COMPETITIVE ADVANTAGE FRAMEWORK

Innovation Framework then evolves seamlessly into the Value Creation, Collaborative Economics and Competitive Advantage Framework

Profitable Economic Engine for Value Creation

- Creates high levels of Productivity

- Uses Trust & Innovation to reduce Non-Value Added Work & cross-boundary inefficiency

- Reduces Risk and Litigation by up to 30%

- Doubles chances of on-time/budget Project Delivery

- Accelerates End-to-End Value Chain competitiveness

- Turns Breakdowns into Breakthroughs

- Enables People and Organizations with Limited Resources to gain Competitive Advantage

- Value Maximization Model transforms the innovation "engine" into substantial competitive advantage – think of it as "collaborative advantage"

- Powerful Tools to generate new value (Including Trust's Impact on Profit Assessment)
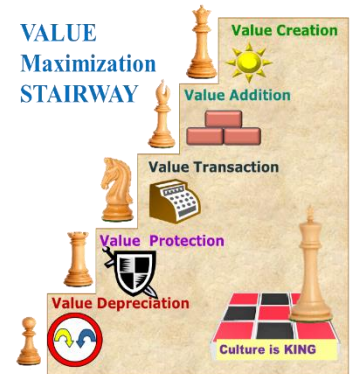
Value Delivered

➔ **Sustainable Competitive Advantage**
➔ **Generate New Value from Entire Value Chain**
➔ **Generates 10-25% better return on human capital derived from the "triumph of small numbers" contributed from each of the collaborative frameworks**

How many times have you heard some executive exhort a team to
"Create Value?"

But have you ever thought about it in depth?
What course in Business School is dedicated to Value Creation?

For the most part, Value Creation has been an elusive dream in the pontifical mind.

Our approach capitalizes on collaborative architectures to adapt and maximize value in ways adversarial & transactional systems simply cannot.

#5: LEADERSHIP & MANAGEMENT ALIGNMENT FRAMEWORK

All the previous Frameworks set the stage for a natural progression into transition into the Leadership Framework. Our "Four Alignments" approach to leadership is a Systems Breakthrough.

Leadership has traditionally been agglomeration of styles, traits, characteristics, and habits. This level of thinking is *not effective* – it sub-optimizes talent and bogs things down.

Our breakthrough is *Reframing Leadership* as an Integrated System of Four Alignments

1. *Strategic Alignment*: Inspirational Common Vision & Innovative Strategy that generates significant Competitive Advantage & Value Delivery

2. *Cultural Alignment*: Culture of Trust & Teamwork & Governance that Focuses Human Energy on High Performance

3. *Operational Alignment*: Build Coherent Organizational Teams and Use Best Process that produce great **results.**

4. *Dynamic ReAlignment*: Innovate/Adapt, Reconfigure/Restructure as conditions change

    •   Enables Leadership to set new direction & Management to drive in the new direction and spur operational, cultural and dynamic realignment implementation

    •   Like playing "4-Dimensional Chess" -- Fast to Implement , Easy to Learn, Rapid Returns

    •   Nearly impossible for competitors to duplicate

    •   Greatly enhances ability to create synergies – the unfulfilled quest of leaders for centuries – because synergy flourishes Aligned Collaborative Systems

    •   Guiding Framework for how to (& not to) Transform Organizations and overcome Resistance to Change

    •   Empowers managers to build highly effective cross-boundary collaborations, tearing down silos, and triggering new levels of innovation and productivity

    •   The Four Alignments are the Leverage points for Organizational Transformation, all four alignments must be addressed if there is to be a permanent collaborative shift.

Value Delivered

➔ **Synergistic System Producing Massive Advantage & Employee Engagement**
➔ **Produces 4-Dimensional Alignment for Complex Systems and Value Networks**
➔ **Enables Teams, Cross-Functional Integration, Strategic Alliances & Eco-System Value Networks to function at a higher level**
➔ **Protects Collaborative Systems from successful attacks by Adversarial Rivals**

Just as Trust is the Central Organizing Principle for Collaborative Cultures,
so is Leadership the Central Aligning Principle for Complex Systems.
Four Dimensional Alignment does for a Complex Eco-System
what Gravity does for the Planet – holding the many dynamic driving forces
together, preventing disparate parts from flying off in a myriad of directions.

#6: COMPLEXITY & CONNECTIVITY FRAMEWORK

Logical unfolding from Leadership & Alignment into the Complexity and Connectivity Framework

Today's Complex Systems are fluid, with dynamic forces intersecting and often interrupting strategic aims.
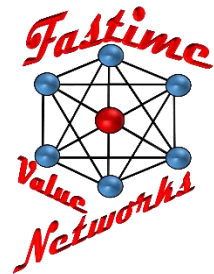

Without an deep understanding of the way the forces interact, leaders typically resort to old, ineffective command and control methods, often turning the system adversarially in upon itself, like an auto-immune disease, foolishly turning partners against themselves, destroying the very synergies that nourished them.

The Complexity & Connectivity Framework provides:

- Leaders with clear guidance and options on how to address complex projects and multi-member alliances, keeping the system aligned, balanced, & integrated

- Fluid Interaction in the Eco-System, continuous innovation & dynamic realignment

- Create Agreements & Alliances that enhance teamwork and alignment of interests

- Massive Competitive Advantage by doubling innovation flow across the network

- Provides Risk Managers with a Guidance System to assess culture, uncertainty, and alignment. lowering risk by up to 30%

- Redesign complex projects to ensure massive benefits from collaboration and avoidance of drawbacks of the Law of Compounding Interfaces/Risks

- Methods & Tools to Anticipate & Thwart Breakdowns before they happen, diagnose Compounding Risks & Fragile Breakdown Points and Turn Breakdowns into Breakthroughs

- Gain Positive Benefit from the Law of Unintended Consequences

- Utilize ISO 44001 – Collaborative Business Relationship Management – to build high performance Value Networks

Complexity requires collaboration for its successful management

Complexity will cycle into a chaotic, perpetual spiral of conflict without trust.
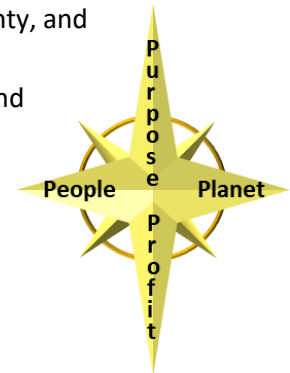
Value Delivered

→ **Multiple Applications in a Wide Variety of Complex Organizational Systems**
→ **Prevents poor decision-making and mis-diagnosed Cause & Effect relationships.**
→ **Significantly increases success rates of teams, projects, turnarounds, alliances, and organizational transformations.**
→ **Enables Value Networks to function within internal organizations & entire value chains**
→ **Produces the "elusive" Synergy that has been the quest of competitive advantage by aligning diverse and opposing energies which can be transformed into insights and innovation, speed, and rapid adaptation.**

About Us

The Institute works with senior executives in organizations that are committed to achieving extraordinary results through breakthroughs generated from a foundation of collaborative excellence.

We are dedicated to the adoption of the strategies, skills and philosophies of collaborative architectures enabling teams to think, create and work together, producing results far beyond what would otherwise be possible. Our collaborative excellence architecture underpins thousands of the world's most successful alliances across the globe. We provide each of our clients a unique set of:

> Best Practice *Architectures*, and Collaborative *Strategies*,
>
> Integrated High Performance *Systems*, Flexible and Adaptable *Structures*, and
>
> Timely Win-Win *Solutions*

Our Transformative Action-Learning Engagement workshop framework:

- Creates strategic & operational alignment,
- Is action oriented,
- Uses best practices to ensure long term success,
- Ensures high performance,
- Minimizes future breakdowns, and
- Creates pathway & guidance for legal contracts

We concentrate on the Key Factors for Success, which seasoned managers affirm as the essential ingredients to effective alliance and collaborative innovation implementation:

- Properly trained innovation champions, and project managers,
- Powerful strategic imperative to guide the effort,
- Clear operational performance processes with breakthrough measurements,
- Effective innovation management process designed for the alliance, and
- Proper leadership support

Unlike consultants, we are "Architects and Capability Builders" who deliver a tested and effective s*trategic system* and *process methodology* that harnesses the innovative power of differentials in thinking across internal and external boundaries.

References:

- Collective Impact from *Stanford Social Innovation Review* – the importance of Collaborative Excellence and Strategic Alliances in socio-economic-political reform

- From the mouths of funders and nonprofits: 20 ways to build better relationships (National Council of Nonprofits and Exponent Philanthropy)

- The secret sauce of great funder/nonprofit relationships (National Council of Nonprofits)

- Webinar recording: Great Funder-Nonprofit Relationships

- Strengthen relationships with nonprofits (Grantmakers for Effective Organizations)

- Relationships Matter (Center for Effective Philanthropy

- What influences American giving? (The Conversation)

- Understanding the federal charitable giving incentive (National Council of Nonprofits)

- Ready to be an advocate for giving? Join your state association of nonprofits.

DONOR ADVISED FUNDS

- Have donor advised funds and other philanthropic innovations changed the flow of giving in the United States? (Nonprofit Quarterly)

- Rise of the donor-advised fund: a fast-growing vehicle for charitable giving (NonProfitPro)

- Donor advised funds: the good, the bad, and the ugly (Forbes)

- Strings on donor-advised funds are making charity supporters angry (Chronicle of Philanthropy)

- Is the new way to give a better way to give? (The Atlantic)

RESOURCES ON BUDGET CUTS

- Federal budget and appropriations (National Council of Nonprofits)

- State budget and spending (National Council of Nonprofits)

- Senate Tax bill: Extremely harmful to Americans and nonprofits, but less bad than the House version (National Council of Nonprofits)

- Comparison chart of House and Senate tax bills and impacts on nonprofits (National Council of Nonprofits)

TALENT DEVELOPMENT RESOURCES

- Fund the People Toolkit

- Is it lonely at the top? (Foraker Group)

- Overcoming new nonprofit challenges through leadership investment (Center for Effective Philanthropy)

- Building a talent pipeline (Bridgespan)

RESOURCES ON THE POLITICAL DIVIDE

- Protecting nonprofit nonpartisanship: Common questions and answers (National Council of Nonprofits)

- Ways to take action to protect the Johnson Amendment (National Council of Nonprofits)

- Background on the role and importance of nonprofit nonpartisanship, and advocacy efforts to preserve it. (National Council of Nonprofits)

- Bridging the divide – What will your nonprofit do? (National Council of Nonprofits)

- Key takeaways on Americans' growing partisan divide over political values (Pew Research Center)

DIVERSITY, INCLUSION, AND EQUITY RESOURCES

- Nonprofits, you are the champion for diversity, inclusion and equity (National Council of Nonprofits)

- Race to Lead (Building Movement Project)

- Leading with Intent 2017 (BoardSource)

- Practical Strategies for board diversity (webinar) (Nonprofit Quarterly/BoardSource)

- Research, articles, and resources on board diversity, inclusion, and equity (BoardSource)

- Diversity, inclusion and equity assessment tool (Michigan Nonprofit Association)

- Fund for Shared Insight,

- Relationships Matter (Center for Effective Philanthropy)

- Great Funder/Nonprofit Relationships initiative (National Council of Nonprofits/Exponent Philanthropy)

- GrantAdvisor (tool for nonprofits to provide candid feedback about their experiences with grantmakers.)

- Fund the People toolkit, complete with data on the talent investment deficit

- top reasons to invest in nonprofit talent, discussion guides, and case-making language nonprofits can use to seek grants for investments in talent, along with materials focusing on equity inside the nonprofit workforce and ways to talk with funders about talent in a nonprofit's workforce.

- Looking for leadership programs tailored for your nonprofit staff? Connect with your state association of nonprofits.

- Race to Lead, the first in-depth study of nonprofit leadership and race.

- Leading with Intent BoardSource's bi-annual survey of board members/CEOs