

# Bridging the Gap

Tim McCarthy



A collection of 10 inspiring articles from  
**TheBusinessOfGood.org** website.

The Business of Good is a charitable foundation, dedicated to assisting non-profit organizations in expanding their capacity to meet the personal, economic, social and self-esteem needs of the very poor. To learn more about us please visit

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# About Tim

My name is **Tim McCarthy** and I am happy that you have found your way to this place at this time. Communicating and connecting with like-minded people is a personal passion of mine.

A little about myself - I am a husband, father, entrepreneur (and social entrepreneur), engaged philanthropist and teacher. In 1988, I started a company, **Work-Place Media**, now the largest at-work consumer media company in the USA. I've been a student of the advertising and media business since 1975 when I graduated from Ohio State. 32 years later, in June of 2007, I added an MBA to my resume, also from Ohio State (Fisher School of Business).

I am a strong believer in **karma**, which is defined most simply as the “the consequence of my actions.” I try to establish meaningful relationships with everyone I meet whether at work, church or across country. My proudest business achievement is that in 19 years of building our company, our only “mission statement” was the golden rule - **treat others as you wish to be treated**. This was frequently repeated at our place along with a more wry statement, often used during crisis, which was “if all else fails, tell the truth.”

In 1998, combining my business knowledge with my philanthropic passion, my wife, Alice, and I founded **Free Hand Inc.**, an organization assisting charitable non-profits with executive resources, funds and management. We “fix” broken charities. The name of “Free Hand” comes from a remark my Mom often made which was **“If you're not going to give with a free hand, don't bother giving.”** We've made about \$1 million in investments to date and have successfully “turned around” four non-profits (and failed on about seven others).

I also love the ironies and humor of life, such as in May when the same week I sold my company to a private equity firm for **multi-millions**, I received a **“B”** in my Entrepreneurship class at OSU.

## Doing Well by Doing Good

**A** couple hundred years ago, our nation's first significant business "professor" Benjamin Franklin, suggested in his "lesson five" of business conduct that firms can "do well by doing good."

Intuitively, that makes a lot of sense if you believe in a consumer based economy; developing products and services that appeal to the needs and wants of the individuals buying them.

But of course, consumer based economies cut both ways. Alert systems and medication for the elderly are developed to fill consumer demand and change our world for the better. Yet porn and casinos also fill consumer demand and have not contributed much.



So, let's look at Franklin's remarks a little deeper.

At MBA school (I graduated in June at age 54), I was amazed to find out that business academe (at least Ohio State's Fisher Business School professors) have expanded beyond simply teaching the theories and disciplines of making and keeping money.

They now teach that the impact business has on social change has

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grown immeasurably since Ben was flying his kite.

This development of third world economies force business to consider how much will be “good” (sanitation, medical needs and nutrition) change and what evils of consumerism (greed, violence, porn) will we rain upon our brothers and sisters of this global village.

And so, upon graduation and the selling of my primary media business, I’ve decided the next chapter in my life will be as a social entrepreneur.

Doing well by doing good seemed to work with my own business. We used direct media and the internet to market to our customers only if we had their permission and we treated each other as we wished to be treated. We also received awards for community service.

In May, every single person in our shop was rewarded for 19 years of blood, sweat and tears in a private equity transfer. I believe we will continue to do well by doing good.

That’s real world, personal experience. But is it broadly available? Two books I’ve read recently say “definitely.”

You may have heard of the first book since Mohammed Yunis won the Nobel Prize last fall for **Banker to the Poor**. In this, Yunis describes the fundamental theory of his wildly successful Grameen Bank, a \$5.1 billion institution whose micro credit loans have gone in small increments to over 5 million micro enterprises without collateral. This father of micro

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credit was a professor who started in 1976 with a \$27 loan to local craftsmen in his home of Bangladesh and has more than proven his theory that **“poor people make good credit risks and even better entrepreneurs.”**

An even broader and forward looking version of the same theory is contained in P.F. Prahalad’s book **Bottom of the Pyramid** which espouses the theory that the 4 billion (of 6 billion total) people on earth who earn less than \$2 a day will be most helped when we “stop thinking of them as victims or burdens and recognize them as resilient and creative entrepreneurs and value conscious consumers.” Simply put, Prahalad’s theory says businesses who can innovate their product and pricing to serve these 4 billion people (instead of feeling sorry for them) will, as Yunis did, build great businesses of which they can be proud.

A specific example of a company doing this is Technology Management Inc in Cleveland, Ohio. TMI is primarily focused on developing a fuel cell that can be mass produced and sold profitably for about \$500. This cell, using renewable energy sources available in any tribal bush in Africa, for example, can provide improved water for an entire village.

If TMI is successful in this challenging but worthwhile venture, what’s their potential for **“doing well” by “doing good?”** Their market will consist of over 1.3 billion people who today have no access to improved water sources - let alone sanitation. And so TMI actually figures it could help end the most common third world diseases - at a profit.

Hmmmmmm.

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## People Who Make This World a Better Place

The danger of “**productizing**” and “**promoting**” my learning about social business - which is what I do on this website - is that readers can mistakenly think that we are making the difference on the front lines. We are not.

Our job is different. We use our foundation and this website (and eletters and speaking engagements and so forth) to help “spread the virus”. We seek to learn and publicize innovations and collaborations in social work, named here “**the business of good.**”



It's an important role, I'm glad we are developing it, but it's not the real work.

In my view, the real work is on the ground - working **directly** every day with the people who need support - making a difference in their lives. The people I admire most help someone gain self esteem by developing opportunities for self reliance.

Recently, I noticed that we are getting to know a lot of people in this network of “**real workers.**” I'll introduce you to a few of them here, along

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with their websites where you can find out more. To me, these are the real **“heroes”** of social ventures.

Note: I’m expecting each of these folks will now contact me and say “hey, I’m not the hero, the real “doers” in our organization are....,” but that will be a story for another day.

**Rich Clark -- [www.saintmartincleveland.org](http://www.saintmartincleveland.org)** -- I sometimes think that if Rich were locked in a room for over an hour alone he would probably hurt himself. He is constant motion, in thought and deed. He taught in an inner city high school for many years and then was President of Cleveland St. Ignatius high school in the 90s/early 2000s. In 2003, Rich decided he had an even higher calling. Over the last five years, he’s led the development of a new inner city high school (part of a network called “Christo Rey”) that uses an innovative work-study model. Each student basically pays for their own education by working one full day a week at a local company. The company then compensates the school for a full time employee’s pay (each job has a team of five students sharing the work week). The result: providing college prep education to kids who otherwise would have no such chance. In 2008, St. Martin graduated their first 50 students, all of whom today are at universities. Amazing!

**Gerald Skoch -- [www.wscenter.org](http://www.wscenter.org)** -- Another friend new to me this year, Jerry is a lawyer by education and a businessperson by experience. Jerry leads the 32 year old West Side (Cleveland) Catholic Center staff and volunteer force in daily service to hundreds of local indigent and voiceless with the most fundamental needs of life - food, clothing and shelter. You may particularly enjoy our featured “Success Story” this month in which Jerry outlines a unique and apparently very effective ap-

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proach to homelessness. To me, this guy is the prototype of a new age social business leader.

**Sister Gladys Owuor -- [www.uvipkenya.org/adozioniGB.html](http://www.uvipkenya.org/adozioniGB.html)** -- Probably my most interesting new friend this year was found in the Great Lakes region of Kenya, on our trip last month. When we arrived at the Unyolo Village project, most of the 100 children supported by the project (health services, education assistance - monetary, tutorial and arts - and family services) were at the gate to greet us. That night, we dined with the sisters then watched the children put on a talent show. The next day, Sister Gladys took us to a demonstration farm that she and her sisters have been developing on the steep banks of a river near Lake Victoria. We climbed a half mile straight down to the river then straight back up, talking all the while about her dreams and how our little family might support this effort. The sisters bring the poorest of the poor to their farm to show them how they can feed themselves by developing a garden on this acreage. Sister Gladys hero image only got bigger for me when I commented to our friend and guide, Joe Cistone, on Sister's slender appearance. He said "oh, didn't I tell you, she has cancer."

So, what do we learn from these people?

Is it that you and me should go into the toughest places in our world and directly serve the homeless, voiceless, uneducated and uncared for? That, even with cancer, we could work 12 hours a day on fighting overwhelming sickness and poverty in a remote village of Africa? Nope. Get real. My idea of "roughing it" is staying at a Sheraton without an indoor pool.

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No, I'm spreading the word on these three people in order to reinforce two of the most basic lessons I've learned so far in **creating effective social ventures**:

**1.** I do not have to do what people like Rich and Jerry and Sister Gladys do to be effective in supporting and growing their missions. In fact, I should do only what I can do well. In my case, I will work with them to develop business disciplines. But it does them and me no good - in fact it interferes, if I try to do what they do.

**2.** The stories and personalities of each of these folks remind me that to give best, we should give with comfort and joy. Each of the people in this article have made me laugh. They are each, in their own way, funny and informal people.

We accomplish little by judging, being angry about our world or thinking we can "fix" it. The problems are too big to "solve" simplistically and getting so deep as to despair helps no one.

Instead **we just need to do our little part gladly**. The heroes I've followed not only do good works, they do them with a loving and good spirit.

**Mother Theresa said, "We can do no great things, only small things with great love."**

**Thanks to Rich and Jerry and Gladys for showing me great love.**

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## Another Trip of a Lifetime

*Editor's Note: I was pleasantly surprised by the response to my writing about our trip to Kenya last month. So, I went back and pulled my notes from a trip we took in 2005 to El Salvador, the first of three such trips we've now taken. Using those journal notes, I wrote this article which I hope you enjoy as well.*

It never occurred to me that I might travel to witness poverty first-hand. I guess at another time in my life I would wonder why anyone would do such a thing.

On our first day in El Salvador, our host warned us that “the next seven days will break your heart....but don't worry, you'll have the rest of your life to put it back together again.”



The poverty indeed is something we've never witnessed in the USA, and Alice and I have been working for years in Cleveland's inner city. The folks we serve here are “wealthy” by comparison.

Zaragosa and El Zeita are a small town (former) and ghetto (latter) a few miles north of San Salvador, El Salvador's capital. Families here live in

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**“houses”** that are really small rooms, cinder block or mud based with tin roofs over them. Indoor plumbing is rare and the few homes with electricity may have it fed from the car battery of a junk car resting in a front yard.

Very, very few have a real car. Most get to where they're going by walking and if they must go a distance they stand by the side of the road hoping one of the many repainted school buses or pick up trucks we saw picks them up.

The streets, even what pass as highways, are lined with people walking or waiting. In between the walkers you'll see hundreds of stands where others are selling whatever they might have to sell – bracelets, coconuts, soft drinks and such. This vast marketplace is what our host called El Salvador's **“informal economy.”**

Interestingly, actually startling to me is that the largest segment of El Salvador's economy (17.1% of GDP in 2005) is called “remittances.” This is money received by families here from their relatives who have moved to the United States.

And of course there is the **“polarization”** that we expected to see. Statistically, the distribution of income in 2005 was 45% to the top 20% while 5.8% goes to the bottom 20%. More evident to us was seeing the gated compounds of the dozen or so families who control the military industrial complex of El Salvador only kilometers away from the resi-

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dences of Zaragosa and El Zeita described above. This is of course not entirely different than in the USA except that it appears a far more stark contrast.

And our last shock came with what are positioned as **“security guards.”** At every gas station/convenience store we were confronted by young men carrying sub-machine guns. I couldn't help but thinking they seemed no more prepared or qualified for such duty as your own mall security people, who are unarmed.

Worse, were the pickup trucks loaded with teenagers in camouflage and similarly armed. When I asked our host who they were I was told they are the **“informal army.”**

El Salvador is only a little over a decade removed from terrible violence. What I thought of as war and casualties in far away times and places such as Vietnam and Iraq are much closer to us in time and distance than that.

Over 80,000 people were killed in El Salvador between 1980 and 1990. The **“results”** of this civil war are, to this day unclear.

One site of violence that we visited, El Mazote, will stay with me forever. It's a place where 1,300 women and children were massacred over three days in 1990. They were killed because they were related to men who had left them in their village to fight at another place. After a peace ac-

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cord was reached, ending the majority of the violence, the site of the massacre was excavated. When 118 of the first 130 bodies exhumed were children, the excavation was ordered stopped and has never been resumed.

While we stood at this site in silence, praying quietly to ourselves, I felt a small body leaning against me. I looked down to see the face of a girl, perhaps 10 years old. Dirty, poorly dressed and wanting eyes, she reached for my hand.

I'd love to tell you I grasped it, chatted with her and shared some money and a smile with her to make her feel better. I didn't. I fled.

Back to our bus I went where I sobbed uncontrollably for probably ten minutes until the rest of the party started climbing aboard.

And that's when our host's words from day one came back to me. He told me my heart would be broken but he also said I'd have the rest of my life to put it back together again.

So, since that day, I've been engaged with the folks of Zaragosa and El Zeita on many fronts. To speak of our work smacks of righteousness to me so I'll just say that the feeling I get every time we make some

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progress there reminds me of the promise I made silently to that little girl that day as I watched and waved to her as our bus drove off.

**“You will be my inspiration to make a difference and I will pray that work somehow affects you directly.”**

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## Revenue Recipes for the Depression

**M**ost of the work I do with businesses and non-profits ultimately relates to driving revenue.

Daily I work on innovative fund raising methods for our non-profit partners and revenue generating ideas for our business collaborations.

It's a tough job that few like to – but someone has to – do.

My salesmen brothers, Miller and Terry, say **“nothing happens until somebody sells something.”**

So, I wonder, if nothing happens without sales, why do most people avoid it?

Maybe we just hate rejection. In business, no one wants to be told a client no longer loves you. And who wants to hear from a friend that they won't pay to attend a fund raising reception with you?

This thought leads to the purpose of this article. That is, during this difficult economy when there is less total money available, **we have to work harder and smarter to generate revenue.**

During the boom times (and our boom was a very long boom) almost any

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sales strategy worked. Traditional methods were fine, whether you were in the advertising business or the fund raising business.

In my advertising business, though the concept was unique, our sales and marketing were traditional.

In one of my non-profit ventures, we built a traditional golf tournament using standard methods from \$65,000 to \$200,000 net in four years.

But now those days are over, at least temporarily.

On the business side, I'm less sure that innovation is the answer. I believe in fact that our main business partnerships must simply go back **to the fundamentals of reaching out to more prospects and getting in front of them.**

We are in a situation much like that old United Airlines television commercial where the boss gathers everyone in the conference room to tell them they just lost their biggest client. The folks in the room ask "what are we going to do about it?" and he walks around handing each one an airline ticket to the city where their clients are and says "we're going to go and visit all our clients."

The punch line is when they say "what are you going to do", the boss shows them his airline ticket and says "I'm going to visit the client we just lost."

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The businesses that will make it to the other side of this mess will be the ones who hunker down and do what they already do well, better. And they will raise their revenue simply by getting out there and being with their clients and prospects more.

It's different in fund raising, in my opinion.

In fund raising, I believe that traditional methods **no longer** work.

That is, there are only so many golf outings and auctions people can attend, particularly if they just lost their job. And direct mail has been on the decline for years so how would we expect that to get better in a recession?

Donors' budgets are dwindling with their stock market holdings and non-profit endowments are suffering in the market's dive as well.

But something even more threatening, something that began before the crash, is that our donor profile is changing dramatically. The number of people who are happy to just write a check and be happy to see their name in your program is decreasing rapidly.



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On the other hand, the people who want to **ENGAGE** in philanthropy and in social business ventures are on the rise, led by unique and diverse characters such as Warren Buffett, Bill Gates, Sergey Brin, Bill Shore and Muhammad Yunus. Our website's featured "**Bookshelf**" reading for the month of March 2009 is Yunus' new book, "**Creating a World Without Poverty.**" Among other points, the book relates to the need for new revenue generating models for our missions. Yunus believes we are in a time of great change in the business of good and stimulates my thinking about how we might get in the flow of that great change.

Imagine if instead of putting on another golf tournament, I could help someone raise twice as much by **marketing hand made clothing made by the very poor women we met in El Salvador?**

What if, instead of having a \$100,000 direct mail budget, I used the same money to develop **a tea co-op for the African poor to be sold in Cleveland area coffee shops.**

And here's my favorite: what if we developed **a bakery in Cleveland staffed by inner city high school dropouts who would while working for us become skilled master bakers?**

These are the kinds of **non-traditional revenue streams** that could sustain and build the missions of wonderful non-profits such as **International Partners in Mission and Saint Martin DePorres High School,**

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two non-profits we've recently featured on our website.

Businesses of good have shown growing consumer appeal in the last decade. Our kids have shown a desire to use products and services that also sustain social missions.

So, my recipe for revenue in this down cycle for non-profits is to begin changing your revenue model. If at all possible, start a social business.

It's Covey's **"win-win"** on steroids.

Peace.

Tim McCarthy

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## Everyman Philanthropy

I get a lot of questions from readers whose thoughts seem to be **“OK, I get it. I want to get involved. But how?”**

Since that’s my **favorite** question, here’s one of my favorite answers.

Two years ago, as I began this little journey, I joined a group called **Cleveland Social Venture Partners (CSVP)**. Their story is an interesting one and they seemed to have the same missions and intentions of our own foundation’s work.

CSVP is the Cleveland chapter of a fascinating nonprofit (Social Venture Partners) started in Seattle in 1997 by **Paul Brainerd**, founder of Aldus Corporation, and five of his close friends and colleagues. For details on the national concept, go to **www.svpi.org** and to learn more about Cleveland’s local effort, **visit www.clevelandsvp.org**. Here are some headlines:



- First, and the thing I like best, is that the concept is focused. They invest **“time, expertise, and money in innovative nonprofits to strengthen these organizations.”**

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• Their mission is also to teach their own “partners” how to make a difference. • They are an organization of “everymen.” That is, most of the women and men in our chapter have everyday careers; few are what you’d see as “wealthy philanthropists.”

• Nationally, Social Venture Partners is present in 24 cities.

• Our Cleveland group has 70+ members; each member commits \$5,000 annually and, more importantly, their time, expertise and involvement. So, without any other events/fundraising, the group operates with about \$400,000 annual revenue and almost zero administrative costs.

• Each year, CSVP (along with every other chapter) reviews local nonprofits much like a venture capital firm reviews a business they might buy. At the end of that vetting process, we choose the nonprofit most likely to use our money and time most effectively to build and sustain their own organization after CSVP is “gone.” (end of third year)

• The nonprofit which is chosen by the partnership receives 1) a \$75,000 three-year commitment of support and, 2) (much more importantly in my view) an assigned team of partners who are experts in the areas that nonprofit seeks support.

Once a nonprofit is chosen, the partners assign a team leader who in turn recruits the partners who will be assigned to the support team for

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that three-year engagement. A nonprofit whose biggest challenge has been marketing might get volunteer partners on the team who are professionally engaged in marketing. Non-profits who need financial management find their team is organized with accountants/financial planning professionals.

Again, this concept is attractive to me primarily because it allows **“everyday people”** to become **“philanthropists.”** Even those who can’t scrape up the \$5,000 have the opportunity to be sponsored. The person who introduced me to the concept was such a person. Her employer backed her CSVP partnership cost.

I believe that the success of social ventures in the next 25 years will be achieved only if we get out of traditional thinking – planning by the **“Rockefellers and Fords”** of the world – and move into a grassroots social change **“epidemic.”**

My greatest hope is that the role of business in social ventures is headed toward a **“Tipping Point,”** the concept described by Malcolm Gladwell’s 2000 book as **“the moment of critical mass, the level at which the momentum for change becomes unstoppable.”**

Since I began studying social ventures (social enterprise, philanthropy, non-profits ... whatever term you use) two years ago, I’ve become convinced that it is a movement. The movement is perhaps not yet at or past its tipping point but getting closer all the time. So what does this mean for

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me and our readers who seem to care about social change?  
The movement is growing daily and hopefully soon will become an epidemic of caring, sharing and changing this broken world.

If I'm wrong, so what; I'll live a happier life by **trying**.

Tim McCarthy

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## *The Enemy is Despair*

We graduated **10 people** from our new ministry center's first class the other night. It's a certification program we conduct in the St. Clair Superior neighborhood of Cleveland.

It takes **12 weeks**, four hours a day of unpaid time to learn a trade that we can only hope gains them employment in the janitorial field.



For several, this was the **first graduation** of any kind in their lives.

And I've never felt so much love in one room.

Every one of them was dressed to the nines and could hardly stop smiling all night.

Obviously all of them were unemployed, some recently by this deep recession we are in – others more chronically.

Three are challenged for employment by the felony convictions on their records.

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Milling around before the ceremony, I ran into a nicely dressed man in the audience and asked him if he was a family member of a graduate. He said, no, he was going to be in our next class, which starts this week. “Oh, cool,” I said, “where do you live?”

He put his head down and answered, “at the City Mission for now”.

(Right, that’s one of our city’s homeless shelters.)

Here was the **irony** to me.

Our director had chosen me as the commencement speaker.

Me, who’d had every advantage anyone could ever have – highly educated parents, a safe home with nine loving (ok, most of the time) brothers and sisters and a launching pad for my own education.

I never was forced to look despair in the eye quite as closely as these folks have.

**So, I was humbled.**

Sure some of their wounds are self inflicted. But would I have wounded myself more deeply if I’d have been beaten or abandoned, there’d been drugs in my house and on my street, guns seen on my way to school?

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When I visited the class earlier last month, I'd heard many of their stories and realized that each of them has intelligence and work ethic and ambitions and emotions quite similar to mine. And so as I rose to speak, **I decided they were not in fact any different than me. They'd just been born in a different place and travelled a different road to where we were that night.**

And that enabled me to speak the truth. I told them:

"I admire each of you because you are showing me, and more importantly yourself, that **you won't give up.**

My life is just like your life and everyone else's in this room and on this planet because **it is filled with challenges and pain.**

And what you've taught me, which is why I admire you, is that I must remember that my enemy is not city hall.....my enemy is not the court system....my enemy is not my spouse or family, my customers or whoever is 'getting in my way' that day or that moment.

**My enemy is despair.**

Despair, that I might give up hope in life.....and in myself.

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Because all I've got is me.

Since all of us are human, we make mistakes – lots of them. But the greatest mistake we can make is to think that one is final. They never are.

So thanks for the inspiration and I'll leave you with one more thought.

The speaker at my graduation 34 years ago said that the word 'commencement' actually means 'beginning'. And while you've 'ended' a tough curriculum, you are just beginning the harder part – **finding work that will take care of your family and fulfill you.**

Your teachers and our ministry center cannot provide a job. We can't fix any problems you have, any more than you can fix mine.

But every one of us here tonight **can** and **will** offer you one thing.

That is, **no matter how things turn out, now that you've begun, we will walk with you on your journey.**

Peace,

**Tim McCarthy**

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## The Virtuous Circle

**A** virtuous circle is a complex of events that reinforces itself through a feedback loop. A virtuous circle has favorable results, and a vicious circle has detrimental results. A virtuous circle can transform into a vicious circle if eventual negative feedback is ignored.”

That’s Wikapedia’s definition of a term I’d never heard of until last week.



According to our **Business of Good Forum speaker, Stewart Kohl**, a virtuous circle is what he seeks in his business and his life. He believes **it is accomplished by being open to mistakes and willing to correct them; all with the goal of leading a more successful business and fulfilling life.**

Stewart is co-CEO of a \$2.7 billion private firm called **Riverside**. [www.riversidecompany.com](http://www.riversidecompany.com) They are based in New York and Cleveland, have bought and sold over 250 companies in their 20 year history and currently own 70 companies.

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I asked Stewart to dialogue with us at the Business of Good Forum to bring a for-profit business person's perspective. Since he is also engaged in many non-profit causes, he was also asked to share his thoughts on giving.

First, let's get a little more on the virtuous circle. Kohl says that it's actually akin to the concept of **karma** – the literal **“consequence of our actions.”**

Our intention is to do good, but in business and in life we inevitably falter as humans. If we ignore or even subdue feedback when we fail, we **“forget”** our mistakes. Therefore, we are sure to make them again. This begins and maintains a vicious cycle.

If instead we are open to feedback, both good and bad, and we act upon it, we begin a virtuous circle.

Pretty esoteric, right? So the forum participants challenged Stewart to explain it more clearly with examples.

Stewart said, “At Riverside, our virtuous circle forces us to pursue the **‘long dollar’**. That is, we (like all companies and individuals) have plenty of opportunities to get the short dollar.

The main avenue to the **‘short dollar’** in the private equity business is to **‘bait and switch’**. That is, tell the owner you'll pay their asking price,

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then find reasons during due diligence to pay them less.

Because we specialize in only small and mid-market deals, we must buy and sell a lot of companies. So, simply put, we have to attract a lot of business owners who want to sell to us. If the folks we buy are referring us to their fellow business owners, we buy more good businesses and we win. If they are displeased with how we work with them, or we bait and switch them successfully, they will tell their associates and we lose.

It's pretty simple. If we take the **'short dollar'**, we eventually create a vicious circle and hurt our reputation and therefore lose referrals. So, we work to create great referrals (a virtuous circle) because the more good companies we can buy, the more we prosper."

To add to Stewart's theory, I brought up our son, Tim, who was present at the Forum.

Tim and his partner, Roy Getz, own and operate five **Raising Cane's restaurants** in Columbus and the first topic at their monthly partners meeting is always (what they call) **Cane's Love**.

Cane's Love means coming up with ideas that will make their employees **happier** that month.

Sometimes it's as simple as going bowling or giving free meals to employee's mothers on Mother's Day. Other times they're trying to get some form of health insurance to their part time workers.

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Like Stewart, I believe Tim and Roy do this because it makes them feel-good but I also believe they do it because **it's good business**. Just like Stewart and his partner, Bela Szigethy, they are pursuing a “virtuous circle”, not just because it's the right thing to do, but also because it's **a better way to do business**.

So, here's the question that forever stumps me:

If you can make the companies you buy delighted to be your partner...

And if showing love to your employees makes your customers love you...

### **Why don't all businesses do that?**

I am often bemused by people who think I ran WorkPlace Media ethically because I'm some kind of saint. (Those who really know me know better.)

I admit: working to sustain a virtuous circle makes me feel better about myself.

But, as Stewart reminded me last week, it's also just **a darn good way to succeed in business**.

Peace,

**Tim McCarthy**

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## Success in the Balance

**Balance**, I believe, is critical to success, in life and in business.

To be healthy, we must be disciplined and balanced about simple things like diet, exercise and rest.

Business wise, balancing financial with human concerns; self interest with others' interest are **constant** challenges.

Here's the problem I've noticed: **consistent balance and discipline are boring!**

The extremes, out on those edges where I spent much of my youth, are much more **exciting and create better stories.**

I'm asked frequently to recount the history of my twenty year odyssey in building a very successful business. It's always tempting to tell my audience a tale that is **"based on"** a true story. That is, I'm tempted to cite the moments that I made (in retrospect) a good decision as a **"moment of genius."** I could weave a yarn, and do at times, that makes business success look more exciting, and therefore more brilliant, than it actually was.



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Business success for me was a day to day slog; working very hard, paying very close attention to detail and balancing the myriad interests of clients, employees, vendors, bankers and myself.

My business success was actually not even about me. It was about **balancing** my own strengths and weaknesses with the individual strengths and weaknesses of the team we assembled over those twenty years.

I got to thinking about this when I was reading a post-mortem on the Cleveland Cavaliers, whose season ended recently with a loss in the NBA championship semi-finals. While it's hard for me to use a millionaires' club sports team to discuss the business of good, the Cavs have a lesson for all of us who want to be part of winning organizations.

Most people only hear about our superduperstar, LeBron James. To most people, he is the sole reason for the current success of this previously moribund franchise.

That is simply not true. And I believe LeBron would be the first to tell you that it's not just him but the balance of power and distribution of roles among five parties: **their owner, general manager, coach, superstar and other players.**

The Cav's owner is a guy named Dan Gilbert. He grew a billion dollar mortgage business (Quicken Loans) with hard work and attention to detail. Despite the crash in housing, his company still prospers. Quicken's corporate team disciplines must have been in place and in **balance.** In basketball, Gilbert sees his role as the banker, visionary and risk man-

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ager. Unlike most billionaire sports owners, he focuses on what he's does well – business – and leaves the basketball decisions to GM Danny Ferry.

Danny Ferry's overriding and publicly proclaimed focus is to build the organization on character and culture and fit. That's something anyone might say but Ferry does it. And it is no doubt difficult to **balance** players' interests when one player – LeBron James – dominates the national as well as local spotlight.

An old boss once said to me, **“If you want to build a great choir, you don't start by hiring a soloist.”**

James' presence also makes Coach Mike Brown's job trickier. On superstar dominated teams, the star often overwhelms the coach.

When Brown arrived four years ago, LeBron was already here. Despite the presence of a superstar, Coach Brown announced that his priority is team defense, which of course is not what most superstars want to hear.

And of course there is LeBron himself. I've studied the game for 40+ years and seen dozens of superstars. But I've seen very few - Michael Jordan, Tim Duncan, Magic Johnson and Larry Bird are the only ones I can think of – whose self interest clearly includes **team goals and winning it all.**

And so, Dan Gilbert works on building new practice facilities and creating great game presentations.

Ferry focuses on bringing in talent that fits his overall plan. (Last season

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he even said “no” to Gilbert and James on trading for aging superstar Jason Kidd. It had to be tough for the owner and the superstar to respect Ferry’s role and accept his decision.

And Coach Brown’s defense-first philosophy has made James, who was an average defender at best four years ago, a member of the 2009 All-NBA first team defense.

LeBron? He focuses on team balance so much that he’s criticized by reporters when he passes up game winning shots. To his critics, he says, “Get used to it. I’m not going to change. If I see my teammate has a better shot than me, **I’m going to pass the ball.**”

**What do the Cavs teach winning non-profit and for-profit organizations?**

Start with a **plan**; define each role within that plan; then seek the discipline of **balancing all interests** as you proceed and amend your plan.

No one party in a winning organization can dominate if they are to be successful – **everyone’s interest and talents must be served and used in balance.**

No matter what our goal might be.

Peace,

**Tim McCarthy**

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## I am From

*Editor's Note: Anything below that begins with "I am From" is excerpted from a poem written by [Elena Sanchez](#). The full (uninterrupted) poem is available at the end of this article.*

I first ran into Leyni when she was about **8 years old**. She was an altar server at the church where I was the music minister.

St. Philip's church was in the toughest part of Cleveland. My family and I were there for a couple hours each Sunday. Leyni lived there **24/7** since she was born.



*I am from the big yellow house in the middle of the street  
I am from the street where there's no bike riding,  
The street where the ice cream truck never slows down  
I am from the porch you could hide under  
I am from the house that had dirt where grass should be*

She was lovely, a light chocolate brown perfect complexion, petite, hair

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pulled back tightly, rimless glasses and oh, so very quiet. Very pleasant but **head-down determined**. She lived in her own world that I couldn't see on a Sunday morning.

Her Dad left when she was three: "I don't really remember much", she says, "he called occasionally over the years... from what I can tell, it wouldn't have been good for me if he'd have stayed."

Her tough, quiet, smiling Grandma, got Leyni into the neighborhood catholic elementary school at six years old and she spent the next eight years there.

*I am from the stolen skateboard*

*I am from the school where asking for help was tattling*

*I am from the desk in the back corner*

*I am from the books read at recess*

*I am from the pictures drawn in gym*

*I am from the broken lunchbox*

*I am from a fight on the playground*

Her Mom and her little brother, Emilio, lived with Grandma and when they asked if they could go out and play, the answer was "as long as we can see you through the window". There was an eternally drunken neighbor on one side and an abandoned house where crack was rumored to

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be traded on the other side of Grandma's home at 89th and Superior.

"So, we stayed indoors a lot", Leyni says "but it was good in some ways as I loved to read and listen to music and Emilio loves to play his guitars.....so we did fine." Her Mom has been working nights since Leyni can remember. They were playing inside one afternoon while Mom was sleeping one day. Hearing a commotion, Leyni and Emilio went to the window to see **their car being stolen from their driveway.**

*I am from a weave in my eight year old hands*  
*I am from ignoring rumors and laughing them off*  
*I am from dismissing the past*  
*I am from learning to trust and making friends*  
*I am from the CDs on repeat*  
*I am from the notebook under my mattress*  
*I am from 100 pairs of headphones blown out*

Four years ago, Leyni's Mom and Grandma enrolled her at **Saint Martin DePorres High School**, a grand experiment in the St Clair Superior neighborhood where good people educate poor kids whose guardians know that college could be their ticket out.

Leyni says now that **everything changed for her at Saint Martin**. Life was still tough, even tougher at times, but it was there she began talking and excelling in her studies and no longer worrying that good grades made her a target of others who thought less of her for it.

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*I am from 1,000 mistakes huge mistakes and meager relationships  
I am from dreams of being someone  
I am from frustrated tears on a pillow  
I am from the tissues that dried them away I am from a mother who never  
gave up  
I am from crawling through life but  
I am from getting back up as well  
I am from pain I thought would never end*

Through Leyni's hard work and academic accomplishments and the strong gentle hands of some folks at St. Martin and Oberlin College, she will walk onto one of the USA's top liberal arts schools this fall on **full scholarship**.

"No, Tim, it won't be hard; actually it will be easier. On my campus visits I can see that I will be with people who care less about my skin or my clothes or my personality and more about **my mind** and **what I might contribute to the world.**"

*I am from victory over my younger years  
I am from saddle shoes and out of style clothes  
And I am from making them work  
I am from a mold of my own*

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*I am from perseverance  
I am from never staying down  
I am from a fight that will never end*

Today, I am writing my own version of “I am From”. It will not be nearly as compelling or well written as Leyni’s but it will contain my own **challenges and inspirations**. And accuse me of plagiarism, but it will close with **“I am from a fight that will never end.”**

Peace,

**Tim McCarthy**

*I am From  
by Elena Sanchez*

*I am from the big yellow house in the middle of the street  
I am from the street where there’s no bike riding,  
The street where the ice cream truck never slows down  
I am from the porch you could hide under  
I am from the house that had dirt where grass should be  
I am from the stolen skateboard  
I am from the school where asking for help was tattling  
I am from the desk in the back corner  
I am from the books read at recess*

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*I am from the pictures drawn in gym  
I am from the broken lunchbox  
I am from a fight on the playground  
I am from a weave in my eight year old hands  
I am from ignoring rumors and laughing them off  
I am from dismissing the past  
I am from learning to trust and making friends  
I am from the CDs on repeat  
I am from the notebook under my mattress  
I am from 100 pairs of headphones blown out  
I am from 1,000 mistakes huge mistakes and meager relationships  
I am from dreams of being someone  
I am from frustrated tears on a pillow  
I am from the tissues that dried them away  
I am from a mother who never gave up  
I am from crawling through life but  
I am from getting back up as well  
I am from pain I thought would never end  
I am from victory over my younger years  
I am from saddle shoes and out of style clothes  
And I am from making them work  
I am from a mold of my own  
I am from perseverance  
I am from never staying down  
I am from a fight that will never end*

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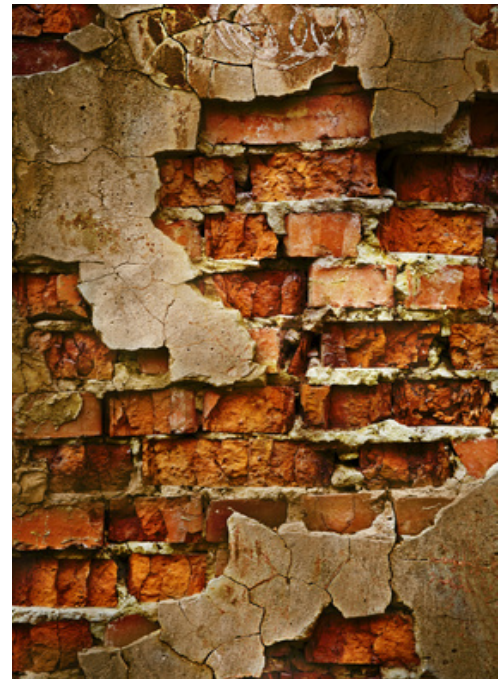
## How are the “Bones” of Your Organization?

As expected, **Joe Cistone, CEO of International Partners in Mission**, was a smash hit at our semi-monthly TBOG Forum last week.

I introduced Joe by telling our audience that **IPM** is the “**poster child**” for what we do at **The Business of Good foundation**. We search for non-profits who have:

1. A great mission, focused on building self esteem among the very poor;
2. An entrepreneurial leader – someone who has vision and ambition and is open to change; and
3. A collaborative spirit.

Joe, and his wonderful board and staff at International Partners qualify on **all three counts**. The last one interestingly is the hardest to find among traditional non-profits but that’s an article for another day.



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The topic of this article are the “**bones**” of a non-profit, something Joe said he looked at closely in 2001 when he was considering a job offer from this 35 year old organization. Joe said an old organization –profit or non-profit – is like an old building. That is, whether the outside looks good or bad, we should look most closely at the **infrastructure (the “bones”)** underneath its skin before we decide whether the building is a good investment.

In IPM, he says he found a building with great bones.

It was founded by two caring Lutheran missionaries who believed that giving, even in extreme situations of poverty, must be personal and a two way street. No late night television commercials for these guys.

In addition, and unlike missions at the time, they believed that successful missions **ignore borders**. Those borders include distance, faith, culture and economic privilege.

These missions of IPM remain clearly stated in their website [www.ipm-connect.org](http://www.ipm-connect.org). And these are the “**bones**” Joe must have seen.

Joe also figured IPM had some other good bones – such as the fact that the founders and their families are still involved and demonstrate high energy for the mission. And best of all, their board includes these folks and is open to constructive change.

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So Joe started working on IPM's **"building"** and so far, has helped them build their capacity from \$250,000 in annual revenue at that time to almost \$2 million today.

In the spirit of the forum, Joe centered on these last eight years so that all participants could then dialogue about what we might apply to our own organizations. Covering all Joe discussed would make this article too long so I'm attaching his slides and Joe will be glad to hear from you if you wish to know more.

We are also working at getting Forum presentation videos onto our own website [www.thebusinessofgood.org](http://www.thebusinessofgood.org) so soon you'll be able to see the whole pitch.

In the meantime, I wish simply to leave you with the questions I brought home about my own organization's bones:

1. Are we still centered on our original mission? Or have we unwittingly fallen into **"mission creep"** as everyone from labor unions to United Way to General Motors seems to have done?

2. Do we model the characteristics of our founders and therefore have the same type of people in leadership roles that created our early success?

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3. Do they – and we – seem willing to change with the times as needed without sacrificing our original intent? The thing I love best about doing The Business of Good – both the website and the forum – is that all the information we collect gives me **food for thought** for my own organizations and for my own life.

I hope you find it the same as you are checking the “**bones**” of your organization.

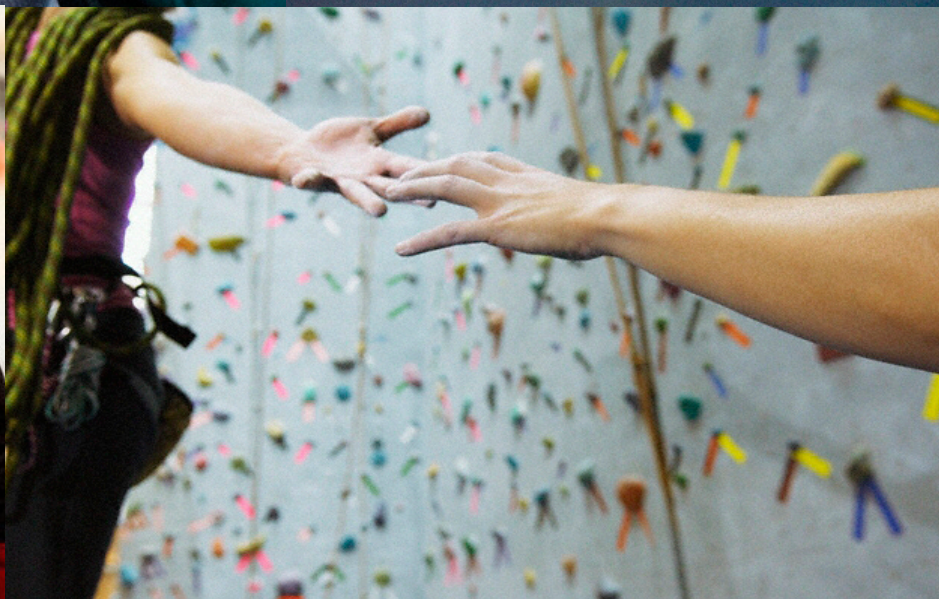
Peace,

**Tim McCarthy**

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# Bridging the Gap

by Tim McCarthy



A collection of 10 inspiring articles from  
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