

TO OBTAIN A  
COMPLIMENTARY  
PRINT COPY  
CLICK HERE



*Applied  
Wisdom*  
**FOR** \_\_\_\_\_  
**NONPROFITS**

Eight Practical Tools for Leadership

**JAMES C. MORGAN**

## Early Reviews for *Applied Wisdom for Nonprofits*

“I can’t recommend Jim Morgan’s *Applied Wisdom for Nonprofits* highly enough. It is jam-packed with practical ideas and tools that helped Jim achieve his remarkable success as a business CEO and nonprofit and philanthropic leader. These ‘Morganisms’ can help any current or aspiring nonprofit CEO or board member be more effective, and its conciseness makes it perfect for a discussion guide for management teams. I will share it with everyone I know who is involved with the nonprofit sector.”

—Jim Thompson  
Founder and CEO, Positive Coaching Alliance

“Jim Morgan’s book of ‘Morganisms’ for nonprofits offers strong coaching for emerging leaders, great reminders for seasoned executives, and helpful guidance for both new and experienced board members. The Morganisms ring true for leaders at any level of a nonprofit working on the world’s toughest problems.”

—Ellen Moir  
Founder and CEO, New Teacher Center

“*Applied Wisdom for Nonprofits* is essential reading for all nonprofit organizations. We need a constant focus on learning and finding new approaches, and this book will make a big difference. I can’t wait to start using it in my all-hands meetings and with my board.”

—Kathleen King  
CEO, Healthier Kids Foundation

**Praise for *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager* by James C. Morgan and Joan O’C. Hamilton, from which this booklet is adapted.**

“Jim’s wise managerial advice has been enormously valuable to me—and many others—at The Nature Conservancy over the years. It’s great to see him sharing his simple, practical ‘Morganisms’ in this excellent book. *Applied Wisdom* is a must-read for anyone who wants to have a more productive, focused and motivated team.”

—Mark R. Tercek  
President and CEO, The Nature Conservancy

TO OBTAIN A  
COMPLIMENTARY  
PRINT COPY  
CLICK HERE



# Applied Wisdom

FOR

---

# NONPROFITS

---

Eight Practical Tools for Leadership

**JAMES C. MORGAN**



Chandler Jordan Publishing

## Acknowledgments

I would like to thank everyone who contributed to the success of *Applied Wisdom for Nonprofits*: The whole team at the Morgan Family Foundation, Linda Verhulp, Lisa Downey, Mary Yang Smith and Mara Yarp; as well as Thad McIlroy, Becky Morgan and Joan O'C. Hamilton (for her help with my earlier book on *Applied Wisdom*).

Applied Wisdom for Nonprofits  
Eight Practical Tools for Leadership  
Copyright © 2018 James C. Morgan  
All rights reserved.

Published by Chandler Jordan Publishing  
First edition: April 2018

Distributed by the Morgan Family Foundation  
P.O. Box 1742  
Los Altos, CA 94023-1742  
[info@morganfamilyfoundation.org](mailto:info@morganfamilyfoundation.org)

ISBN (paperback): 978-0-9983292-4-6  
ISBN (PDF): 978-0-9983292-5-3  
ISBN (ebook): 978-0-9983292-6-0

Adapted from *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager* by James C. Morgan and Joan O'C. Hamilton  
[www.appliedwisdombook.com](http://www.appliedwisdombook.com)

Publication and editorial consultant: Thad McIlroy, The Future of Publishing  
Cover and interior page design by Geoff Ahmann, AKA – Ahmann Kadlec Associates  
Ebook production by Kevin Callaghan, BNGO Books  
Copyediting by Meri Furnari  
Printed in the United States by IngramSpark

For more about *Applied Wisdom for Nonprofits* see  
[appliedwisdombook.com/nonprofits](http://appliedwisdombook.com/nonprofits)

## Table of Contents

Introduction

6

MORGANISM 1:

**Bad News is Good News**

8

MORGANISM 2:

**Develop Court Sense**

12

MORGANISM 3:

**5% for Planning**

16

MORGANISM 4:

**Book It and Ship It**

20

MORGANISM 5:

**Face the Elevator Door**

24

MORGANISM 6:

**Collaborate Successfully**

28

MORGANISM 7:

**Respect and Trust Your People**

32

MORGANISM 8:

**Who Owns the Monkey?**

36

**About the Author**

40

## Introduction

*Applied Wisdom for Nonprofits* is intended to provide succinct leadership tools and techniques for people who work in nonprofit organizations, small or large, new or well-established, regardless of your position or title. My goal is to help you accelerate your development as a leader.

I collected this set of management tips through my varied experiences in farming, military, aerospace, and venture capital; and from working at Applied Materials, Inc., with The Nature Conservancy, and with our family foundation. At some point along the way, members of my Applied Materials team started calling them “Morganisms.” You’ll find eight of them in these pages.

In November of 2016, I published my autobiography, a book of management insights, *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager*. Through telling my story, I was able to put these Morganisms into context and make it easier to see their value.

Most of my career was in for-profit organizations and that was my original focus. However, since I retired as CEO of Applied Materials in 2003, I have devoted a significant amount of time to the nonprofit sector, especially to environmental conservation organizations.

As my involvement with nonprofits increased, I realized that these same tips could work in nonprofits as well as for-profit organizations. I have been impressed with so many people I’ve met who have taken on difficult and worthwhile challenges in these organizations. And I’ve offered some coaching to nonprofit managers who are brimming with intelligence, passion, and energy, but sometimes have had limited access to management training. When I coach these managers, I often repeat some of my most fundamental management tips and processes.

The issue is not so much that we need to transfer the tools of business to nonprofits. Rather, what I can promise you is that if you take the issues that most start-up companies have and list them next to the management challenges many nonprofits have, you would not be able to identify which is which. All organizations benefit from certain very basic management principles, particularly organizations that are interested in growing. All of us, whatever missions we give ourselves, can be more effective in reaching our goals if we are alert to opportunities, disciplined in listening for signs of trouble, and fixing problems before they escalate. Everyone can learn from listening.

Each chapter of *Applied Wisdom for Nonprofits* starts with a Morganism, describing it in context. Then you'll find three sets of topics to prompt discussion. The Morganisms are organized for the emerging leader, executive director, and board member. These are approximate designations. For me, an "emerging leader" is anyone at any level of a nonprofit who seeks to contribute to the organization's success. By "executive director" I'm thinking of the person at the top, sometimes called CEO, founder, or president. The "board member" category speaks for itself.

But these prompts are not just for one group or the other. I encourage you to read the full set to have a broader perspective on the different roles within your organization. As much as anything, I hope it will provoke conversations among those three groups on how to excel in a fast-changing world.

If you find *Applied Wisdom for Nonprofits* valuable, I encourage you to consider reading the full text, *Applied Wisdom: Bad News Is Good News and Other Insights That Can Help Anyone Be a Better Manager*. It contains additional background to the lessons in this booklet as well as many other Morganisms that I think you'll find helpful in your careers.

The best managers help people maximize their potential. Every person, regardless of education, training, or current position, is capable of improving his or her management skills; whether in a start-up, a global company, or a nonprofit that is rich in passion but limited in resources.

To your success,

*Jim Morgan*

[www.appliedwisdombook.com](http://www.appliedwisdombook.com)



MORGANISM

1

## Bad News is Good News if You Do Something About It

Always listen for and even seek out signs of trouble.  
Bad news is good news if you do something about it.



Nonprofits are in the “good news” business. You devote yourselves to working diligently on some of the world’s toughest issues, whether it is creating well-being in people, restoring peace, or protecting the planet. People who work in nonprofits are by nature good-hearted people who believe that the glass is half-full. This optimism often makes it uncomfortable to confront bad news.

At Applied Materials, we saw bad news as an opportunity. We had a saying: “Good news is no news. No news is bad news. And bad news is good news—if you do something about it.” Let me explain.

Of course, it’s important to celebrate successes; but only up to a point. Although we need to be optimistic and can-do people, we can’t bury problems or refuse to address negative issues. Are you and your managers welcoming early warnings of trouble?

---

### Porpoising

I called my bad news early detection system “porpoising.” Think about a porpoise, repeatedly diving deep into the ocean and then rising to the surface, gathering information at all levels. As a manager you should periodically “porpoise” into each functional area within your nonprofit and talk to everyone at every level of that group about what’s going on.

The idea is to visit, over time, work teams across the organization, and to dive in and ask straightforward questions about how things are going. Sometimes, I would take a sack lunch and eat with employees. Sometimes I would just drop in, or sit in the back row of a meeting.

Porpoising is designed to unearth information that’s valuable, whether in the short term or for the long haul. If you are listening, you will “hear” problems before you learn about them through official channels. The longer you do it—and do it with discretion and a low-key, sincere desire to understand what is going on and what may be getting in the team’s way—the more the team will trust you and give you actionable information.

From my earliest days at Applied, I porpoised with people throughout the company, including clerical staff and other non-technical, non-management employees. I asked simple questions: What is going on here? How do people here feel about what we're trying to do? Is the organization getting in your way? Why are schedules slipping? What would you do to fix that? I always gained valuable insights from responses. You can also porpoise with nonprofit partners, participants, and providers to gain valuable insights.

But what if there's no news; or if no one has news to report? Without feedback, even top leaders have trouble. I learned that this can be a sign of bad news. If there's no bad news, it's probably because you're not moving forward. There are always problems. If things are quiet, it's time to porpoise and listen carefully. You'll always find something good or bad. You just need to know which is which.

And if it's bad news?

Bad news is good news because it gives you a chance to address problems before they spiral out of control.

At Applied, we trained ourselves to listen for signs of trouble—and either fix the problem or treat it as an opportunity for innovation or for a strategic shift. Our teams were empowered to make decisions, and they did. When they made a mistake or miscalculation, the “owner” of the problem was usually the first person to report it.

There are always unexpected twists that can sabotage the best-laid plans. But you can't move forward consistently by just being lucky. You must build a culture that accepts values such as “bad news is good news.” It doesn't occur overnight; it takes time, but any manager can learn to encourage a frank discussion of bad news. You must both identify problems and celebrate solutions. Emphasize finding solutions, *not* assigning blame! Bad news is good news if you do something about it.

---

### **Bad News is Essential for Successful Boards**

Some executive directors use board sessions to do a lot of cheerleading and pointing to all the accomplishments that they've presided over. Of course it's understandable that they want to remind the board of their successes. But I think that board meetings should be focused on bad news. At Applied, I would encourage the board to ask questions directly of the people who were closest to a problem. You need to hash out what isn't working so that your experienced board members can offer their advice and counsel.

---

## For Discussion

### *For Executive Directors*

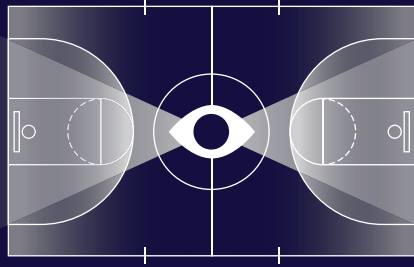
1. What do you stand to gain by embracing the philosophy that “bad news is good news”?
2. Are you “porpoising” within your organization? How are you making sure that you’re hearing from all departments and levels at your nonprofit?
3. How do you ensure that bad news is a focus at every board meeting? How do you integrate the board’s resulting advice and counsel?

### *For Emerging Leaders*

1. How can you help your nonprofit porpoise and uncover the bad news?
2. What would help you feel more comfortable sharing bad news with your manager?
3. How do you and your colleagues work together to turn bad news into good news?

### *For Board Members*

1. At board meetings, what process is in place to enable the Executive Director and senior staff to comfortably discuss bad news and seek out constructive advice?
2. How could the board and senior staff work together to turn bad news into good news?
3. How is the board informed of action taken to resolve a bad news situation? Is this done between board meetings or not until the next board meeting?



MORGANISM

2

## Develop Court Sense

Develop “court sense” to see everything that’s happening around you, and to rapidly adjust to changes.

I've always liked basketball because it is an intense and fluid game: there's no standing around waiting for a pitch or lining up and waiting for a snap. You have a game plan, but you have to adjust on the fly. You study your opponents' behavior and focus on seizing opportunities as they arise. Playing basketball helped give me court sense, an ability to pay attention to more than one thing going on, to adjust to fast-changing variables in order to predict where the next opening or opportunity might be.

Court sense is the alert, action-oriented posture that sports like basketball demand for success. In nonprofit management, it means not only paying attention to your personal agenda and actions, but realizing that managers must learn to simultaneously track the movements and momentum of the entire team, the entire organization, local and national politics, and current societal and economic trends.

As I write this, we have a very strong economy in the United States. A lot of people are making a lot of money, which is good news for fundraisers. But the strong economy has reduced unemployment and increased housing costs, which has made staff more expensive. Sudden policy changes in Washington are having an impact on many nonprofits, such as those focused on immigration or the environment. Tax changes could make fundraising more difficult.

You can't hone your court sense in a vacuum—or in an echo chamber. It's valuable to take the time regularly to step out of your comfort zone and the weeds of daily details and immediate issues.

It's critical to adopt an alert, ready posture, constantly reminding yourself to look up, look forward, and look around. The better your court sense, the sooner you will see and react to changing conditions. You have to anticipate problems, process new variables, and adjust your strategy accordingly, while finding ways to move forward. You become roadkill if you don't.

## **River Rafting**

Our family did quite a bit of river rafting when my two children, Jeff and Mary, were growing up. Mary became a weekend guide on some of the northern California rivers. Recently, she shared that she thought that the time she spent working as a river guide had been good preparation for her eventual career as a surgeon. As she explained what she meant, I realized Mary had developed her own version of court sense. Mine came from basketball and hers came from rafting. As a guide you have to have skill, but you also have to pay attention to the larger factors, like the skill-level of your guests, the current, the weather, hazards like rocks or a log that can suddenly appear. You have a plan, but you also have to paddle down river with your head up and your eyes open. You have to develop the confidence to make an adjustment very quickly when conditions change. You can't ignore a sign of danger or a problem that might sink the raft. She said that looking ahead and being able to quickly formulate a backup plan in an emergency was also part of being a good surgeon. Most of the time things go as planned, but when they don't, you have to be prepared by knowing the patient's medical history and the availability and risks of certain options. And then you must quickly adjust. As the surgeon you lead the care team, and the better your court sense, the better the outcome.

It's a good exercise to periodically look at the broader trends related to whatever you are doing. Assess whether you are positioning yourself to take advantage of the changes. Look at the demographic you think represents your most important clients or funding sources and seek to understand what new ideas or cultural themes matter to them. Business strategy always includes risk, but court sense and assessing trends will help shape your instincts for what is most likely to work.

---

## **Court Sense for Nonprofits**

In nonprofits, "court sense" means understanding the broad environment impacting your organization, inside and out, so that you can be ready both for threats and for new opportunities. For an executive director, leading an organization demands desire, perseverance, listening, the willingness to make decisions, and the ability to manage the consequences, while being alert to change. When you have those attributes, you are going to develop court sense.

---

## For Discussion

### *For Executive Directors*

1. How are you proactively addressing internal issues such as salary and benefit comparables, personnel changes, structural frictions, and unique leadership opportunities?
2. What steps have you taken to prepare your staff to respond to rapidly changing external conditions and trends?
3. When you detect changing conditions, how do you adjust your strategies and find ways to move forward?

### *For Emerging Leaders*

1. How do you track a wide range of issues: internal and external; local and global; the good, the bad, and the ugly?
2. When your court sense detects changes, what are your next steps: investigation, discussion, or action? Who would you work with?
3. Think of a time when your organization had to adjust quickly. What did that experience teach you? Is there anything that you would do differently next time?

### *For Board Members*

1. How does the board monitor the macro trends that could impact the organization?
2. From the board's perspective, what are the significant trends that could provide the organization with opportunities for growth and change?
3. How can the board help the Executive Director and emerging leaders move forward as they confront fast-changing variables?



MORGANISM

3

## 5% for Planning

Always reserve at least five percent of your time for planning. Making time to plan and confer creates a useful rhythm and routine.



In the early days of a start-up or new nonprofit, you need an almost manic fixation on gaining traction. You need to raise money and manage product development; your team's strength is developing but still uncertain. In those early days, there are many small, unpredictable curveballs that can throw your team off track or create delays. Fires break out constantly. You can't think too much about longer-term strategy because there aren't enough hours in the day.

Organizational success is a marathon, not a sprint. Today, many individuals and organizations run at an unsustainable pace that is reactive but not strategic. It's human nature to aim for a goal and then assume that when you arrive, life will be easier. In business and in nonprofits, people have a tendency to think that if they just hit some magic size or hit a particular milestone, they not only will achieve success but that it will become easier to be successful. This is not true in organizations or in much of life, for that matter. Variables are always shifting. The macroeconomic context changes, new technologies and other dynamics disrupt existing patterns and strategies, wars break out, disasters affect nonprofits and their donors—all kinds of things happen that can help you or hurt you. There are very few organizations where managers can push the "autopilot" button and lean back and take a nap.

I always urged my teams to spend five to ten percent of their time planning and to start each day reassessing and reaffirming their priorities. If you can shift your thinking out three to twelve months, you reduce the lack of control that builds up from being constantly in a reactive mode. You begin to find patterns and you can begin to see possibilities or develop contingency plans. Then, review your best ideas at least weekly, prioritize them, and think about when they can be actionable, whether in the short term or the long term. Determining when they will be actionable helps you evaluate the quality of the idea, the caliber of the talent, and the resources you have available; and, if necessary, provides the stimulation to put missing capabilities in place.

## Short Term and Long Term

Planning for implementing your vision and strategy focuses on both the short term and the long haul.

I think of short-term as a week or a month (even a day!). Make sure all your activities are moving you past short-term priorities toward longer-term goals.

Mid-term is three months, a quarter. The mid-term occupies an important space between immediate needs and future goals.

Beyond that is long-term planning: six months, a year, and up to eighteen months. Planning needs to happen around all of those times frames. Don't let the urgent constantly rob time needed for important long-term priorities.

As a word of caution, you'll see in Chapter 4, "Book It and Ship It," that planning must never get in the way of getting things done. *Success is only 10 percent based on strategy; the other 90 percent is implementation!*

---

## The Rule of Three

One of the practices we always preached at Applied Materials is what I called the "Rule of Three." Always have, know, and focus on three priorities. Most of us do many more than three things per day, per week, per year, but I always took time every morning to make sure I knew exactly what my top three priorities were so that as I budgeted my time and added or subtracted from my calendar every day, those priorities were reflected.

I encourage people to have a list of priorities for a day, a week, a month, three months, a year, and up to eighteen months. Align each day's activities with your longer-term goals. The right way to review this list is to make sure that all of your activities every day are moving you *past* short-term priorities and toward the longer term. Don't treat your long-term goals as something you plan to "get to" in a year.

As a manager, always model and reinforce the importance of planning. Making time to plan and confer creates a useful rhythm and a routine. It's important to establish a schedule for meetings and to stick to that schedule. Constantly changing dates and times creates turmoil.

Help your staff understand that you must plan to succeed. And you must plan ... to succeed!

---

## For Discussion

### *For Executive Directors*

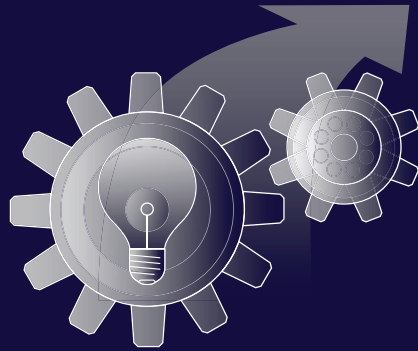
1. How do you determine your organization's schedule for mid- to long-term planning? Do you stick to that schedule?
2. What are your top three priorities today and this week? How are you communicating your priorities to your team?
3. What would you need to change so that you can devote 5–10 percent of your schedule to planning?

### *For Emerging Leaders*

1. What time of the day or day of the week do you regularly set aside to plan? How is this practice supported by your manager?
2. How do you align your personal and organizational planning responsibilities?
3. How can the “Rule of Three” help you with your planning?

### *For Board Members*

1. In what time frames (quarterly, one year, eighteen months or longer) does the board support organizational planning? How were those determined? Why are those the optimal time frames?
2. How do you determine the amount of time the board spends in planning? How do you schedule that time?
3. How can you support the Executive Director to devote 5–10 percent of their time for planning?



MORGANISM

4

## Book It and Ship It

Planning is essential but success comes from the implementation of your ideas. “Book It and Ship It.”  
Make a decision and manage the consequences.

In the last chapter I looked at the importance of constant planning. Now I want to talk about what comes next: executing the plan.

We accomplished a lot during the time I served on the board of the prominent nonprofit organization, The Nature Conservancy (TNC). With a mission “to conserve the lands and waters on which all life depends,” it’s the largest nonprofit in the U.S. focused on the environment. However, a disproportionate amount of time was spent reorganizing and strategizing. I became somewhat famous in TNC for using the phrase “book it and ship it.”

---

### Let’s Move On

In the manufacturing business, “book it and ship it” simply means, “We’re finished building this. Let’s move on.” But I used it at TNC as a way of saying, “No more dithering. We’ve done our best here; now let’s put the decision in motion and see what happens.” If problems develop, you manage them. But kicking the can down the road over and over just saps energy. Success comes from the implementation of ideas. Time should be spent on organizing, strategizing, and planning, but then you need to complete the project, hire the person, and get the donation. As I said in Chapter 3, “5% for Planning,” success is 90 percent implementation.

Mark Burget, executive vice president and managing director of North America for TNC, put it this way:

“At one time TNC’s biggest shortcoming was our disproportionate focus on planning, internal discussion, and so on. In ‘book it and ship it’ I hear a plea to get on to execution. This is a challenge for any organization, but especially for a mission-driven organization facing very large, complex challenges. We could easily spend the rest of our lives talking about environmental problems and feeling pretty good about how smart we are. Jim reminds us to get to work on making change happen in the world. Make the purchase, get the easement, attract the funding, hire the person, close the opportunity. As William Blake said, ‘Execution is the chariot of genius.’”

Of course, this Morganism doesn't apply just to environmental nonprofits. Making good decisions, timed right, is a challenge for all groups. My experience says that you just have to cultivate the habit of making timely decisions and then effectively communicate them. At Applied, we used to envision ourselves standing on a cliff. One of three things can happen: 1) You give a correct answer to the question and you stay on the cliff. 2) Wrong answer, you're pushed off. 3) No answer, you're also pushed off! This scenario sharpens the mind. Within their area of responsibility, most people will give the right answer most of the time. You just need to decide to decide.

---

### The Cost of Perfect Information

Voltaire said, "Don't let the perfect be the enemy of the good." That's sound advice. Time is wasted and opportunities are lost when people become fixated on having perfect information rather than trusting their instincts, making decisions, and then managing the consequences. Organizations in motion can alter course much faster than they can go from zero to 60. Decisions create momentum.

That does not mean you agree to pursue long shots or ignore troubling data just to make sure you do *something*. You always want good information. And you want extremely good information when you are calculating a moon shot or planning a brain surgery. But the cost of perfect information is too high for most decisions. Too many people agonize too long making a decision and then they don't pay enough attention to managing the outcome. They neglect to establish contingency plans and milestones and then do an honest assessment of whether the plan is working as the organization reaches (or doesn't reach) those milestones. Once in motion, they often neglect the course corrections necessary for success.

More complex decisions require a staged process. Gather a few people with the best perspective to frame the decision needed. Assign for appropriate analysis and recommendation. Get used to not having perfect information to make a decision. Of course the decision is important, but more important is how you manage next steps. Establish a written set of milestones to assess each decision and how you are managing the consequences of the decision over time.

I sometimes think of the quotation, "When all was said and done, more was said than done." Book it and ship it!

---

## For Discussion

### *For Executive Directors*

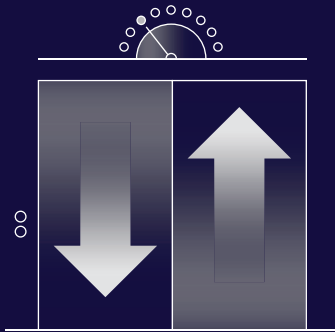
1. What forces block you from making critical decisions? How do you overcome your uncertainty and move forward?
2. After decisions are made, how do you recognize when course corrections are required?
3. What will it take to make effective decisions without perfect information?

### *For Emerging Leaders*

1. What keeps you from making the decisions that are your responsibility?
2. When decisions have been made, how do you monitor implementation and course-correct on the fly?
3. Think about a pending decision. What do you need to help you decide to book it and ship it?

### *For Board Members*

1. How do you empower your Executive Director to make tough decisions? In what ways do you undermine their ability to do so?
2. How do you typically find consensus when some of the board members are risk takers, and some are cautious stewards?
3. How does the board monitor the implementation of previous decisions?



MORGANISM

5

## Face the Elevator Door

All organizations grapple with cycles. You must assess driving forces and proactively prepare for the next major shift. Always “face the elevator door.”



As a leader of an organization trying to grow and be successful, you are always going to be riding in an economic elevator that is moving: either going up or down. In inherently cyclical industries, this becomes a potentially high-reward, always high-risk ride, and the penalty for misjudging the direction at any one moment can be severe.

Nonprofits also live in cyclical environments. Their fortunes are often pegged to business growth and strong stock markets, which put cash in their donors' pockets. By collecting and saving resources during strong financial cycles, they can be opportunistic during weaker cycles in obtaining facilities or assets at a discount or preparing new campaigns that launch when the giving climate improves. A change in leadership is always a moment of opportunity.

Facing the elevator door means being ready to capitalize on opportunity (the elevator door opening) regardless of where you are in a cycle. Pursuing an opportunity usually takes capital, so you prepare yourself by squirreling away cash when funding is strong, and raising more when markets are receptive. In general, many organizations get into trouble with overly optimistic revenue projections that they use to justify overspending when times are good and demand is high. At Applied Materials, we were always careful to save when business was good. Then, as our competitors struggled to manage a business contraction, we had the money to increase R&D and roll out products to supply the next wave of demand. In nonprofits, reserves can be used similarly, which is why it's important to build up at least a three-month reserve!

---

## Driving Forces

In making decisions about the future direction of an organization, it's critical to assess the driving forces. A good nonprofit manager is constantly looking at the driving forces that are likely to impact the future of the organization. Driving forces can include a global interest in reducing reliance on fossil fuels, increased awareness of what constitutes sexual harassment, or demographic shifts like the aging of the baby boom cohort and the rise of Millennials. Micro driving forces can be unique, possibly fleeting opportunities such as a competing nonprofit's strategic shift or stumble, or tax incentives, or other government supports that may expire.

It's a good exercise to periodically look at the driving forces related to whatever you are doing. Get used to looking for them early—your ability to perceive and incorporate them into your strategy will improve over time. Assess whether you are positioning yourself to take advantage of the changes. Look at the demographic that you think represents your most important clients or highest potential funding sources and seek to understand what new ideas or cultural themes matter to them. Realize that this is a best-guess domain, but when you make a decision, keep recalibrating and readjusting. Every significant decision should include an assessment of the relevant driving forces, both short-term and long-term.

---

### **Managing Paradoxes**

Business is full of contradictions. Today's most effective organizations must be both global and local; product development must be fast and also low-defect; companies must attain critical mass but interact with customers in a personal, human way. Nonprofits face their own set of paradoxes: They need to be efficient and develop repeatable processes, but they need to be flexible to consider individual human beings with unique capacities and challenges.

Paradoxes create tension but you can actually make them work for you. First, understand and acknowledge that they exist, and second, reassure people that they have the skills to keep making good decisions. Remind people that their experience has developed their instincts. As we saw in Chapter 4, "Book It and Ship It," it is critical to make a decision and then manage the consequences.

---

### **Succession Planning**

A change in the top executive leadership is a high-risk/high-reward moment for any organization. It's a singular opportunity in the life of a nonprofit and an opportunity to assess driving forces to make the best decision. Succession issues become pervasive in an organization, creating a distraction. Executives tend to handicap internal horses and align with the contender who they think will land the job.

The idea of promoting from within is always attractive. An internal candidate is intimately familiar with the organization's mission, its challenges, its strategic goals, and its capabilities. Conversely, an external candidate can bring new energy and a new vision, which is just what the organization needs to advance into its next lifecycle. By facing the elevator door, you position yourself to tackle this critical decision.

---

## For Discussion

### *For Executive Directors*

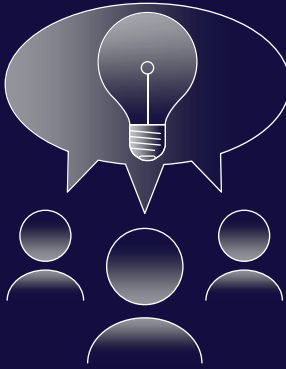
1. Think of a recent high-risk/high-reward decision you made. What did you learn about yourself and your team in this process?
2. What paradoxes or contradictions create the most tension in your organization? How would you help your team manage them better?
3. What process have you initiated with the board for succession planning?

### *For Emerging Leaders*

1. What are you doing to help your organization face the elevator door?
2. What paradoxes or contradictions have the largest impact on your department? How do you manage these situations?
3. If you had to step into your boss's shoes at a moment's notice, what's the first thing you would do?

### *For Board Members*

1. How does the board support the Executive Director in pursuing high-risk/high-reward opportunities?
2. How can the board help navigate paradoxes, such as attracting top talent without the budget for top salaries?
3. How does the board's succession plan position the organization for change?



MORGANISM



## Collaborate Successfully

Value collaboration: treat your partner's  
success as equal to your own.

If you want to grow an organization and build significant value, you must develop the ability to collaborate. A lot of organizations talk about collaboration, but just pay lip service to the concept. Collaboration is not about scheduling a lot of meetings or forcing people to physically interact more often. To be a successful collaborator, there are several guiding principles that you must embrace. You need to be willing to put your partners' needs ahead of your own so that you can both succeed.

That attitude is somewhat rare in business, but as I became more involved in philanthropic projects, I could see that it was almost entirely absent in the nonprofit sector. In fact, nonprofits can be ruthlessly competitive and wary of one another. One reason is that nonprofits are constantly raising funds, and all the organizations in a given space tend to target the same donors or same kind of donors.

In theory, this should create a market check on organizations and winnow out the ones that are not using their resources effectively. It should force organizations to focus on their strengths instead of diluting their resources. In practice, the opposite occurs. Organizations pick projects on the basis of what they think offers the most compelling fundraising story, rather than ones that reflect their true capabilities or the most important needs. They may not be forthcoming about their challenges because "competitors" may exploit that information to gain an edge with donors. They don't like to admit weaknesses (nobody does), therefore it's difficult for them to seek partners to complement their strengths. These are not necessarily personal failings of nonprofit leaders, but these patterns limit the effectiveness of their organizations.

---

### Your Partner's Success

When you are engaged in any effort that demands collaboration, you must treat your partner's issues as paramount and do everything you can to resolve friction and help your partner succeed. You cannot build a healthy and productive partnership when you ignore your partner's issues, or when your partner worries that you will unfairly exploit the relationship. If you convey that you appreciate and want to help your partner succeed, my experience is that you will receive the same support in return when you need it.

It's important to bring a certain mindset to the collaboration. At Applied Materials, I developed some principles that apply also to nonprofits:

- Both parties must perceive that agreements are fair. Goals should be attainable and payoffs realized.
- I don't expect to reach my goal before my partners reach theirs.
- I keep my partners apprised of both the success and failures of my efforts.
- Long-term relationships have greater payoffs than quick rewards.
- I believe my contribution is critical, but that my partners can be successful without me.

These were the values that Applied brought to all its interactions with partners. They may sound fairly simple, but they require serious commitment.

---

### **Collaboration in the Northern Sierra**

In 2007, my wife Becky and I thought there was an opportunity to create a collaborative initiative to conserve, restore, and enhance the magnificent natural landscape of the northern Sierra Nevada. The Sierra Nevada is the longest, unbroken mountain range in North America, a 400 mile-long expanse of granite peaks, deep forests, and sparkling lakes. It's also the major source of California's water system, so is an important geography for all Californians.

The Northern Sierra Partnership (NSP) is a partnership of five respected organizations: Feather River Land Trust, Sierra Business Council, The Nature Conservancy, Truckee Donner Land Trust, and The Trust for Public Land. They organized into a collaborative partnership to work on conservation, restoration, and economic development in this critical geography.

Now, ten plus years into what is a path-breaking model of collaboration for nonprofits, we have the evidence that it can be done. Like most challenges worth taking on, it wasn't easy. We created a unique approach to collaborative conservation with five organizations that we have yet to see copied anywhere, despite powerful evidence that a partnership among organizations with different roles and domains can work. We had to make course corrections. We have had to spend considerable time and energy on interpersonal communication and negotiation among the partners, as we asked them to do things that nonprofits rarely do.

Collaboration is never easy, but the partners are seeing the many practical benefits of working together to achieve their ambitious vision.

---

## For Discussion

### *For Executive Directors*

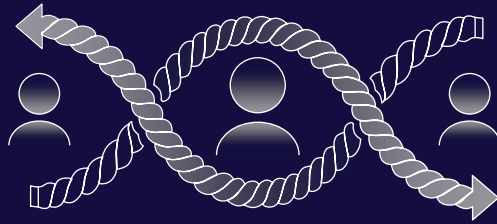
1. Have you embraced a culture of collaboration? What would make it “worth it” to collaborate with others toward a big goal?
2. Identify three examples of collaboration in your field, whether yours or others. What were the lessons learned?
3. Thinking about collaboration, how would you put your partner’s needs ahead of your own?

### *For Emerging Leaders*

1. Do you value collaboration? If so, why? If not, why not?
2. If you have been part of a collaborative project, what was its unique value? What would you do differently next time?
3. Why, in a collaboration, do we say that you should treat your partner’s success as equal to your own?

### *For Board Members*

1. When a collaborative opportunity is brought to the board, what is the process for evaluating that opportunity?
2. What can the board do to ensure a successful collaboration?
3. How can the board coach a culture of collaboration within the organization?



MORGANISM

7

## Respect and Trust Your People

Respect and trust your people. Job one is to model the behavior and attitudes you expect in others: the character of your organization will never exceed your own.



Respecting and trusting your people is the foundation of all good management. It is vital that this be the foundation of your nonprofit's organizational culture. That may sound pretty simple but it takes time; every manager can and should do it.

As a manager, you are constantly being evaluated by your team on whether you treat people with respect and with trust. Ask yourself tough questions, such as: Am I being consistent in my leadership and example? Am I walking the walk and talking the talk? These are crucial behaviors to become a successful and trusted leader. Your tone must show respect for every employee's strengths, contributions, and personal health, comfort, and safety. If you are disrespectful of your employees' intelligence or you disregard their humanity or dignity, they will not trust you. Trust is born of respect.

As a leader, the character of your organization will never be greater than your own. Make sure you exhibit every trait and quality that you want your people to exhibit. If you set an example of taking responsibility for your own decisions instead of scapegoating, your people will do the same. The hiring, development, and retention culture of your nonprofit establishes whether the organization is just good or becomes great.

---

## Respect Yourself

Likewise, take care of your personal health and fitness. Pay attention to the physical dimensions of the workspace. Encourage people to wear comfortable shoes to work so that they feel encouraged to take a walk during the day. Moving around during the day keeps the mind sharp and the body more relaxed. I've often scheduled "walking meetings" with people I need to speak with one on one.

A culture of respect and trust begins with a commitment to hiring excellent people. Most things my team did, they did better than I could have. My idea of management is serving as "First Assistant To" others, helping them succeed. I spent very little time cleaning up after anybody or reversing dumb decisions. People who owned their work, both its successes and failures, knew that we had plenty of capacity to

adjust to an honest mistake. On the other hand, employees who needed babysitters or a clean-up crew didn't last. If you don't trust and respect an employee, that person should not be working for you.

Treating people fairly and not punishing employees when a decision doesn't turn out perfectly, does not mean giving poor performers leeway to make mistakes over and over. Doing that, in fact, is disrespectful to your good performers who deserve to be surrounded and supported by competence and, ideally, excellence. Make people decisions fairly, but quickly.

---

### **Build Teams Deliberately**

A practice I followed that I felt should be a priority for every employee, was to develop and keep a personal list of at least three people who they thought would be a good fit to work on their team.

In building a nonprofit, it is essential to hire people who are fundamentally competent in whatever it is that they do, be it finance, fundraising, or client services. Not only should you be looking for competence for the job at hand, but for a person whose skills can grow into the next level of the job. In addition to the usual evaluation of academic record, job experiences, and recommendations, do not stop calling references and former employers of a candidate until you come across at least two negatives. That takes asking better questions and thinking more deeply about the job you're hiring for and the picture of the employee that the reference is painting. Can your organization live with the negatives?

Realize that competence is essential but not sufficient for success in teams. This is true at any scale, including a start-up company or a global nonprofit or the executive suite of a major corporation. Certain qualities are always valued, such as intelligence and energy. However, other traits that tend to be about personality, such as the need to have credit, or introversion, or communication weaknesses, need to be balanced or at least addressed, or the team can become dysfunctional.

At Applied Materials, we grew so quickly that we used employee assessment tools to help us understand the dynamics of our people. That way, we could assemble teams with complementary skills and then have a higher chance of success. In any organization, you must think about group dynamics and balance them for the good of the project.

## For Discussion

### *For Executive Directors*

1. How does your “tone at the top” show respect for every employee’s strengths, contributions, health, comfort, and safety?
2. How can you be “First Assistant To” your staff, supporting them through both failure and success?
3. How does your hiring and firing support the culture of respect and trust within your organization?

### *For Emerging Leaders*

1. In what ways does your Executive Director model trust and respect within your organization?
2. How do you extend trust and respect to your fellow managers and other staff?
3. How do you attend to your personal health and fitness and encourage your colleagues to do the same?

### *For Board Members*

1. What does the board do to foster a culture of trust and respect throughout the organization?
2. How do your hiring policies reflect your commitment to this culture of trust and respect?
3. What are the key indicators that something is amiss in the organizational culture; and how does the board respond?



MORGANISM

8

## Who Owns the Monkey?

To create a culture of accountability,  
reinforce individual ownership of problems.  
Always ask, “Who owns the monkey?”

Nonprofit leaders are often overworked and under-resourced. As a result, problems can easily move up the chain of command. You need to create a culture of accountability to ensure that the only issues that land on your plate are the ones that are your clear responsibility. When you empower employees to make decisions, you also empower them to solve problems that arise from those decisions.

Let's say that one of your staff shows up in your office with a problem—a monkey—on his or her shoulder. As a manager, you want to acknowledge that you see the monkey, and that you care about the monkey. You may even pet the monkey for a few minutes, but you can't let that employee leave the monkey behind for you to take care of. You want to be sure that when your employee walks out the door of your office, the monkey goes too.

Owning the monkey means the person responsible cannot pass the buck; they must think through the consequences of decisions and try to solve the problem. There is no need to escalate it to the executive director's office at the first sign of trouble.

---

### A Monkey on Your Back

The notion of owning the monkey comes from an article that appeared in the *Harvard Business Review* back in 1974, "Management Time: Who's Got the Monkey?" by William Oncken, Jr. and Donald L. Wass. They describe a manager's correct response to an employee who tries to put a monkey on their back:

"At no time while I am helping you with this problem will your problem become my problem. When this meeting is over, the problem will leave this office exactly the way it came in—on your back.

"You may ask for my help at any appointed time, and we will make a joint determination of what the next move will be, and which of us will make it. In those rare instances where the next move turns out to be mine, you and I will determine it together. I will not make any move alone."

The manager transfers the responsibility back to the direct reporter and keeps it there.

---

## Empowerment

Oncken and Wass describe five degrees of initiatives that can empower staff decision-making. The employee could:

1. Wait until told (the lowest initiative).
2. Ask what to do.
3. Recommend an action, and wait for a decision.
4. Act, but inform at once.
5. Act, then report on the decision in due course (the highest initiative).

The manager's job is to outlaw the use of 1 and 2, and to ensure that for each problem leaving his or her office, there is an agreed-upon level of initiative assigned to it.

As management guru Stephen Covey points out in talking about monkeys, you should keep in mind that empowerment means you have to develop your staff's skills, which is initially much more time-consuming than simply solving the problem on your own. But the investment pays off.

People usually join nonprofits because of a deep commitment to a mission. However, when the staff exceeds a handful, if everybody in the organization is reporting to the executive director, dysfunction is inevitable. A good leader needs to be able to communicate that in a growing organization, hierarchy is a good thing. It actually speeds up decision-making.

As a nonprofit shifts to a more hierarchical system during a growth phase, leaders need to create processes and a decentralized structure so that people can efficiently make decisions and obtain information to do their jobs.

---

## Structure

Creating an organizational structure with functional processes is your job as a top manager. You need to determine who's responsible for each type of decision at every level. You tune the structure and process to fit the work and the people, and then urge your employees to make and take responsibility for their decisions. They will make mistakes, but you must make sure they own the monkey. If you step in and fix things for them, or punish them for reporting a problem, they will not make decisions.

In a culture of accountability, employees are comfortable acknowledging reality, warts and all. Individuals do not just wait and hope things improve or spend their time crafting excuses or pointing fingers at others. They take responsibility for finding solutions and improvements.

---

## For Discussion

### *For Executive Directors*

1. What organizational structure have you established so that people can efficiently make decisions?
2. What do you do to empower staff to take responsibility not only for their decisions but for the consequences of those decisions?
3. How do you train your staff to recognize when a problem is in fact their monkey, one that they should be looking after?

### *For Emerging Leaders*

1. How do you work within the management hierarchy to speed up decision-making?
2. What skills do you need to develop to better manage your monkeys?
3. Think of an instance where you “dropped” the monkey and your manager had to step in. What would you do differently next time?

### *For Board Members*

1. What has your organization done to document the board’s role and responsibilities as separate from management’s?
2. How have you empowered the management team to take responsibility for their decisions and the consequences of those decisions?
3. Do you tend to over-manage or under-manage the Executive Director? How could you correct this?

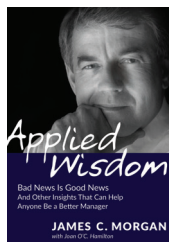
## About the Author

James C. Morgan has worked extensively in the worlds of both for-profit and nonprofit organizations.

He ran Applied Materials Inc. for nearly three decades—one of the longest tenures of any Fortune 500 CEO. The company was near bankruptcy when he joined; when he retired as CEO in 2003, Applied was a multi-billion-dollar global leader with more than 15,000 employees. Quite an achievement for a former Cayuga, Indiana, farm boy who grew up herding cows, harvesting corn, and working in his family's vegetable cannery. Along the way, Jim collected and tested his management principles in such realms as the military, the diversified conglomerate Textron, in venture capital, on corporate boards, and on government commissions.

In the nonprofit arena he has served as both a California and a global director, and co-chair of the Asia Pacific Council of The Nature Conservancy (TNC). In 1993, along with his wife, Becky Morgan, a former California senator, he founded the Morgan Family Foundation. More recently, they founded the Northern Sierra Partnership, which fosters collaboration among conservation organizations in order to preserve and restore one of the world's great mountain ranges.

Jim also served as Vice Chair of President George W. Bush's President's Export Council and as an adviser to President Bill Clinton and Congress on U.S.-Pacific trade and investment policy. He was an active member of the Young Presidents' Organization (YPO). He holds a BME and an MBA from Cornell. He co-authored the 1991 book, *Cracking the Japanese Market: Strategies for Success in the New Global Economy*. Among Jim's many recognitions are the Semiconductor Industries Award, the IEEE Robert N. Noyce Medal, the Silicon Valley Leadership Group Lifetime Achievement, the Tech Museum of Innovation Global Humanitarian Award, the National Fish and Wildlife Foundation Award, and TNC's Oak Leaf Award. In 1996, he was presented with the National Medal of Technology and Innovation by President Bill Clinton.



For more *Applied Wisdom* from Jim Morgan, please go to  
[www.appliedwisdombook.com](http://www.appliedwisdombook.com)



## Finally, a book that balances the best of business management with the realities of the nonprofit world

*Applied Wisdom for Nonprofits: Eight Practical Tools for Leadership* is a compact and lively handbook for anyone who works in a nonprofit organization.

Jim Morgan believes that whatever your job title, you can improve your management skills with understanding and practice.

He shares his proven insights into management through easy-to-remember maxims called “Morganisms,” designed to allow individuals or teams to think about—and then apply—management principles to complex, real-life situations.

Each of the eight short chapters includes “discussion prompts” for people at all levels of your organization, carefully designed to provoke a lively dialog between executive directors, emerging leaders and board members.

### Early Reviews for *Applied Wisdom for Nonprofits*

“I can’t recommend Jim Morgan’s *Applied Wisdom for Nonprofits* highly enough. It is jam-packed with practical ideas and tools that helped Jim achieve his remarkable success as a business CEO and nonprofit and philanthropic leader.”

—Jim Thompson  
Founder & CEO, Positive Coaching Alliance

“Jim Morgan’s book of ‘Morganisms’ for nonprofits offers strong coaching for emerging leaders, great reminders for seasoned executives, and helpful guidance for both new and experienced board members.”

—Ellen Moir  
Founder and CEO, New Teacher Center