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THE BIG IDEA

Triple-Strength Leadership

To solve our most vexing problems, we need executives who can move easily among the business, government, and social spheres.
by Nick Lovegrove and Matthew Thomas



TRIPLE-ST LEADERSI



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PHOTOGRAPHY: STEPHEN WEBSTER



STRENGTH HIP

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A

decade ago Coca-Cola faced a major crisis in South India. The government and several NGOs objected so strongly to its water consumption that it was banned from soft-drink production in the region. The company uses water not just in the drink itself but also in the manufacturing process. Making a liter of Coke consumed more than three liters of water.

In response, Coca-Cola turned to an outsider to develop a strategy for sustainable water stewardship, appointing Jeff Seabright to head its newly created Environment and Water Resources department. Although he had briefly worked as vice president for policy planning at Texaco, Seabright was a relative newcomer to the private sector, having had extensive political and diplomatic experience with the Foreign Service, the U.S. Senate, USAID, and President Clinton's White House Task Force on Climate Change.

To make a concrete business case for water conservation, Seabright commissioned a geographic information system (GIS) map—a tool familiar to environmental agencies. It showed that 39% of Coca-Cola's plants were located in the world's most water-stressed areas—precisely the places where the company expected the bulk of future growth.

He then asked the natural resources company Rio Tinto to adapt a water risk analysis process for Coca-Cola's 20 business units. Unit managers were presented with six months' worth of data at a two-day meeting. "This is what your plant operators are telling you about their water challenges," Seabright told them.

Using the data, he developed water risk models for each unit, which he aggregated into a companywide global risk model, complete with watershed management, community engagement, and other risk mitigation recommendations.

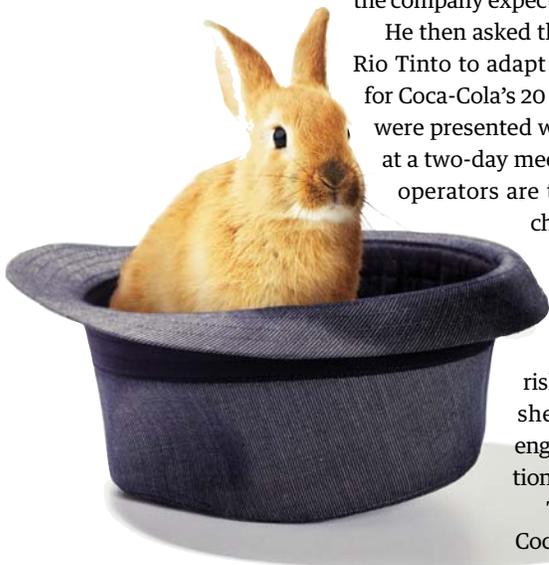
This was the first time that Coca-Cola's leaders had seen such

a thorough and disciplined piece of work on the natural resources consumed by their business. It persuaded them to give Seabright a budget for several water sustainability initiatives. He went on to establish joint projects with USAID and relationships with previously adversarial nonprofits such as Greenpeace and the World Wildlife Fund.

Today the company uses only two liters of water to produce a liter of Coke. It is 52% of the way to meeting its 2020 target for water neutrality and is regarded among NGOs and international governments as an industry leader in this area.

Jeff Seabright is a rare breed: a leader with three distinct sets of strengths. He epitomizes what the Kennedy School of Government professor Joseph Nye has called a "tri-sector athlete"—someone who can "engage and collaborate across the private, public, and social sectors." Drawing on his cross-sector experience, Seabright can appreciate the needs, aspirations, and incentives of people in all three sectors and speak their language.

If his experience and approach are rare, the kinds of challenges they can help to address are not: managing resource constraints, controlling health care costs, training the 21st-century workforce, developing and implementing smart-grid and intelligent-urbanization technologies, stabilizing financial systems to foster sustainable economic growth. Such problems "can...only be solved by what I call the golden triangle at work," Muhtar Kent, Coca-Cola's current chairman and CEO, has observed; this means "government, business, and civil society collaborating, working together to provide...lasting, sustainable solutions."



Idea in Brief**THE PROBLEM**

Many of the world's most intractable problems—operating in a resource-constrained world, training tomorrow's workforce, controlling health care costs—require that government, business, and nonprofits cooperate.

THE ARGUMENT

“Tri-sector leaders”—people who can bridge the chasms of culture, incentives, and purpose that separate the three sectors—are best suited to solve problems of this scale.

THE SOLUTION

To develop these leaders we need a life-cycle approach: incorporate tri-sector issues in formal academic and executive training; set up exchange programs so that midcareer leaders can build intersector networks; and make tri-sector experience a talent development priority for business unit leaders and CEOs.

Yet as the tri-sector leaders needed to address such challenges are becoming more valuable, they are also becoming harder to develop—particularly in the United States, owing to a widening disparity between business, government, and nonprofit incomes; the onerous confirmation process for senior government jobs; and the differing incentives and cultures of the three sectors.

That's unfortunate, because our research suggests that people who have succeeded in crossing sectors have had notable careers as leaders. We have interviewed more than 100 tri-sector leaders around the world. Very few of them use that exact term, but many recognized themselves and others when we described the unusual combination of skills, motives, and career trajectories that characterize tri-sector leaders. David Bradley, the owner of Atlantic Media (parent of the *Atlantic* magazine), best summed them up, after we offered him a list of examples: “Oh,” he said, “those people have had brilliant careers. That's what you're really talking about—brilliant careers.”

Bradley is one of the most influential people in Washington, DC, but he has never worked for the federal government (or any government). From his Watergate office overlooking the Potomac River and Georgetown, he quickly asserted that this disqualifies him as a tri-sector leader. We disagree. Like Seabright, Bradley is one in both spirit and impact. He founded the Corporate Executive Board, the Advisory Board, and, with his wife, the philan-

thropic foundation CityBridge before heading up Atlantic Media.

Tri-sector leaders are distinguished as much by mind-set as by experience. From our interviews we distilled six skills—we think of them as “the tri-sector leader's DNA”—that set these people apart. Let's look at them in turn.

1 Balancing Competing Motives

Successful tri-sector leaders find ways to pursue overlapping and potentially conflicting professional goals. Most are concerned at some point with wealth creation for themselves and their families, which they associate with the private sector. They also aspire to positions of influence, impact, and leadership on a large scale, which draws them to government service. And they typically have a strong sense of mission—the primary focus of nonprofits.

Underlying these various motives is a desire to create what Nye calls “public value,” which many in government consider to be the objective of public policy, much as shareholder value has become the objective of business. Diana Farrell, who interrupted a successful career at McKinsey to spend two tumultuous years as deputy to Larry Summers on the White House's National Economic Council, says, “Before I went to the White House, I don't think I appreciated how cool it is, how interesting the issues are, how much they matter, how you wake up every morning saying, ‘Getting this right really matters.’”

TRI-SECTOR LEADERS ARE DISTINGUISHED AS MUCH BY MIND-SET AS BY EXPERIENCE. THEY TYPICALLY HAVE A STRONG SENSE OF MISSION.

There is something about what government does which is about lives on the line.”

But tri-sector leaders “can contribute to public value whatever sector they are working in,” Nye explains. “They carry that sense between the sectors.” Take Ian Solomon, now the U.S. executive director of the World Bank, whose career so far has included spells at McKinsey, the Upper Manhattan Empowerment Zone, Yale Law School (where he was an associate dean), the Senate, and the Treasury Department. He says that when he makes career decisions, he is less concerned with which sector to work in than with what problems he wants to solve. For instance, he’s interested in tackling the challenge of energy access in sub-Saharan Africa, and he believes that the private sector can have an impact on that problem along with the public and nonprofit sectors.

Solomon also acknowledges that he feels the need to balance his commitment to public service with the financial demands of a growing family. Income generation, he says, is rising on his list of priorities.

Most tri-sector leaders are, then, what the Wharton professor Adam Grant, in *Give and Take*, calls “otherish givers”—more idealistic than the purely self-interested, more pragmatic than the entirely selfless. This combination of idealism and pragmatism, Grant suggests, accounts for their disproportionate professional success and impact. As Bill Gates argued at the 2008 World Economic Forum, “A hybrid engine of self-interest and concern for others serves a much wider circle of people than can be reached by self-interest or caring alone.”

2 Acquiring Transferable Skills

Business executives excel at allocating scarce resources to capture attractive market opportunities. Government officials bring competing interests together to create legal and policy frameworks for the benefit of the public. Nonprofit leaders typically focus their more limited resources, longer time horizons, and greater operating freedom on devising creative ways to further the social good. When they move from sector to sector, tri-sector leaders acquire elements of all three skill sets, and as they apply their growing array of tools and tactics to new challenges, they strengthen their ability to work effectively across the sectors.

In 2009, for instance, when President Obama tapped Steve Rattner—his “car czar”—to oversee the auto industry bailout, Rattner found that what he had learned in both investment banking and journalism was directly relevant, although not in the expected way. “I was not hired for the auto job because of my auto experience, which was precisely zero, nor simply because of my financial and restructuring skills,” he explains. “I was hired because I had enough of the financial skills plus the advantage of knowing the political system. I had spent time in journalism, think tanks, policy. That’s why they wanted me—because they thought I could navigate this sensitive set of issues.”

When Seabright created the GIS maps for Coca-Cola’s management, he made deft use of the skills he’d learned during his Senate days by observing how Defense Secretary Caspar Weinberger galvanized legislators on Capitol Hill into taking action



BUSINESS FIRST

The Paths to Tri-Sector Leadership

Tri-sector leaders have been among the most significant and influential people of their time. For most of its history, in fact, the United States has seen a steady stream of people—including Andrew Carnegie, Andrew Mellon, George Shultz, Michael Bloomberg, and Bill Gates—who made their fortunes in the private sector and subsequently turned to government service and philanthropy. Presidents have recently been almost expected to follow their public service with a second career in the nonprofit sphere.

In our research we have found five paths to tri-sector leadership:

Some highly successful private-sector leaders subsequently become government or nonprofit leaders or both.

Examples: **Michael Bloomberg**, Bill Gates, Hank Paulson, Steve Rattner, Diana Farrell, Jay Cowles, Aneesh Chopra

on policy. This ability to recognize similarities in seemingly unconnected situations is a signal attribute of tri-sector leaders.

3 Developing Contextual Intelligence

To select and apply the tools in their repertoire, tri-sector leaders must not only see parallels between sectors but also accurately assess differences in context and translate across them. A number of government and business thinkers define this ability as “contextual intelligence.”

Seabright demonstrated contextual intelligence when he elected to present the problem of water scarcity not as an environmental risk but as a strategic and operational risk to Coca-Cola. He also knew how USAID’s bureaucracy worked, what incentives each party responded to (Coca-Cola’s bottom-line requirements, the nonprofits’ sustainability mission, the needs of USAID’s constituents), and what benefits each organization could bring to the effort (the World Wildlife Fund, for example, had watershed expertise that Coca-Cola needed).

Jay Cowles, formerly the chairman of Cowles Media and now the president of Unity Avenue Associates, a public-affairs and lobbying firm, similarly drew on an extensive understanding of the different spheres’ incentives to address the challenge of funding road and bridge improvements in the Minneapolis–St. Paul area. This was a problem so intractable that even after the I-35W bridge collapse in August 2007, which killed 13 people and injured 145, the governor vetoed legislation to increase taxes for

infrastructure repair. Added to the perennial challenge of persuading state legislators to raise revenue for long-term projects was the gulf between the two cities themselves: Although physically connected by one road-and-bridge network, they were miles apart in mind-set.

Cowles, a St. Paul resident who’d grown up in Minneapolis, joined with a McKinsey consultant and the executive director of the McKnight Foundation to launch the nonprofit Itasca Project for the purpose of fostering civic engagement among the area’s businesses. They recruited more than 50 business leaders and brought them together with state legislators to focus the two cities on building joint long-term global competitiveness rather than competing with each other. These efforts came to fruition in February 2008, when six Republicans and 84 Democrats made up the supermajority needed to override the governor’s veto.

4 Forging an Intellectual Thread

Many tri-sector leaders concentrate on a particular issue or theme over time, building subject-matter expertise in the process. Developing and applying an intellectual thread across the sectors gives them the capacity to understand underlying principles and to transcend some of the constraints that single-sector leaders face when dealing with cross-sector issues.

Julius Genachowski developed such a thread throughout his career, which he began as a congressional staffer, a Supreme Court clerk, and chief counsel to the chairman of the Federal Communications



GOVERNMENT FIRST

Some distinguished public-sector leaders subsequently develop second careers in the private or nonprofit sector.

Examples: Jared Cohen, Jeff Seabright, Bob Hormats, Julius Genachowski, **Sheryl Sandberg**, Stan Litow



NONPROFIT FIRST

Some leaders spend their early careers in the nonprofit world of community engagement and social entrepreneurship before moving into government or business.

Example: **Barack Obama**



IN AND OUT

Some tri-sector leaders keep moving among government, business, and nonprofits during their careers.

Examples: Carol Browner, David Hayes, Ian Solomon, **Lael Brainard**, Bob Kocher



STAY IN PLACE

Some leaders spend their careers primarily in one sector but engage and collaborate with individuals in the other two to address tri-sector issues.

Examples: **Muhtar Kent**, Eric Schmidt, John Berry, David Bradley

Commission, Reed Hundt. He then spent more than a decade in the private sector, helping Barry Diller's InterActiveCorp—a pioneering internet and media company that owned and operated Expedia, Ticketmaster, and USA Network. “When I came back to the FCC in 2009, as chairman,” he says, “I had experienced the transformative effect that new technology can have on so many fields of life. For instance, one of our companies, Expedia, had transformed the travel marketplace. And I wanted to ensure that the FCC had that kind of impact on innovation and productivity.”

Over the course of a career, tri-sector leaders seek to strengthen their intellectual threads through formal education, professional training, or research at a nonprofit. Lael Brainard, for instance, currently the undersecretary for international affairs at the Treasury Department, has returned to the Brookings Institution between stints in government. In negotiations with her international counterparts, she says, she can tell which ones have an intellectual foundation and which don't. It is useful, she adds, to know where her counterparts are coming from: Do they have a conceptual model of how the financial markets function and of how fiscal and monetary policies interact with those markets? In what is their specific expertise?

An intellectual thread bolsters tri-sector leaders' credibility and their capacity to cross sectors, magnifying their effectiveness. Carol Browner developed her environmental expertise while serving in the grassroots lobbying group Citizen Action, as then-Senator Al Gore's legislative director, as the head of Florida's Department of Environmental Regulation, as the administrator of the Environmental Protection Agency under President Clinton, as a partner in the Albright Stonebridge consultancy, and as President Obama's assistant for energy and climate change policy. “Experience on the grassroots side, the legislative side, the administrative side, and the business side has given me an understanding of how these sectors approach the challenges they face,” Browner says. “I view each sector as an important part of the equation as we address environmental and energy policies.”

5 Building Integrated Networks

When we ask people, “How did you end up crossing sectors—what triggered your interest?” they most commonly say that a mentor, a colleague, or a friend pulled them into their newest

position. Networks can be essential for any career, but because hiring managers so rarely look outside their own sectors for talent, networks are even more vital to tri-sector careers.

“The first job was the only one I applied for,” says John Berry, reflecting on his path from state government to Congress, the Treasury and Interior Departments, the National Zoo, the National Fish and Wildlife Foundation, and his position as head of the federal government's personnel department. “But there's a sort of structured serendipity to the rest of my career—people who had a challenge, who knew me, who trusted me, worked with me on some issue before.”

Tri-sector leaders depend on their integrated networks to build leadership teams and to convene the diverse groups that can address and resolve knotty tri-sector issues. The former treasury secretary Hank Paulson, for instance, has a long-standing interest in wildlife preservation, which led him to advance corporate philanthropy programs at Goldman Sachs and eventually to become chairman of the Nature Conservancy, where he drew on his well-developed networks to further its environmental mission. By bringing together influential groups—CEOs, governors, mayors, heads of conservation agencies—across the sectors and across the United States, Latin America, and China, he has created global forums where leaders discuss and take action on environmental issues.

Browner points out that for people entering government service from either the private or the nonprofit arena, networks can be a lifeline when things get rougher than expected. David Hayes can attest to that. Less than a year after starting a new job as deputy secretary of the interior, he confronted one of the worst crises in his or any department's history—the Deepwater Horizon oil spill, which dragged on throughout the spring and summer of 2010. As the official charged with coordinating the government's crisis response, he drew on his own integrated network, which he had developed over decades as an environmental lawyer serving large corporations and as a board member of several environmental NGOs.

Hayes recalls, “It was the most complex situation that I had ever had to deal with—but I did have an advantage. I had worked in the business sector and the nonprofit sector. I knew many of the people in those sectors, and those I didn't know I could quickly understand. I could stand in their shoes, which gave me a head start as we grappled to solve the crisis.”

Eventually the Deepwater Horizon Oil Spill Trust and his other initiatives enabled the various parties to resolve the immediate crisis in the Gulf, and Hayes was able to refocus on the 70,000 Interior Department employees who worked for him.

6 Maintaining a Prepared Mind

In our interviews we always ask, “Did you set out to be a tri-sector leader, or did it just happen?” Almost everyone says it was the latter. Bob Hormats, a former Goldman Sachs vice chairman and Princeton visiting lecturer who is currently the undersecretary for economic growth, energy, and the environment at the State Department, is typical in saying that “virtually none” of his career was planned. But he adds a crucial observation: “I am a believer in Louis Pasteur’s famous saying ‘In the fields of observation, chance favors only the prepared mind.’ This type of career requires a prepared mind.”

At the most practical level, many tri-sector leaders speak of the need to prepare financially so that they can afford to say yes when the president calls. They are also ready and willing to deviate significantly from the familiar road to embrace opportunities that will extend their experience and skills across sectors—and to run the accompanying risks.

Having spent his career in public service, Seabright was initially highly skeptical about working for Texaco—then a member of the Global Climate Coalition, which was opposed to taking action to reduce greenhouse gas emissions. Only when Texaco honored Seabright’s request that it leave the coalition was he convinced that he could do more to further his environmental concerns by joining the company than by remaining in government. Nevertheless, he continued to worry about the risk of abandoning his principles—not least because his former colleagues kept chastising him about it. It takes self-possession to brave the disapprobation of one’s peers and follow an uncharted course.

Diana Farrell captures this thought when advising college and grad students on choosing an unconventional path. “Don’t think of your job in terms of what you’ll be doing in 20 or 30 years’ time,” she says, “because you’ll have no idea. Think about it in terms of the set of skills, capabilities, values, experiences, and impact that you want right off the bat. Define the frame of reference you want to have for things in the future—and be prepared for the opportunities that come along.”



BECAUSE HIRING MANAGERS SO RARELY LOOK OUTSIDE THEIR OWN SECTORS FOR TALENT, NETWORKS ARE ESPECIALLY VITAL TO TRI-SECTOR CAREERS.

How We Can Develop More Tri-Sector Leaders

What is apparent about the younger generation of tri-sector leaders—Sheryl Sandberg at 43; Aneesh Chopra, Bob Kocher, and Ian Solomon at 41—is that they are in something of a hurry. They want to build successful careers and contribute to public and social policy without waiting to complete a career in one sector, as Bill Clinton and Bill Gates, for example, have done. If these people are to prosper and fulfill their aspirations, we need a new ecosystem that allows for what Chopra, the former chief technology officer of the United States, calls “frictionless participation.”

That’s a tall order, particularly in the United States, because friction between the three sectors is probably at an all-time high. Cultural animosities



TO DEVELOP TRI-SECTOR LEADERS, WE NEED PRACTICAL PATHWAYS ON WHICH THEY CAN MOVE FROM SECTOR TO SECTOR WITHOUT SLOWING THEIR FORWARD MOMENTUM.

can be strong, as Seabright found. Just consider how many business executives view government as bureaucratic and inept and NGOs as ineffective and inefficient; how many in government view business executives as out to make as much money as they can, as quickly as they can, whatever the consequences; and how many in the nonprofit world think neither business nor government really cares about the disadvantaged in society or about building a sustainable global future.

Consider also the systemic barriers—the obstacles presented to those in the private sector by the arduous and seemingly capricious government confirmation process; the level of transparency and public scrutiny that public service entails; the tremendous and growing disparity of pay between

the private sector and both government and the social sector; the differing knowledge and skills that each sector requires; the potential damage to a career from sector hopping; and the sheer difficulty of hearing about cross-sector career opportunities. As the Kennedy School professor John Donahue observes, “Government is impermeable and business is sticky.”

We’re not suggesting that it’s possible or even desirable to eliminate all the cultural and structural barriers between the sectors, no matter how convenient that might be for tri-sector leaders. After all, businesses do need to prioritize revenue and profits; NGOs rightly value mission over efficiency; government must function through compromise. And not every leader who crosses sector boundaries creates public value. But we believe that as a society we must find ways to help passionate, committed, creative individuals of goodwill in their quest to build extraordinary careers that address the world’s most difficult problems.

To develop tri-sector leaders, we need to take a life-cycle approach—to create programs that will give them an intellectual foundation at the start and practical pathways that will allow them to move from sector to sector throughout their careers without slowing their forward momentum.

Early on. The aspirations of tri-sector leaders are both a challenge and an opportunity for the academic institutions that give so many of them the foundations for their careers. Quite a few leaders at the top graduate schools for business and public policy know they can and should do more to improve their joint-degree programs in order to identify and meet the development needs of future tri-sector leaders.

An equal responsibility lies with private sector employers that, to borrow McKinsey’s mission statement, seek to attract, develop, excite, and retain exceptional talent. Many professional services companies in consulting, law, and even IT (such as IBM) already have robust training programs that teach not only how to perform the tasks at hand but also how to understand the culture and values of various clients. Such organizations can do more to develop tri-sector leaders by expressly incorporating cross-sector concerns in their training and mentoring programs and by systematically rotating their professionals through engagements with private, public, and nonprofit clients. Other companies, such as General Electric, Google, Facebook, PepsiCo, Pfizer,

and Boeing, and leading nonprofits such as the Gates, Ford, and Packard Foundations, should also seek to integrate tri-sector leadership principles into their training and talent development programs.

Aspiring tri-sector leaders would benefit from early jobs in which they could gain an appreciation for each sector and for the issues that cut across all three. Institutions that have ties to all three sectors—such as Teach For America and its international counterpart, Teach For All, which operates in more than 20 countries—are ideal starting grounds. Variations on the TFA model could be created in other sectors—health care, microfinance, energy, smart cities, food distribution—or perhaps a single national tri-sector corps could be established. Either way, combinations of social entrepreneurs, business sponsors, and government support that could bring such a corps to life should be identified.

Midcareer. We believe that people who need to gain tri-sector experience without slowing the progress of their careers would benefit most from fellowships, associations, and conferences that could connect them to mentorship opportunities, virtual and traditional communities, and relevant media channels for advocating their ideas to targeted audiences.

The United States already has quite a few such programs, and more are starting up every year. In addition to the long-standing White House Fellows, we now have Presidential Innovation Fellows; nonprofits such as Fuse Corps, Code for America, and Coro Fellows; and private initiatives such as IBM's Corporate Service Corps, in which 500 IBMers each year are sent out in cross-functional teams to work in cities, government agencies, and nonprofits. "Executives and high-potential IBM employees who go through the CSC program have indicated that they are more likely to complete their careers at IBM, and that they have developed new, tangible, and business-relevant skills that have improved their productivity and leadership development," says Stanley Litow, IBM's vice president of corporate affairs and corporate citizenship, who helped develop the CSC program. "These skills could only be learned and reinforced by working on high-priority team projects along with government and nonprofit leaders."

As programs like these proliferate, grow larger, and are complemented by midcareer executive education and professional development programs, we can expect to see more tri-sector leaders emerge.

At the top. We are convinced that as organizations increasingly face challenges no sector can address alone, they will feel the need, as Google has, to recruit tri-sector leaders for senior positions. Google's executive chairman, Eric Schmidt, recently hired Jared Cohen from the State Department's policy planning unit to head Google Ideas, the company's internal "think/do tank" dedicated to exploring how technology can help people who are confronting conflict, political instability, or repression. And Douglas Smith, the assistant secretary for the private sector at the Department of Homeland Security, is bringing high-level private sector talent into the government through management exchanges. He has pioneered the Loaned Executive Program, which gives subject-matter experts an opportunity to serve temporarily or take a sabbatical at DHS.

Smith describes a recent example of this program at work: "We called up the CEO of UPS and asked him if he could help us with building out our global supply chain strategy, and next thing we knew, a 27-year veteran of UPS was appointed to DHS headquarters to help us work through this issue." It wasn't only DHS that benefited from the loan: UPS's openness to executive transfers has brought the company tremendous insight into how national security issues relate to its business model.

There's a limit to the effectiveness of temporary assignments, however, which is why we believe that businesses need to incorporate tri-sector experience into their talent development programs at every level. Providing it for those who are in line to lead their organizations in five to 10 years should be one of the highest priorities for CEOs and business unit leaders facing tri-sector challenges—which we suspect is pretty much all of them.

IT'S INSPIRING to meet exceptional people who are building brilliant careers dedicated to solving some of society's most pressing problems. But it's worrying to see how few such people there are. The tri-sector leader is clearly not the prevailing model in the United States or Europe; this could rapidly become a source of global economic disadvantage for them as China, Brazil, Singapore, and other countries, in the process of adopting various forms of so-called state capitalism, embrace the concept. If they are to address their most fundamental challenges, business, government, and nonprofits should act now and in concert to do the same. ♥

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