

# Doing Well at Doing Good: Do You Have a Strategy?

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This presentation draws on ideas from Professor Porter's books and articles, in particular, *On Competition* (Harvard Business Review Press, 1996); "Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility" (Harvard Business Review, December 2006); "The Competitive Advantage of Corporate Philanthropy" (Harvard Business Review, December 2002); "What Is Strategy?" (Harvard Business Review, Nov/Dec 1996); and "Strategy and the Internet" (Harvard Business Review, March 2001). No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Michael E. Porter. Additional information may be found at the website of the Institute for Strategy and Competitiveness, [www.isc.hbs.edu](http://www.isc.hbs.edu).

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# Doing Good: Numerous Examples

## Within the Congregation

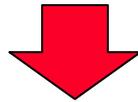
- Employment opportunities
- Employment counseling
- Grief support
- Divorce support
- Financial management, support and counseling
- Family daycare and child programming
- Improving health and welfare
  - On site physicians
  - Immunization drives
  - HIV/AIDS counseling
  - Sexual violence counseling
- Support of military families

## To Needy Communities

- Poverty reduction
- Donation drives for clothing, necessities
- Food banks
- Homeless shelters
- Disaster relief
  - Home building
  - Supplies
  - Monetary contributions
  - Volunteer teams
- Health Care Delivery
  - Build and operate health clinics (community and global)
  - Addiction support / recovery
  - HIV/AIDS prevention/treatment
  - Pregnancy support
- Environmental programs

# Doing Well at Doing Good

- In serving the community or the needy, **charity**, **philanthropy**, and **giving** are the wrong mindset



## The Right Mindset

- Delivering **social services**
- Meeting the needs of a “**customer**”
- That achieve **high value**

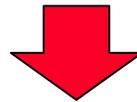
# Doing Good: Do You Have a Strategy?

- Defining Appropriate Goals
- Where to Serve
  - What services to provide
- How to Serve
  - A clear strategy for each service area
- Creating Alignment

# Doing Good

## Defining Appropriate Goals

- Good intentions are **not enough**
- The act of charity is **not enough**

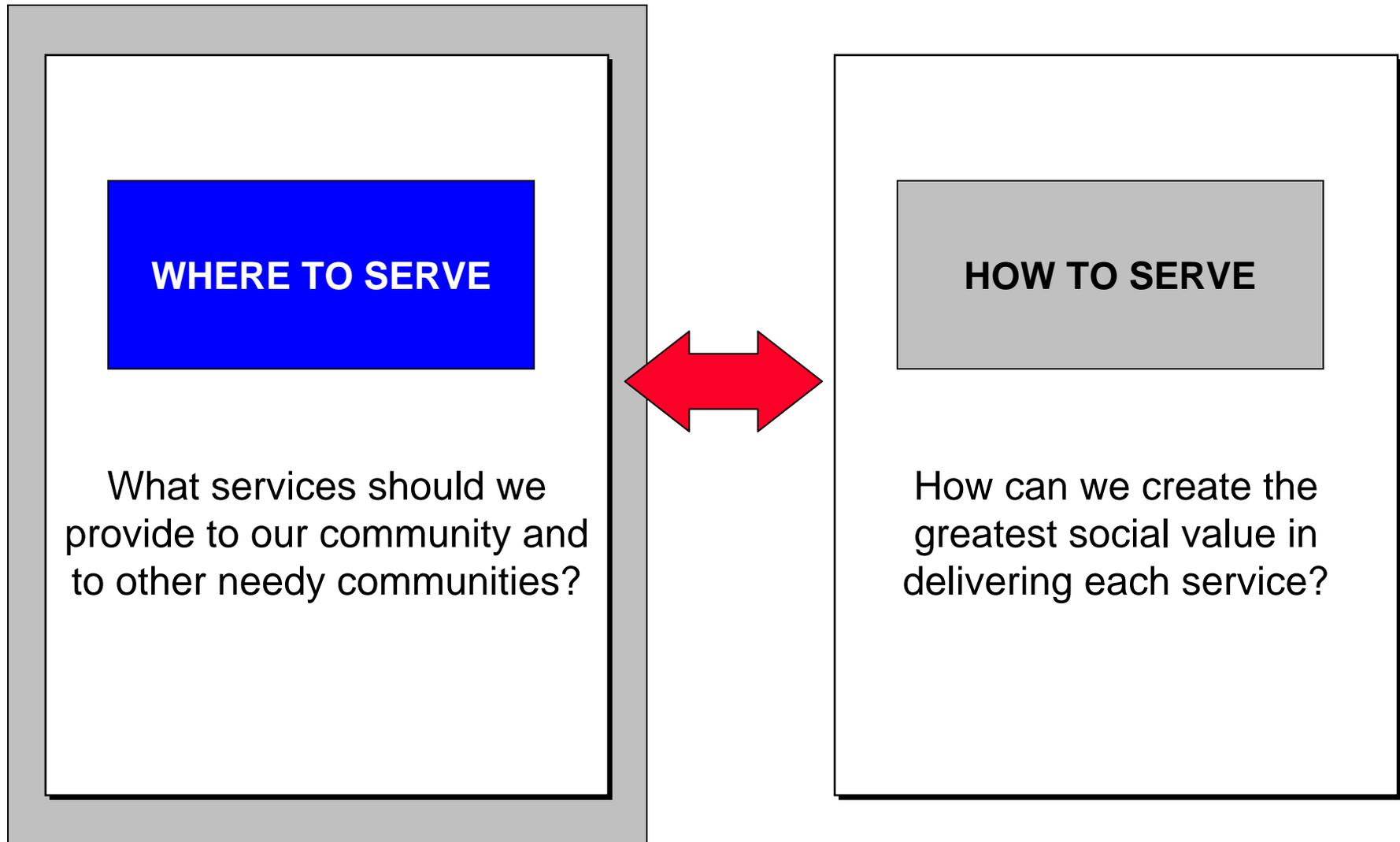


- The obligation of a social enterprise is to **create social value**

$$\text{Social Value} = \frac{\text{Social Benefits}}{\text{Resources Expended}}$$

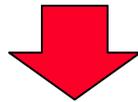
- Society depends on us to use our time, relationships and financial contributions to **do the most possible good**
  - Taking a tax deduction makes society a **partner**
- Social benefit must be **defined** and **measured** if social value is to be created

# Strategy For Doing Good



# Choosing Where to Serve

- There are many **worthy** causes
- There are many **unmet human needs**
- No congregation can address all these needs, even if it wanted to



- Where can we **add the most value**?

$$\text{Social Value} = \frac{\text{Social Benefits}}{\text{Resources Expended}}$$

# Choosing Where to Serve

## Strategic Principles – 1

### External

- What are the **most pressing needs** of our own community?
- What are the pressing problems in **other communities** in need?
- What **other organizations and institutions** are available to meet those needs? Are they effective?

### Internal

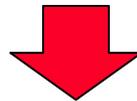
- What **capabilities** and **resources** do we have as a congregation/organization?
- Where can we **add value** beyond good intentions?
  - Where can we **do more** than give money or unskilled labor?
- Which services excite the greatest **passion** and **commitment** in our congregation?

# Choosing Where to Serve

## Strategic Principles – 2

### Choices

- What **limited** set of services should we focus on to provide as a congregation?
  - What combination of services would be **synergistic**?
- Which excellent organizations should we **contract with** or **support** rather than providing services ourselves?
- Where could we **scale up** over time, or **partner with other congregations**?



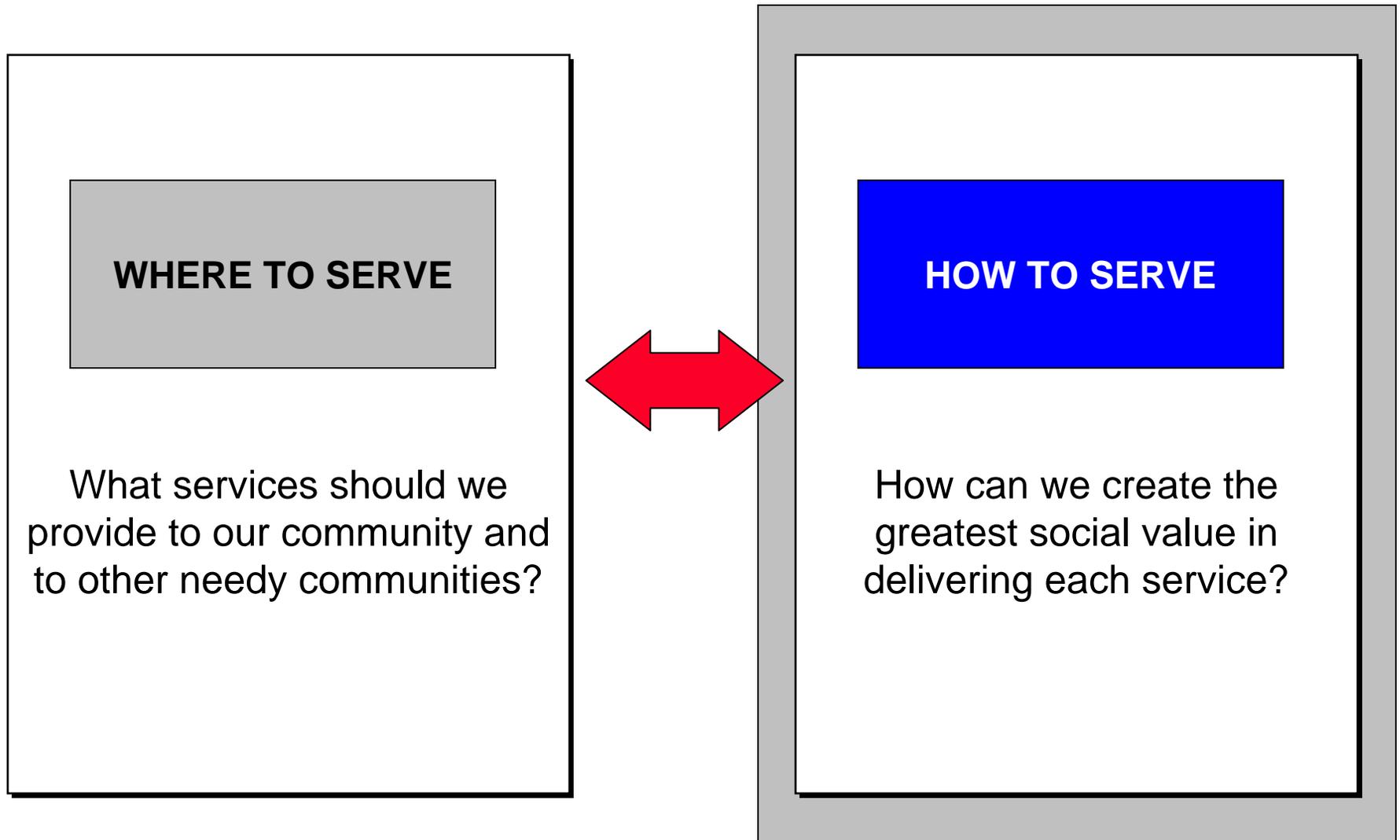
- Most non-profits (and corporations engaged in community activities) try to **do too many** things, achieve **limited** impact, and do not use their resources for the highest and best use

# Choosing Where to Serve

## Words of Caution

- Lack of focus
- Pet projects
- Agenda creep
- Underutilizing volunteer capabilities
- “Not invented here”
- Imitating versus differentiating

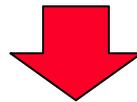
# Strategy For Doing Good



# Setting Strategy

## Flawed Concepts

- Strategy as **aspiration**
  - “Our strategy is to serve one thousand families...”
  - “...create 250 jobs...”
- Strategy as **action**
  - “Our strategy is to build a new building...”
  - “... give \$100,000 in family support...”
- Strategy as **vision / mission**
  - “Our strategy is to serve our community...”
  - “...demonstrate our charity...”

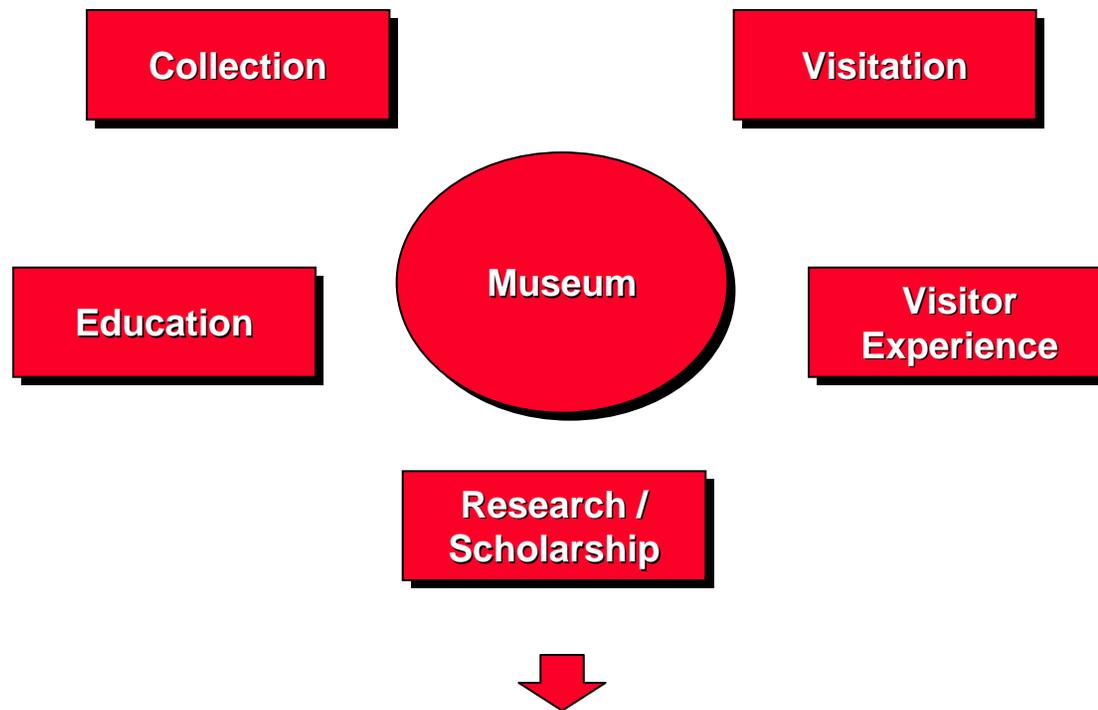


Strategy is about an overall approach to creating the maximum **social** value for the target recipients/customers

# Strategy Principles

## 1. Defining Clear Goals

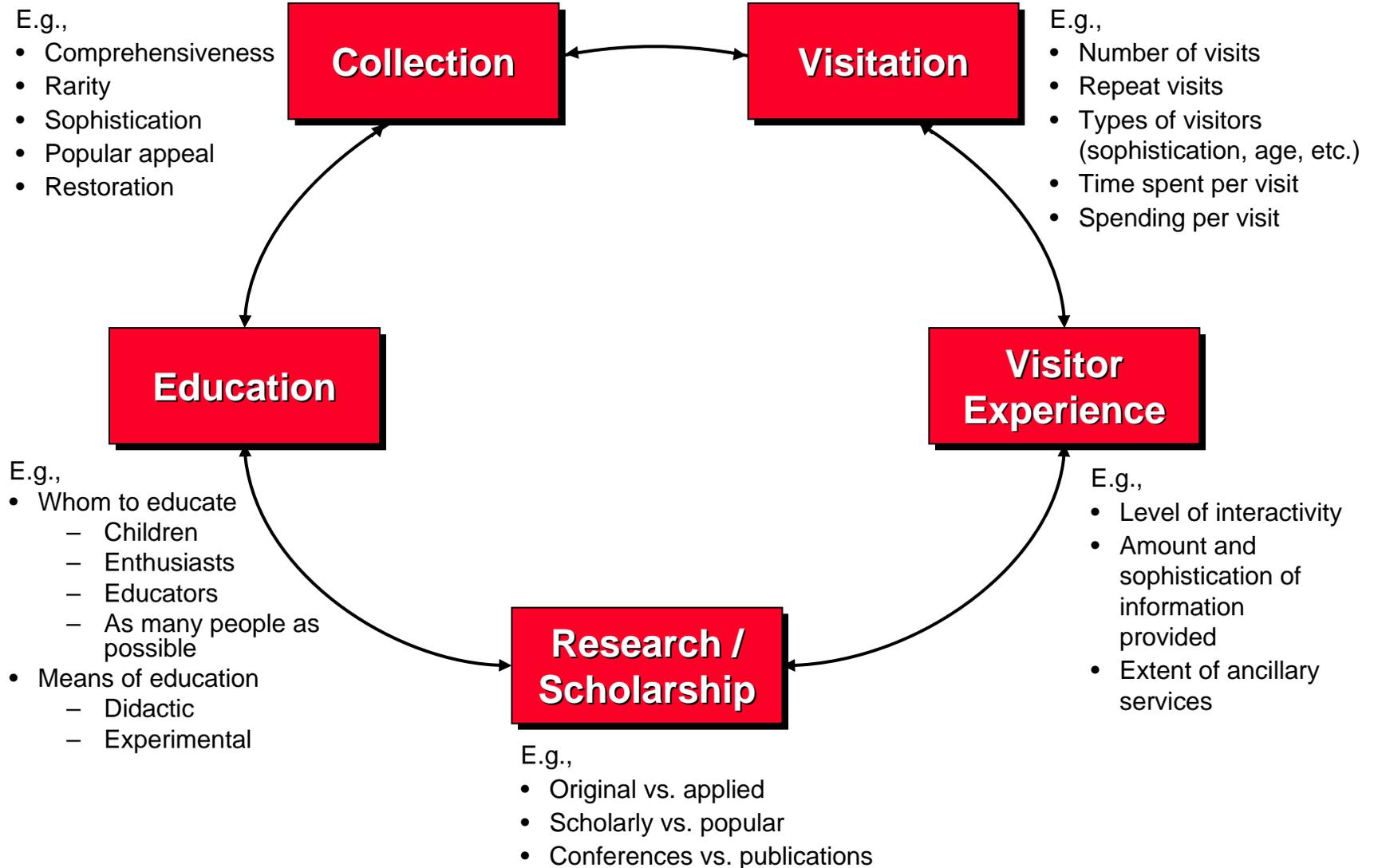
- Setting goals for a social service requires **specifying** and **weighing** the social benefits to be achieved.



- For non-profits, goal definition and strategy are inextricably intertwined

# Defining Social Value for Museums

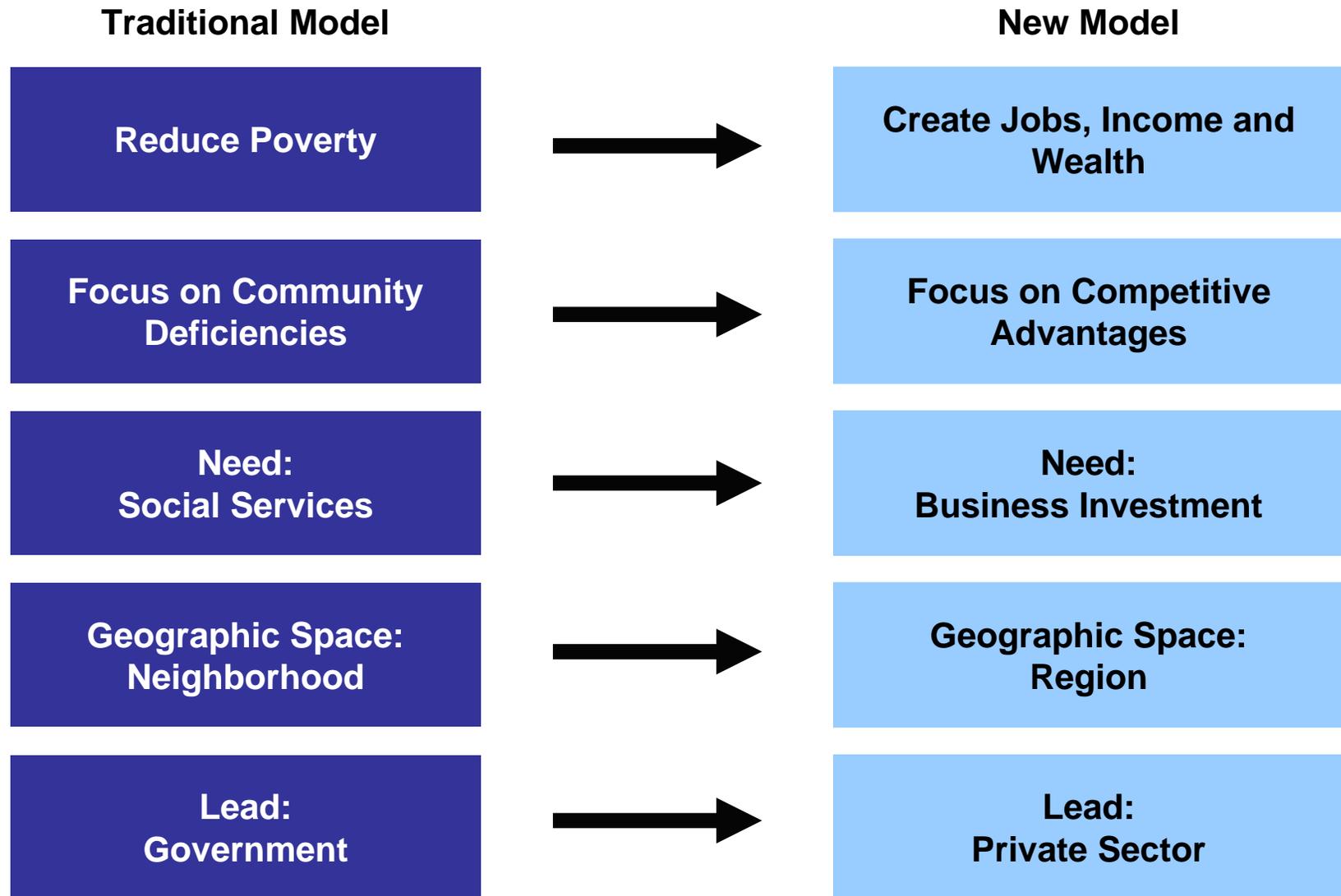
## Specifying Goals



# Strategy Principles

## 2. Choosing a Sustainable Solution Model

### Addressing Inner City Poverty



# Inner City Newark's Competitive Advantages

## Strategic location

- Transportation hub with immediate access to 7 major highways, 14<sup>th</sup> largest airport in the world, a rail hub, and a location 20 minutes to midtown Manhattan
- Largest port on the East Coast and 3<sup>rd</sup> largest in the nation
- Largest higher education center in the state with formidable research base; over 50,000 students and faculty at 5 higher education institutions colleges populate the college town
- Flourishing cultural and arts; NJPAC is the 4<sup>th</sup> largest performing arts center in the nation
- Vibrant neighborhoods; Ironbound District home to the largest Portuguese population in the nation
- One of three state-designated Innovation Zones

## Underutilized workforce

- Many residents are working but underemployed
- Hispanic population grew by 16%
- 42% speak languages other than English
- Over 8,760 job vacancies in 2005

## Inner City: Newark

## Linkage to industrial/ regional clusters

- Proximity to regional transportation & logistics infrastructure and companies
- Attractive location for activities linked to leading clusters based in Manhattan due to proximity (e.g., financial services)

## Underserved local market

- Over 6X the income density per square mile of the region (\$115M vs \$18M)
- Retail spending potential is 55% greater than the average inner city
- Growing student and downtown residential populations is expanding demand for amenities
- Diversity of citizens creates unique niches and business opportunities

# **Sustainable Solution Models**

## **Health Care Delivery in Resource-Poor Settings**

### Current Model

- The product is treatment
- Volume of services  
(# tests, treatments)
- Discrete interventions
- Individual disease stages
- Fragmentation of entities  
and programs



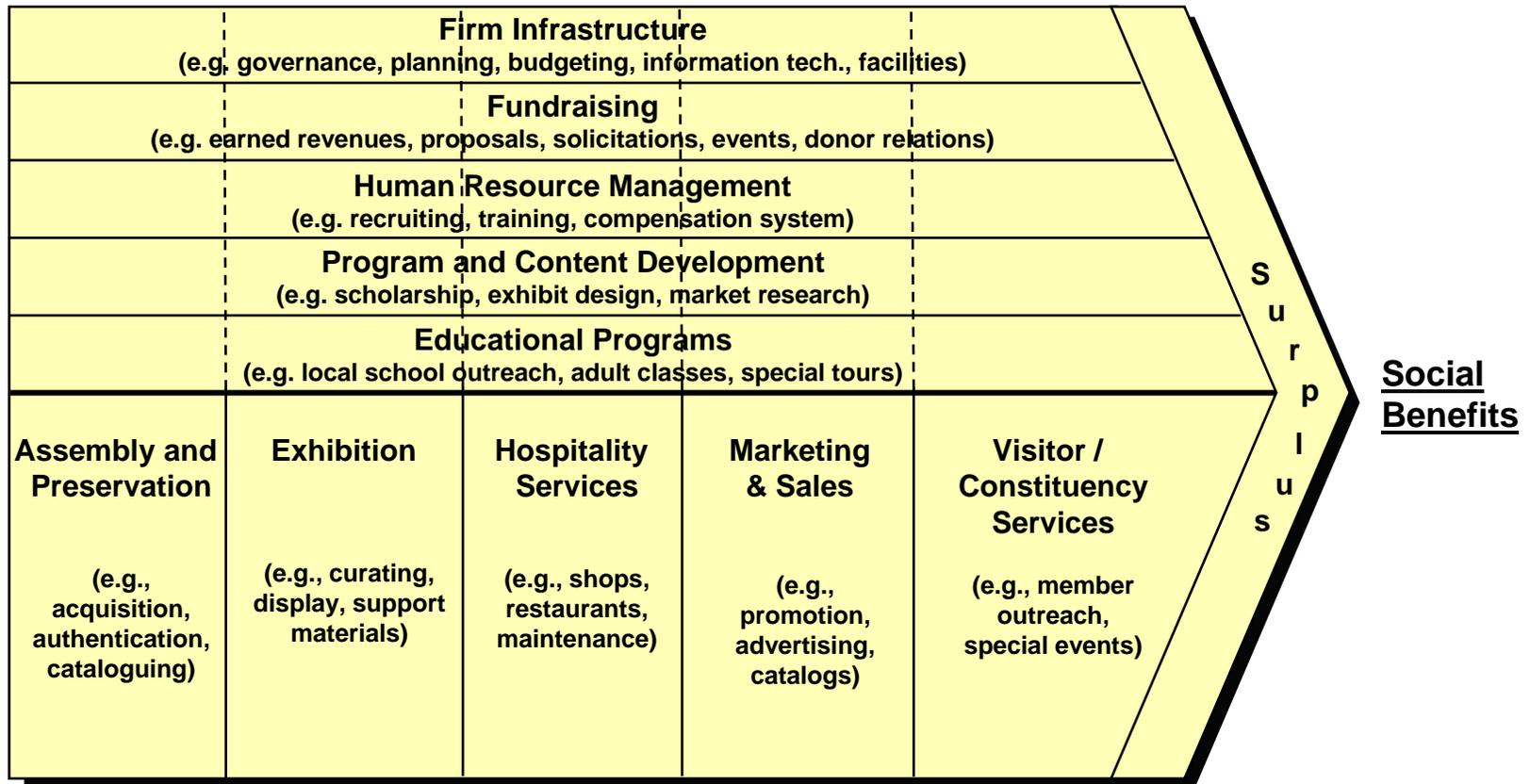
### New Model

- The product is health
- Value of services  
(health outcomes per unit of  
cost)
- Care cycles
- Sets of prevalent co-  
occurrences  
- e.g., HIV and TB
- Integrated care delivery  
organizations

# Strategy Principles

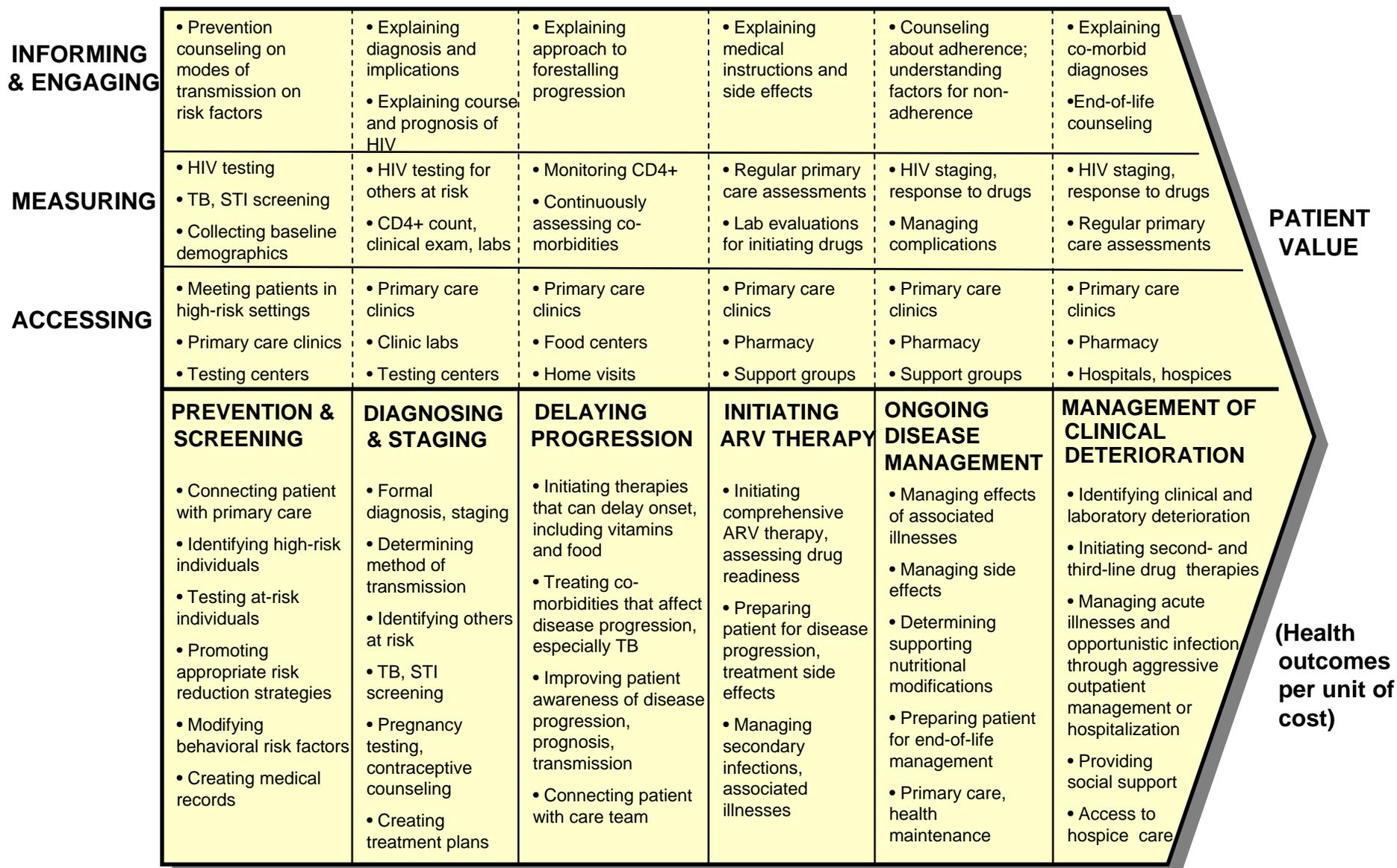
## 3. Understanding the Value Chain

### Museum



- Delivering any social service involves a system of activities
  - How should they be **configured** to deliver the most value?
  - **What role** should our organization play?

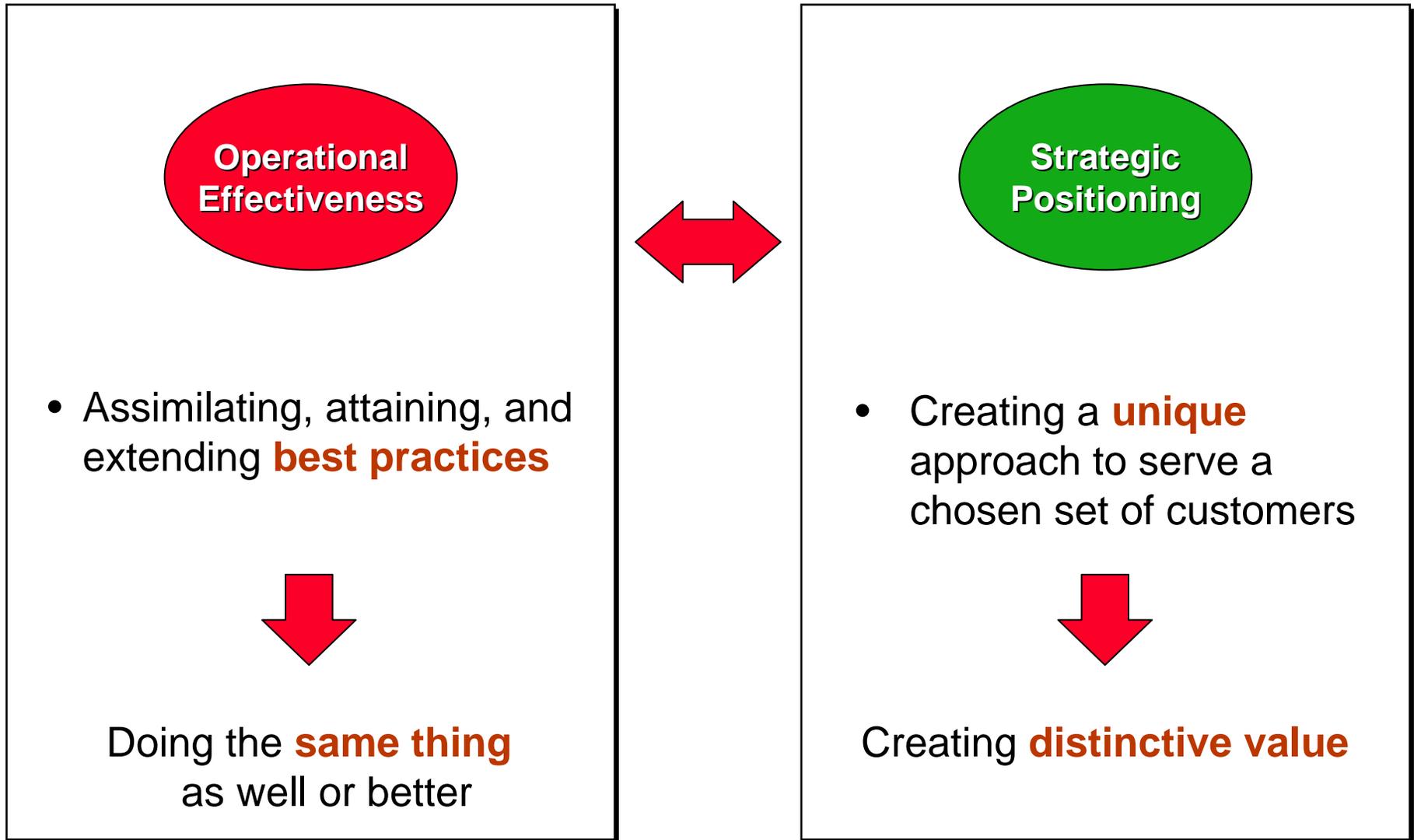
# HIV/AIDS Care Delivery Value Chain



Source: Global Health Delivery Project (<http://www.isc.hbs.edu/soci-GHD.htm>), Framework drawn from M.E. Porter and E.O. Teisberg, *Redefining Health Care*

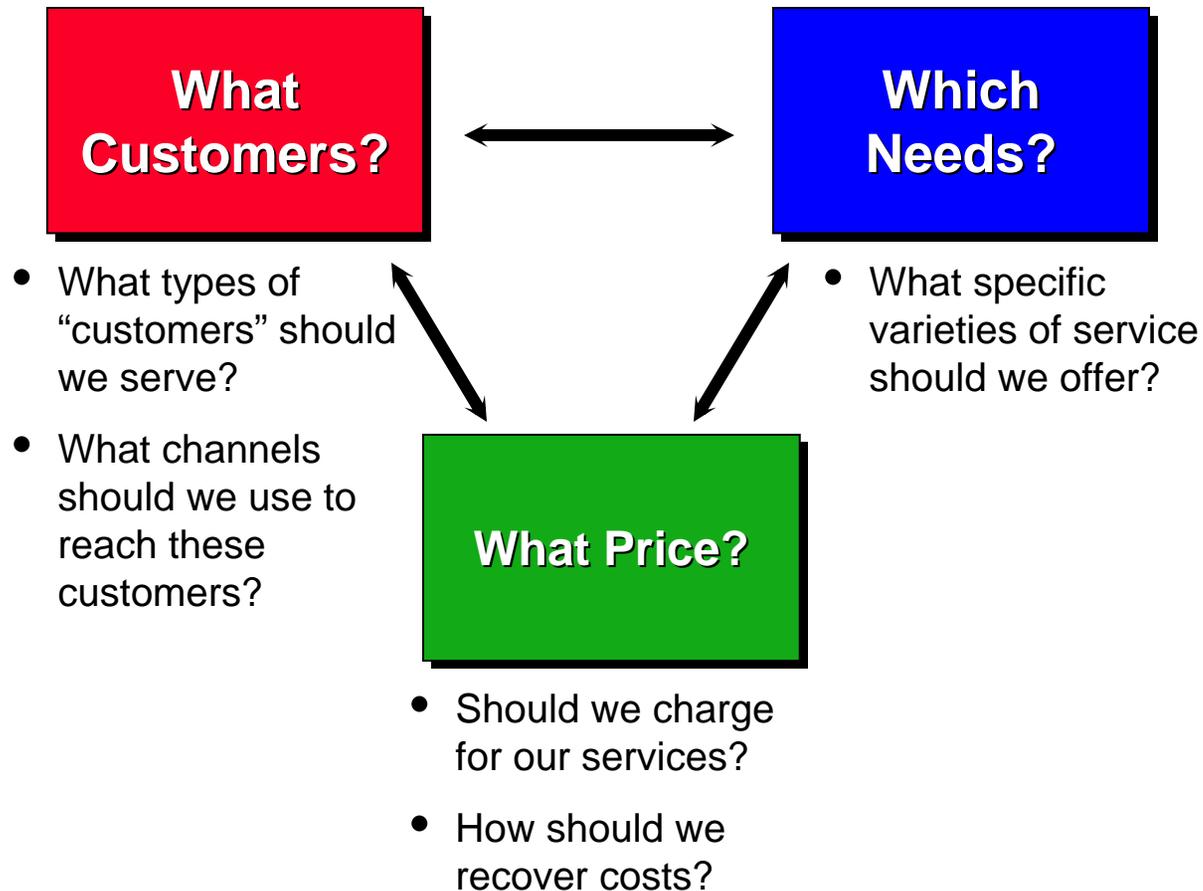
# Strategy Principles

## 4. Combining Operational Effectiveness and Strategy



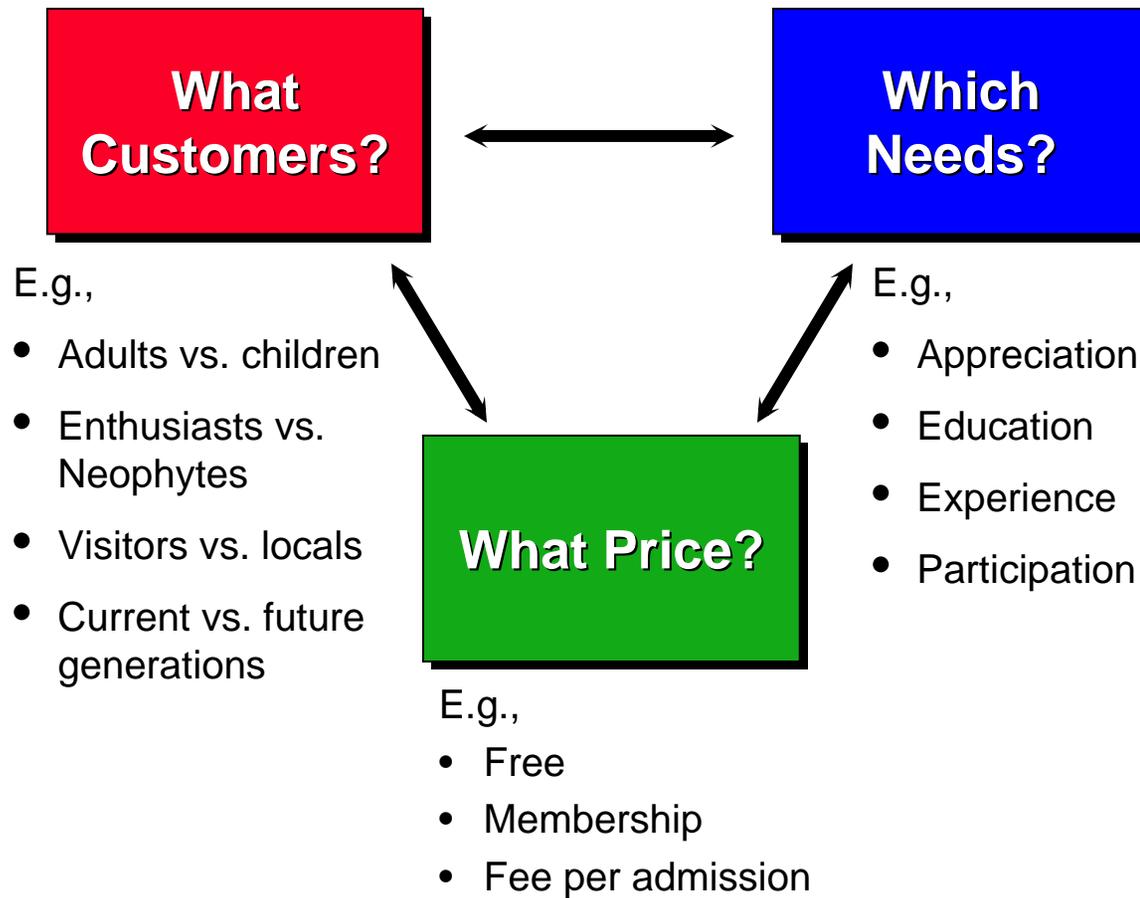
# Strategy Principles

## 5. Defining a Clear Value Proposition



# Translating Goals into a Value Proposition

## Museums



# Strategy Principles

## 6. Creating a Distinctive Value Chain

### Whole Foods Markets

#### Value Proposition

- Natural, fresh, organic, and prepared foods and health items with excellent service at premium prices
- Educated, middle class and affluent customers who are passionate about food as a part of a healthy lifestyle

#### Distinctive Activities

- Well-lit, inviting supermarket store formats with appealing displays and extensive prepared foods sections
- Produce section as “theater”
- Each store carries local produce and has the authority to contract with the local farmers
- Information and education provided to shoppers along with products
- High touch in-store customer service via knowledgeable, flexible, highly motivated personnel
- Café-style seating areas with wireless internet for meetings and meals
- Egalitarian compensation structure
- Own seafood procurement and processing facilities to control quality (and price) from the boat to the counter
- Donates 5% of profits to non-profits
- Each store has “green projects,” directed by employees to improve environmental performance



How should the value chain be configured to deliver the value proposition?

# Strategy Principles

## 7. Making Clear Tradeoffs

- To be excellent at delivering any services, organizations must choose what **not** to do

### Neutrogena Soap (1990)

- Forgo cleaning, skin softening, and deodorizing features
- Choose higher costs through the configuration of:
  - packaging
  - manufacturing
  - detailing
  - medical advertising
  - skin research
- Give up the ability to reach customers via:
  - promotions
  - television
  - some distribution channels

# Barriers to Strategy in Non-Profits

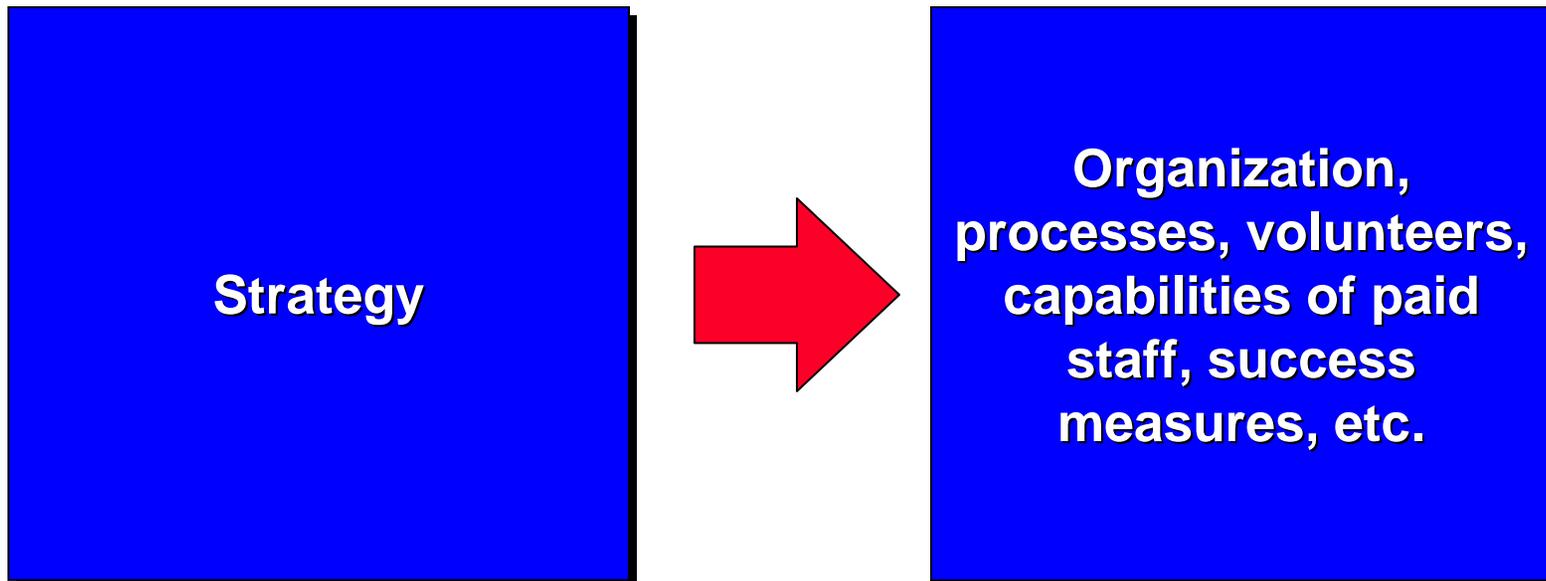
- **Unclear goals** that allow any program to fit, and make performance impossible to measure
- **Multiple** or **conflicting** goals/target populations
  - **Lack of consensus** on goals
- Services driven by **donor, staff, or CEO** passions and preferences, not value or effectiveness
- No attempt to **measure** performance
- Limited attention to the **costs** of providing services, and thus the **value**
- Inability to make **tradeoffs** – all things to all people
- Inability to **sunset** any program or activity



Severe risk of agenda / program proliferation

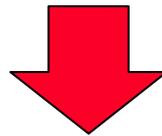
# Creating Alignment

- An explicit strategy for where to serve and how to serve should determine the way to organize, staff and measure success



# The Role of Leaders in Strategy

- Lead the **process of choosing** the organization's strategy
  - Where to serve
  - How to serve
  - The choice of strategy **cannot** be entirely democratic
- Drive operational improvement while **pursuing a clear strategy**
- **Communicate** the strategy relentlessly to all constituencies
- Maintain **discipline** around the strategy, in the face of many distractions
- Measure **progress** against the strategy and **value delivered**



- Commitment to strategy is **tested every day**, especially in non-profit organizations

# Summary

- Today, government **cannot** solve all of society's problems, at home or abroad
- **We will** have to solve these problems ourselves
- Congregational leaders must see this as a **central part of their mission**
- Your role is to mobilize your organizations to **do good** beyond the walls of the church
- Doing well at doing good is challenging, and must be approached strategically
- Delivering value to society will require raising the bar on utilizing your resources well