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The four faces of the future . . .

This all happened in the days before Barry Bonds began transforming his body with steroids.

He was already a premiere major league baseball player, feared as a power hitter who could also hit for average, had a laser for a throwing arm and enough speed to steal 350 bases during his first ten years in the majors. He was a complete player and one of the best in the history of the game.

My daughter Liz and I arrived in San Francisco during one of our summer stadium tours in the mid-'90s. It was August 7, 1996, and the Giants were playing the Cincinnati Reds. We had already been to games in San Diego, Los Angeles and Anaheim and would finish our trip the next day in Oakland.

Bonds hit his 31st homer of the season the day before we saw him play. On the morning of the game we attended, The San Francisco Chronicle *quoted Ray Knight, the manager of the Reds, who said he would no longer pitch to Bonds. He would order his pitchers to walk him every time -- he wasn't going to take the chance of Bonds unleashing another home run.*

Sure enough, before a packed house in Candlestick Park that afternoon, the Reds intentionally walked Bonds the first three times he came to the plate.

But then the Giants loaded the bases with two outs in the bottom of the sixth, with Bonds coming to bat. Liz and I looked at each other and wondered what would happen next. There was nowhere to put him. Reds pitcher Scott Service couldn't walk Bonds intentionally or it would force in a run. He had to pitch to him.

Bonds hit the fifth pitch over the centerfield fence for a grand-slam homer.

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THE CYCLE OF CHANGE

Some things are inevitable, as Ray Knight learned, and change is one of them. No matter how large or small, old or young your social enterprise might be, change is a constant. Right now, something is dying and something else is emerging.

One way to keep track of the changes is to gaze in four directions at once, as Terry Deal, Allan Kennedy and Carol Pine recommended a few years ago during their pioneering work investigating corporate cultures and the "cycle of change":

- *Look outward:* To explore your business environment, customer needs, opportunities and threats

- *Look backward:* To understand your history and traditions

- *Look inward:* To honor your values, identify your strengths and weaknesses, and perfect your key processes

- *Look forward:* Guided by your vision, mission, core values and long-term goals

Deal, Kennedy and Pine also suggested that the cycle of change had four phases -- and therefore a series of questions every organization should be asking every day about its products, services and programs:

- What has ended (or died)?
- What is ending (or dying?)
- What is emerging?
- What is alive and well?

Unless those four questions are addressed -- and in a timely fashion -- they can strain and rupture the organization, especially the first two.

So: What parts of your social enterprise are about to become unnecessary, extinct, moot -- or have already withered? You can choose not to look or to notice, but sooner or later you'll be forced to face the truth -- and probably the consequences.

If the surrounding circumstances are closing in, you can avoid the repercussions for only so long. "Fate" may arrive in the guise of a competitor (as it did for the Cincinnati Reds) or simply be a flaw within your social enterprise that has been papered over successfully for months or years. But eventually . . .

So, what should you do with the products, services and programs in each of the four phases? Here is what Deal, Kennedy and Pine suggest:

- Practices and values that have outlived their usefulness and are now ***DEAD*** can be recognized as past and respectfully placed in the organization's evolving history

- Policies or patterns that are ***DECLINING or DYING*** need respect to make their transition comfortable

- New, ***EMERGING*** initiatives, philosophies and practices need nurturing, support and resources

- Elements of the organization that are ***ALIVE AND WELL*** need recognition, celebration and resources

“TIGHTROPE WALKERS”

But how can you tell whether something is dead, dying, emerging or thriving? How do you really know?

Fortunately, for social enterprises, there are two intersecting benchmarks: ***SOCIAL IMPACT*** and ***FINANCIAL VIABILITY***. Maintaining an appropriate balance between them is the *sine qua non* of social enterprise. Dr. David Rendall calls social entrepreneurs “tightrope walkers” because they are constantly hovering in mid-air between their social purpose and marketplace realities.

The definition of “appropriate” varies from company to company, but the existence of a double bottom line that emphasizes both social and financial returns forces social enterprises to constantly make difficult decisions about which products and services to offer and which market segments to pursue.

The process is never more important than when a social enterprise is developing its strategic plan -- and it can be agonizing because it demands that Board members and senior managers practice triage.

Management guru Peter Drucker, who passed way in 2006, long advocated killing products and services if they were not number one or number two in the market. Rather than trying to be all things to all people, he wrote, we should concentrate on doing the best job possible in a few, carefully chosen areas. If we do not, he warned, we will not be able to give customers the attention they deserve because we will no longer have the necessary time or resources.

Drucker’s advice runs against the grain of the traditional nonprofit mentality, but most nonprofit managers eventually do admit they are trying to serve too many masters. And, as their organizations morph into social enterprises, they realize that the first rule of entrepreneurship is contraction.

Of course, triage requires a social enterprise to be honest with itself -- exceedingly difficult for any organization. But the results have been worth it, and the ultimate winners have been clients and customers. Social enterprises have discovered that reducing their number of products, services and target markets has enabled them to serve more people and to serve them better, because they’ve had the time and resources to expand their most effective and needed lines of business and to carefully introduce new products and services.

Making strategic decisions, however, is more difficult for a social enterprise than it is for either a traditional nonprofit or a commercial business, both of which are primarily concerned with a single bottom line.

A traditional nonprofit will continue offering products and services that have a significant social impact even if they lose money; commercial enterprises will not.

Social enterprises, on the other hand, are equally concerned with both bottom lines and must simultaneously analyze the social impact and financial viability of each product and service -- and only then make decisions about which to expand, nurture, harvest or kill.

PORTFOLIO ANALYSIS

The Strategic Marketing Matrix for Social Entrepreneurs® is a useful way for social enterprises to categorize each of their products, services and programs -- and it dovetails nicely with the four phases in the cycle of change:

	POSITIVE FINANCIAL RETURNS	***NEGATIVE FINANCIAL RETURNS***
SIGNIFICANT SOCIAL IMPACT	**EXPAND** *(alive and well)*	**NURTURE** *(emerging)*
MINIMAL SOCIAL IMPACT	**HARVEST** *(ending or dying)*	**KILL** *(ended or dead)*

The implications for resource allocation are significant:

- ***"Expand":*** These should receive 50 to 70 per cent of a social enterprise's resources -- they have significant social impact *and* make money
- ***"Nurture":*** These should receive 20 to 40 per cent of a social enterprise's resources because they have significant social impact . . . and, with proper nurturing, they may also have the potential to reach break-even or make a profit
- ***"Harvest":*** These should receive whatever resources remain -- they make money that can be used to nurture other products and services and have *some* social impact themselves
- ***"Kill":*** These should be *eliminated* -- they lose money *and* have minimal social impact

As responsible social enterprise managers, we have two challenges: Doing things right . . . and doing the right things. Too often, we fall prey to the "80/20 rule" and spend 80 per cent of our time working on the 20 per cent of our organization we should kill.

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So, you ask, what could the Cincinnati manager have done if he truly believed in the inevitability of Bonds hitting a home run?

He could have walked him again and saved three runs!