

RELENTLESS

Investing in Leaders Who Stop at Nothing in Pursuit of Greater Social Impact

Text of Remarks as Prepared for Delivery

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The City Club of Cleveland

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Hugh, thank you very much for your generous introduction and for giving me an opportunity to speak during the [City Club](#)'s 100th-anniversary year, on a topic that I care about deeply: helping great leaders make a greater impact on the social challenges here in Northeast Ohio and around the country. And thanks to those who have taken the time to join us here or to tune in.

“Please Don’t Screw Up”

I’ve got to tell you what a big deal it is for an Italian kid from East 93rd and Harvard to be speaking at the distinguished City Club.

When I was growing up, the City Club was only five miles from my home. But for all practical purposes it was in a different world. My dad sold vacuum sweepers door to door and drove a cab. My mom cleaned offices. I’m sure they are looking down from the heavens today, not quite believing what they see. In fact, I can see my mom up there waving the wooden spoon she used for making sauce for Sunday pasta, whispering, “Do good, *Maduch*. Please don’t screw up in front of all these important people!”

Looking back on it, there’s no question I grew up poor. I just didn’t know it.

My mom was the rock. In addition to cleaning offices, she cleaned other people’s homes and ironed shirts to keep the family afloat. She made sure my brother, sister, and I—and oftentimes our friends and cousins—were well fed, clothed, and loved.

We had great places to go—the Miles Park Library, the Broadway Rec Center, the “new Y” on 113th and Miles, the Salvation Army Center on 93rd Street, and many places to play ball. I went to South High, which had more than its share of committed teachers. We had good, demanding coaches. Our church was

Holy Name. The priests and nuns there managed to keep us out of serious trouble—often using *serious* smacks on the knuckles during catechism.

Same Neighborhood, Different Outcomes

When I drive through my old neighborhood today, it’s a completely different story. Holy Name and the YMCA are still there—sort of. Fortunately, there’s the new Boys and Girls Club on Broadway. But so many elements of the connected and supportive community I knew were broken by lost manufacturing jobs and have given way to vacant buildings and empty lots.

A kid today growing up on my old street—a kid born with intelligence and drive and a caring parent—doesn’t have nearly the same opportunities I had. Based on current statistics, that young boy or girl has less than a five percent chance of graduating from college!

That is the reason this aging Italian is still working 60-plus hours a week two decades after retiring from the business world. It’s the reason I helped start [Venture Philanthropy Partners](#) to invest in leaders working to improve the lives of children and families. It’s the reason I wrote the book [Leap of Reason](#). It’s the reason I often don’t sleep well and drive the people around me nuts with emails and postings in the wee hours.

I know there are good reasons for optimism in this community, including all of the leaders here who are willing to walk through walls and work around the clock for the children and families in this city.

But I want to lay down a challenge to everyone here today—whether you’re a nonprofit leader, public servant, board member, donor, business leader, or engaged citizen.

The challenge for all of us is to determine whether our hard work is adding up to the kind of opportunities that I had ... that many of you had ... that every parent here wants for his or her own children.

Candidly, I fear that our hard work—in both the non-profit and public sectors—is not adding up to enough impact. I fear that the Progressive Era ideals that gave birth to the City Club—and for which my parents, aunts, and uncles sacrificed—are at risk of slipping away.

Diagnosing the Problem

Based on my work over the past two decades in the social sector—and especially my past 12 years of working with Venture Philanthropy Partners—I have a perspective on the factors that are undermining our progress.

As I see it, the whole system sets nonprofits up for struggle and starvation, not for solving challenges. We funders, board members, and civic leaders should be supporting nonprofit leaders to build strong, high-performance organizations. Instead, we cause them to think incrementally—month to month and hand to mouth. We often say we’re focused on results. But really what we’re doing is demanding more information on results without paying enough attention to what leaders actually need in order to produce those results.

[Pat Lawler](#) is a stunning nonprofit leader in Memphis, Tennessee. He runs an organization called [Youth Villages](#), which helps emotionally troubled young people—many of them kids who’ve been bounced from one foster home to the next—become successful adults.

Pat’s results are extraordinary. Eighty-two percent of the kids in Youth Villages programs across the country are rising above their heart-wrenching challenges. They are finishing school, earning a living, and contributing to their communities. That’s literally *twice* the rate achieved by comparable programs. If that’s not eye-opening enough, Pat’s program costs one-third as much as competitor programs. Twice the outcomes. One-third the cost.

And yet Pat reports that he’s lost more government contracts and had to lay off more people in the past six months than in his previous 32 years combined. And nonprofits here, like [Frank Fecser’s PEP](#), are facing the same challenges. This kills me! It should tear at all of us.

I’m well aware that governments at all levels are being forced to make hard and deep cuts—and I will address that big topic in a minute. But why the hell are governments and private funders giving *everyone* a funding “haircut”? Why can’t they reward and support organizations that can show that what they do works and results in more lives improved? This is as ridiculous as those across-the-board cuts in business that throw the baby out with the bathwater.

Our crazy funding system is at the heart of this issue, but it is just part of the equation.

In too many of the interactions I have with nonprofits and government agencies, I see signs that they aren’t taking a hard look in the mirror and asking whether they are focused on the right things, measuring the right things, and doing the right things for those they serve. Far too many settle for mediocrity. And some even cause inadvertent harm.

I’ve witnessed this in my work, but also personally with family and friends. In the final weeks of life for one of my aging cousins, the hospital called in the

middle of the night to say that the family needed to come in and take care of him, because they couldn't. It was cruel and surreal! In another case, the academic and social development of a young person in my extended family was set back several years by a school that, despite worthy intentions, would not come to grips with the fact that it did not have the capabilities to meet this young person's needs.

The Earthquakes Everyone Will Feel

These effectiveness challenges are not new, but they are growing in urgency.

At Venture Philanthropy Partners, we're seeing that nonprofit leaders are being forced to navigate and manage a huge *supply-side* problem and a huge *demand-side* problem at the same time. And that means big, hairy challenges for all nonprofits—especially those that are not on track to deliver high-quality services at a cost-effective price point.

On the supply side, budgets are under tremendous pressure at every level. No matter who wins the election this year, the federal government will have to make increasingly hard decisions about what it can and cannot fund. This is not a question of “if,” but “when.”

Here in Ohio and around the country, state and local governments are starving. This will only get worse when the federal government begins cutting back. After all, about a quarter of state funding and a third of local government funding comes from the feds.

In this era of scarcity, just about everything is on the table. In the [words](#) of New York Mayor Michael Bloomberg, “Towns and counties ... are starting to have to make the real choices—fewer cops, fewer firefighters, slower ambulance response, [fewer] teachers in front of the classroom.”

Even if you're not funded with government dollars, please don't assume that you don't need to think about these cuts. The competition for foundation grants, major gifts, and fee-based contracts will skyrocket as those whose public funding is cut look to other funding sources—like yours. Bryan Law, a senior staffer in the Texas legislature, said it bluntly at a nonprofit conference last month: “Your survival is on the line.”

On the demand side, seismic shifts in our society—from the aging of the population to dramatic shifts in the nature of work—are expanding the need for services, not just among the poor but among large sectors of the population. I don't have enough time here today to do justice to these shifts. I will offer just a few sobering points that should give you a sense of why I'm so sure that the demand for services is going to rise in the coming years.

The economist [Alan Blinder](#), a former vice chairman of the Federal Reserve, [estimates](#) that a quarter or more of all U.S. jobs have the potential to be moved overseas within the next couple of decades. Global competition is just one factor in the changing nature of the workforce in America. Technology is another.

Automation is coming to all parts of our economy—even the service economy, which for many years appeared impervious to globalization and technology. Last year, *Slate* magazine featured an [article](#) about a [start-up](#) that is helping restaurants replace waiters with souped-up iPads. The device, called Presto, “lets you order and pay right at your table. You select what you want to eat, the order zings over to the kitchen, and the Presto tells you how long it will take for your items to come out.”

As these trends continue to pick up steam, we're going to see a dramatic increase in the number of people who are displaced. And even as many of them try to pick themselves up by their bootstraps, they will look

to government and the social sector for support. In a recent *Plain Dealer* [cover story](#), a sociologist put it this way: “We’re going through this huge fundamental change. We thought we would have our parents’ lives. Then came this earthquake that many people still don’t see.”

When you add old Baby Boomers like me into the mix—and the vast resources my generation will use for healthcare and aging services—you’ve got an earthquake that everyone will see and feel soon enough.

Our society will have less money for services. And we will have more demand for services from a broader swath of the population. Just imagine how hard the funding decisions are going to become. What will we fund? What will we drop? How will we decide?

Leadership Above All

So the social sector is in for a big jolt in the coming years. In like manner, so is our public sector. We can respond with infighting, robbing Peter to pay Paul, or continuing our incremental efforts to get better. Or we can respond by producing much greater impact, at a lower cost, for those we serve.

If we choose the path of greater impact—and I hope to God we do, for all our sakes—our primary agent of change is going to be the courageous nonprofit and government leaders who are willing to learn, adapt, and grow.

I’m a huge believer in the notion that what makes things happen is people. And here in Northeast Ohio, we have some incredibly gifted leaders relentlessly pursuing high performance. I’ll highlight two I’ve had the honor of getting to know particularly well over the past few years.

[Dr. Delos “Toby” Cosgrove](#) is the acclaimed heart surgeon and visionary CEO of the [Cleveland Clinic](#). Under Toby’s leadership, the Clinic has become world renowned for achieving outstanding patient outcomes while caring for a high proportion of people with incredibly complex medical conditions.

I sit on the board of the Clinic, so I’ve been able to watch Toby in action. Like all surgeons, Toby is hard-charging. What sets him apart is his drive for innovation. Not just medical innovation, but dramatic organizational and cultural innovation.

Early in his tenure as CEO, he challenged the system and incurred the wrath of many by tossing aside the culture of secrecy that reigns in medicine. He called on every department at the Clinic to establish quality benchmarks and then measure and report on all patient outcomes.

He then replaced the old physician-centered organizational model with providers working in cross-specialty teams to solve patient problems, reduce redundancy, and lower costs.

Last month, I saw a great example of how Toby’s organizational structure makes it easier for doctors from different specialties to work together. With collaboration from across the Clinic and meticulous data from electronic medical records, researchers completed a study of diabetic patients who’d undergone surgery to lose weight. They discovered that patients saw significant improvement in or even *remission* of their diabetes. No one is saying “cure” yet. But this is what a cure for diabetes would look like—and few other places in the world could have made this breakthrough.

One reason Toby has been so successful in driving change and innovation is that he just doesn’t look at the world the same way others do. I mean that literally. You see, Toby has dyslexia—which, ironically,

was not diagnosed until he was out of med school. And while that made it painfully difficult for him to get through school, it also helped him think differently—to see not just what *is* but what *could be*. His patients, the Clinic, this city, and a nation have benefited greatly from that.

Another passionate, “think different” leader I’ve had the honor to get to know is [Lou Salza](#), the head of the [Lawrence School](#), with campuses in Broadview Heights and Sagamore Hills. Lawrence serves K-12 students with language-based learning differences—including, coincidentally, dyslexia.

Thanks to Lou’s leadership, Lawrence School may be the best example of an organizational transformation I’ve been involved with since entering the nonprofit world. In my role as Lawrence board member and “involved advisor,” I’ve loved every minute of working with and learning from Lou and his team. I bet Lou would not say the same thing about me—especially the times I emphatically bring home my points with language colored by my years on 93rd and Harvard and my time in the U.S. Navy.

Over the past five years, I’ve watched Lou foster a high-performance culture that is also nurturing. Students who, in other school settings, are labeled as “disabled” or “broken” are understood from a developmental perspective. They are taught to advocate for themselves without apology or arrogance. They are educated with programs that use evidence-based practices. Lawrence School measures the effectiveness of these practices and is not afraid to “call it like it is” when intended results are not being met. At Lawrence, they refuse to drink their own Kool-Aid.

Their dedication to transparency, honesty, and self-critique literally saved the life of the school. And now they are positioned to influence many others in the

private, public, and parochial sectors—and have an impact far beyond Cleveland.

Toby and Lou are joined by many other civic leaders who rock here in Cleveland. I wish I had time to mention everyone I’ve been deeply impressed by, but here are four others I’ve had the privilege to see in action firsthand: [Barbara Snyder](#) at [Case Western Reserve University](#), Anne Goodman at [Cleveland Foodbank](#), [Denise Zeman](#) at the [Saint Luke’s Foundation](#), and [Jarvis Gibson](#), who won’t let leukemia stop him from giving students the kind of coaching and mentoring I received so long ago at South High.

A Call to Action

These are the kinds of leaders we need to cultivate all over the country. Imagine the dramatic strides we could make to solve our most important social challenges if we collectively took a quantum leap forward in our willingness and ability to support leaders like these in building and nurturing highly effective, high-performance nonprofit and public-sector institutions.

Each of us has a role to play. I want to be specific about how.

First, if you’re a funder, you need to provide more than program funding and more than the typical “capacity-building” grant if you want your grantees to make the leap to high performance. Leaders need funders who are willing to make multi-year investments in helping them rethink their models and strengthen their management muscle and rigor. That approach is at the core of what Venture Philanthropy Partners does.

Funders absolutely have to break this misplaced fixation on an arbitrary overhead figure of 10 to 15 percent! My friends, not all overhead is created equal. I have such a hard time seeing matters of effectiveness, improved quality, lower cost, and doing good for more

people as “overhead.” If you do nothing else, please just ask the leaders you fund what it actually costs to get the job done!

Second, business leaders, funders, and board members have a huge role to play in providing strategic advice and counsel. [Darell Hammond](#), who is the founder of [Kaboom!](#), a great nonprofit that has helped build more than two thousand playgrounds in some of America’s toughest neighborhoods, is as blunt as can be. He will tell anyone that the [Omidyar Network](#), the philanthropic entity started by eBay’s founder, was “miserable to work with.” But in the past year or two, Omidyar, in Darell’s words, has gone “from worst to first.” They’re now a true partner, helping to generate ideas and helping to make those ideas successful. “When we need help, they get us the best expertise in the country,” Darell says. There are so many smart, connected people here who could help nonprofit leaders get the advice they need to navigate in these turbulent times. That assumes, of course, that leaders are courageous enough to request this kind of advice.

Third, business leaders, board members, and funders can help nonprofit leaders find and develop the talent they need. At Venture Philanthropy Partners, our CEO, [Carol Thompson Cole](#), and our COO, [Eleanor Rutland](#), play a huge role in the sourcing of board and management talent for our grantees. They have found more than one hundred executives who joined boards or took senior roles with these nonprofits. Many of you are well positioned to play a similar role.

But we can’t simply *recruit* our way to the right leadership. [GE](#), for example, has invested heavily in leadership development; that’s why so many of its leaders are now running other Fortune 500 companies. That relentless focus on leadership development needs to be adapted and inculcated into the nonprofit and public sectors.

One way business leaders can support this focus is to provide fellowships for rising leaders to spend time in other organizations known for their high performance. Consider this story from a close colleague:

I was a schoolmaster ... I realized that while I was a pretty good teacher ... I was an ignoramus when it came to organizing and running an organization.... Fortunately, I had a trustee who ... called her brother, who was the CEO of the [Cummins Engine Company](#) in Indiana. She said, “[Irwin](#), we have got to help this young man. His instincts are good, he wants to do right, but he does not know anything about running a school.”

Flying to Indiana for intensive management training was the tipping point in my colleague’s career. He went on to become the president of one of the largest and most respected foundations in the world.

Fourth, all of us must speak out for more-rational funding. This will mean taking on the very challenging task of pushing for public policies that pay for good *outcomes* rather than just paying for *activities*. We have to make a compelling case to public and private funders alike that we need to concentrate our precious dollars on the organizations that have reasonable evidence that they are making a real difference for those they serve. We don’t have a single dollar to waste on organizations that don’t actually do what they say they do in their glossy brochures.

Pat Lawler from Youth Villages tells the story of a funder in Tennessee going with him to meet with a state commissioner. The funder, a prominent citizen and political donor, literally screamed at the commissioner when he didn’t seem receptive to hearing about Youth Villages’ results for kids.

I don’t advise screaming at public officials. But I do believe that those who have a big voice have a big opportunity to speak up on behalf of allocating funding based on merit and reason—not on blind loyalty or faith.

Finally, nonprofit leaders (and their public-sector counterparts) have to summon the courage to seek high performance. Banish the many good excuses. Make it a matter of pride to take this leap. Forget your damned funders. Do it for yourself. It doesn't cost money to be good at what you do. Be unrelenting in your drive to understand whether your organization is making a material difference—through performance metrics, not just feel-good stories. And for board members, ask the hard questions that move the organization out of its comfort zone, and then be there to help them get better.

“Live the Play Before it Happens”

A few months ago, I had the privilege of meeting with [Ellen Schall](#), dean of the [Wagner School of Public Service](#) at New York University. When I walked in, Dean Schall had a copy of *Leap of Reason* in her hand, opened to the chapter with a long list of ideas like the ones I've shared here today. After a brief hello, she launched right in: “Mario, how can we help? Which of these can we take on?”

I hope that you will follow Dean Schall's lead. I hope you, too, are ready to roll up your sleeves to support leaders who have the drive and skill to create more good for those they serve. If you are ready to take a stand, write to us at info@leapofreason.org and tell us what you will do to get engaged.

At South High, Coach Frank Dillon taught every one of his baseball players to be prepared for anything. And it worked well, as he led us to the Ohio State Championship in '61!

Coach Dillon demanded that each of us “live the play before it happens.” Given that I couldn't hit a curve to save my life, I paid very close attention to anything that would improve my game as a left fielder. Before every pitch, I would see in my mind's eye the batter

singling to right; I'd imagine running in to back up a throw to second. And on and on, playing out each scenario in my mind.

Today, I'm practicing the same discipline of trying to see the play before it unfolds. I'm seeing the seismic shifts in our society that are going to rock the foundations of the social sector—and the public sector as well. I'm seeing those kids in my old neighborhood losing opportunity. I'm seeing middle-class families losing jobs and homes. I'm seeing a country with slippery rungs and frayed bootstraps.

And I'm also seeing what a difference courageous leaders can make when they become more intentional in defining their approaches ... more rigorous in gauging their progress ... more willing to admit mistakes ... and more capable of quickly adapting and improving—all with an unrelenting focus and passion for improving lives.

We need to supercharge these leaders. Help them live the play before it happens. Support them. Nudge them. Reward them. Enlist them in spreading the gospel to their peers.

Investing in good leaders and helping them become great ones is the single best investment we can make. It's *the* proven strategy for ensuring that hard work will produce high performance—and real, enduring opportunity for the families in this community and communities all over the world.

Thank you all. And, Mom, I hope I made you proud.

This speech builds on the themes of Mario Morino's book *Leap of Reason, a Venture Philanthropy Partners publication*. To learn more or download free copies of the book, visit www.LeapofReason.org.