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Strategizing on Behalf of Social Enterprises: Exploring the Efforts of a “Monomaniac with a Mission”

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In his autobiographical *Adventures of a Bystander* (1998, 255), Peter Drucker famously said, “Whenever anything is being accomplished, it is being done, I have learned, by a monomaniac with a mission.” Indeed, the history of innovation in enterprises of all kinds is full of stories of individuals and small groups who through single-minded focus, passion, and commitment have had huge impacts out of all proportion to their numbers (e.g., Freedman, 2013; Maccoby, 2015). In this paper, we examine the work of a social entrepreneur and his efforts along with a group of social enterprises intent on changing the ecosystem of support for minority-owned businesses. We are guided by the following questions: In advancing the work of social enterprises supporting minority-owned businesses, what does the strategizing of a “monomaniac with a mission” look like, and what difference does it make? ^{1,2}

The paper add to the literature on social enterprises (e.g., Guo and Bielefeld, 2014) principally by drawing on the micro-oriented strategy-as-practice tradition of strategy research (Golsorkhi, et al., 2015), along with the literatures on individual and collective leadership (e.g., Quick, 2015), collaboration (e.g., Bryson, Crosby and Stone, 2015), and strategic action field change (e.g., Fligstein and McAdam, 2012). There is little at present in the public and non-profit literatures on exactly what strategic thinking is in general, let alone in relation to social enterprise..

The empirical focus is on the growth and development of the Metropolitan Economic Development Association (MEDA), a non-profit organization headquartered in Minneapolis, and

¹ An earlier version of parts of this paper will appear in John M. Bryson, Barbara C. Crosby and Danbi Seo, Strategic Thinking in Support of Intensive and Extensive Good. In Elizabeth K. Minnich and Michael Quinn Patton, Eds., *ThoughtWorks: Thinking, Action, and the Fate of the World*. Lanham, MD: Rowman and Littlefield Publishers, forthcoming.

² We wish to thank George Richardson and especially Colin Eden for their comments on an earlier version of our conception of what strategizing is.

Catalyst, a collaboration of complementary minority business-support organizations in the Twin Cities that MEDA helped organize. MEDA and Catalyst are nonprofit social enterprises in that they draw on the authority and resources of federal, state, and local governments; use foundation, bank, and corporate financing; rely on market-oriented strategies in support of business development; and engage in political advocacy to address important public concerns that governments alone cannot address effectively (Guo and Bieliefeld, 2014).

In this paper, we trace the strategizing efforts of Gary Cunningham, the President and CEO of MEDA, from the time he joined the organization in August 2014 through December 2018, when Catalyst formally adopted a detailed MOU outlining its purposes, guiding principles, formal governance processes, and project management approach. We analyse the context of Cunningham’s thinking and its consequences for the development of MEDA and Catalyst.

The paper proceeds in six parts. After the introduction, we provide a brief exposition of the MEDA and Catalyst cases. Next, we describe strategizing, and especially strategic thinking. We then illustrate strategic thinking with examples from MEDA and Catalyst. We proceed to a discussion section, and then finish with a set of conclusions about strategizing for social enterprise.

Racial Disparities in Minnesota and How MEDA and Catalyst Are Trying to Do Something About Them

Many Minnesotans have been surprised to learn that their state—and the Twin Cities metropolitan area in particular—has some of the worst racial inequalities in the country, while at the same time having some of the best outcomes for whites in the nation. These disparities are apparent across a range of indicators, including employment, household income and wealth, educational achievement, crime, and encounters with the criminal justice system. For example, according to a 2016 analysis by the Metropolitan Council (the Twin Cities regional government) using U.S. Census Bureau statistics and a council survey, the employment rate for black residents was 62.1% when the employment rate for white residents was 79.2%. Meanwhile, the average hourly wage for black workers was \$7.87 lower than that of white workers, which results in a more than \$10,000 difference on average between black and white workers per year for full-time employees. The statistics for homeownership were even worse. The homeownership rate

for black households was 24.7%, or about one-third of the homeownership rate for white households at 75.7% (MetCouncil, 2016a). Similar results were found in the Metropolitan Council’s comparison of white residents and Latino residents (MetCouncil, 2016b).

A significant racial gap exists in the education and criminal justice systems, as well. For example, a report published by the Minneapolis Foundation showed a 46 % gap in high school graduation rates in 2011 with white students having the highest rate (67%) and American Indian students having the lowest (22%). Furthermore, less than 40 percent of students of color (excepting Asian students) graduated on time (Minneapolis Foundation, 2013). As for the criminal justice system, in Minnesota blacks represent 5.2% of state’s population and 37% of the prison population, while whites represent 85% of population and 42% of prison population, according to the Council on Crime and Justice’s 2012 report (as cited in Minnesota Council on Black Minnesotans, 2013). Due to these disparities, in 2018 Minnesota ranked among the very worst out of the 50 states and the District of Columbia for racial integration (49th) and racial progress (48th) (Bernardo, 2018).

Not surprisingly, those interested in equity and social justice have difficulty understanding why this situation does not receive more attention. Despite movements like *Black Lives Matter*, frequent protests, and periodic news stories, editorials, and reports, for most of Minnesota’s and the Twin Cities’ majority white population—81% and 77%, respectively, according to the U.S. Census Bureau (2015)—the situation is *normal* and doesn’t bear much scrutiny. The status quo has become *banal* (Arendt, 1963; Minnich, 2017). In other words, the situation involves institutionalized, taken-for-granted racism.

Of course, many conservative observers would dispute the idea that there is structural racism at work (e.g., Herrenstein and Murray, 1996). Instead, they would argue that the problem is cultural and individual, not systemic and structural. That said, however, they are likely still to agree that the situation is problematic. The argument that MEDA, Catalyst, and others are making is different. They believe that structural barriers impede minorities’ ability to participate fully in the economy—in particular, to access capital and business consulting for their businesses—and that these barriers should be removed. Interestingly, in his 2009 book *More than Just Race*, William Julius Wilson frames the issue as both structural and cultural. In fact, he

believes that the structural conditions create the cultural dynamics. It is a powerful argument that doesn't contradict MEDA's and Catalyst's view, but instead can be seen as complementary.

In MEDA's and Catalyst's view, focusing on minority entrepreneurship offers promising remedies for racial gaps, whether or not cultural or structural causal arguments are settled. Minority-owned business growth in Minnesota and the Twin Cities is higher percentage-wise than white-owned business growth, although minority-owned businesses have on average lesser sales and capitalization. In addition, minority-owned businesses in comparison with white-owned businesses disproportionately hire employees of color (National Minority Supplier Development Council, 2016). Beyond that, based on ten years of data for white and black families, Bradford (2014) finds that black families in which a business is owned were able to fully close the income gap. Also, Fairlie and Robb (2008) find that black families' assets increase by 600 percent when there is an entrepreneur in the family.

What can be done to make this bright spot of minority-owned business and entrepreneurship brighter? MEDA and Catalyst are attempting to alter the ecosystem of support for minority-owned businesses in ways that will speed the rate, scale, and effectiveness of minority-owned businesses. The effort has been spearheaded by MEDA, which is headquartered in Minneapolis, and especially by its president and CEO, Gary Cunningham. He has been the prime strategic thinker and activist helping to create Catalyst, the collaboration of seven nonprofit organizations, including MEDA.

What is Strategizing?

Effective strategizing is undoubtedly an important aspect of creating effective social enterprises. We build on the lead author's definition of *strategic thinking* as “thinking in context about how to pursue purposes or achieve goals [i.e., strategize]; this also includes thinking about what the context is and how it might or should be changed; what the purposes are or should be; and what capabilities or competencies will or might be needed, and how they might be used” (Bryson, 2018, p. 14; see also Freedman, 2013). Clearly, though, thinking is not enough; *strategic acting* and *strategic learning* are also important as part of strategizing efforts. Strategic acting is “acting in context in light of

future consequences to achieve purposes and/or to facilitate learning,” while strategic learning is “any change in a system (which could be an individual) that by better adapting it to its environment produces a more or less permanent change in its capacity to pursue its purposes.” Learning of this sort is typically focused “pragmatically on what works, which likely includes knowing something about what doesn’t; learning of this sort doesn’t have to be by design—much of it will be tacit and epiphenomenal” (Bryson, 2018, p. 14). Mintzberg, Ahlstrand, and Lampel (2009, p. 76) capture this pragmatic interconnectedness of thinking, acting and learning when they say:

Effective strategy making connects acting to thinking, which in turn connects implementation to formulation. We think in order to act, to be sure, but we also act in order to think. We try things, and the ones that work gradually converge into patterns that become strategies.

Definitions, however, only take us so far in understanding strategic thinking. Figure 1 presents our current view of the fundamental elements of *effective* strategizing – and especially the thinking part of it – and how they might be interrelated (c.f., Bryson, Edwards, and Van Slyke, 2018, pp. 318-321; Bryson, Crosby and Seo, forthcoming). In other words, strategic thinking should be understood as an ensemble of elements that help the thinkers comprehend what purposes might and should be pursued, and how best to achieve them, given the context and based on perceived requirements for success. At various points, our discussion will tie strategic thinking to strategic acting and learning.

Insert Figure 1 About Here

Figure 1 consists of statements and arrows. Each statement represents an important element of strategic thinking as a crucial element of strategizing. The statements are phrased as actions in which each action connotes a focus for, and consequence of, thinking. The arrows indicate an influence of one thinking focus (at an arrow’s tail) on another (at the arrow’s head). Note that the arrows do not necessarily indicate causal relationships, although in particular circumstances they might; rather, they indicate lines of argumentation, reasons, or reasonable relationships. Nor are we saying the relationships generally only go one way – clearly they do not (as indicated by some two-headed arrows) – or that other links are not possible. Instead, we offer the figure as a

way of summarizing what the strategy-related literatures consider important aspects of strategic thinking.

The figure helps demonstrate that strategic thinking is a complex construct consisting of multiple elements and their interrelationships. These jointly help the thinkers understand more clearly what, how, where, when, why, and by whom or what something might or should be done (or not done) to achieve purposes within a given context. Furthermore, strategic thinking is typically an *ongoing* and *fluid* process as situations, workable strategies, and purposes may, and often do, change. Freedman (2013, p. xi), in his magisterial *Strategy: A History*, captures this ongoing engagement when he says:

Strategy is often expected to start with a desired end state, but in practice, there is rarely an orderly movement to goals set in advance. Instead, the process evolves in a series of states, each one not quite what was anticipated or hoped for, requiring a reappraisal and modification of the ongoing strategy, including ultimate objectives. The picture of strategy that should emerge... is one that is fluid and flexible, governed by the starting point and not the end point.

In this paper, we hope to articulate the thinking that goes into such ongoing strategizing.

The starting point in Figure 1 is the need to “have in place group-level cognitive, socio-emotional, and behavioral complexity; as well as wisdom adequate to the task.” In other words, the thinkers need to have adequate capacity and wisdom for thinking (Maccoby, 2015). Each of these components deserves a brief discussion.

Cognitively complex individuals “are able to see the world through a rich array of dimensions or lenses and identify commonalities or relationships across dimensions” (Crosby, 2017, p. 139; Hooijberg, Hunt, and Dodge, 1997). They gather evidence from diverse sources, question the status quo (especially existing power relations), attend to historical influences as well as contemporary trends, and employ systems thinking and a variety of analytical tools. Socio-emotional complexity refers to the ability to understand the emotional responses of oneself and others and to regulate one’s own reactions, as well as attending to social context, especially culture and status hierarchies. Behavioral complexity is the practical ability to act appropriately

in a specific situation by drawing on both cognitive and socio-emotional skills. Metaphorically, cognitive, socio-emotional, and behavioral complexity can be described as thinking with head, heart, and hands (Crosby, 2017). Of course, we humans actually think with our whole bodies, drawing on sensory perceptions, the “primitive” brain, frontal lobes, etc. Moreover, we think in relation to and with other humans (see Belenky et al., 1997; Sapolsky, 2017; Storberg-Walker and Haber-Curran, 2017); thus, it is possible to speak about group cognitive, socio-emotional, and behavioral complexity.

Strategic thinking and strategies may achieve desired ends, but the ends and means may not be wise ones, which is why both ancient Greek and Chinese writers on strategy emphasized the importance of *prudence* (Jullien, 2004), a synonym for which is wisdom, one of the traditional cardinal virtues. McKenna, Rooney, and Boal (2009), in a wide-ranging review of the wisdom literature and its relation to leadership theory, argue that wisdom involves five key features. These include: the use of reason and careful observation; allowances for non-rational and subjective elements in decision making; the valuing of humane and virtuous outcomes; an emphasis on what is practical and oriented toward everyday life; and an ability to articulate insights and judgments to others in a way that also captures the broadly aesthetic dimensions of the work and “seeks the intrinsic personal and social rewards of contributing to the good life” (p. 180). These five features are likely to be embedded in the cognitive, socio-emotional, and behavioral complexity needed for intensive good that is also aimed at fostering extensive good.

Next in Figure 1 are “use systems thinking that pays close attention to context,” which of course includes history, and “determine social enterprise purposes and goals that make sense in that context.” (Note that in very complex situations, only guiding principles can be articulated, not clear purposes and goals; see Patton, 2011, 2017). “Paying careful attention to stakeholders broadly defined” is also important for determining purposes and goals. These first four, in turn, contribute to a fifth element, “determine the conceptual bounds of the system that is to be maintained or improved.” These five elements are, or should be, intimately intertwined (Senge, 2006; Winship, 2008; Scharmer, 2016).

On both ethical and practical grounds, Bryson (2004) and Bryson, Patton, and Bowman (2011) advise starting with a very inclusive list of possible stakeholders to be analyzed. Starting with an inclusive list helps avoid inadvertently leaving out important stakeholders, thereby

possibly resulting in unwise and needlessly harmful decisions, as Nutt’s (2002) major empirical study, *Why Decisions Fail*, demonstrates. Besides, stakeholder analyses are generally neither difficult nor time consuming, especially when considering that failure is likely when they are not done adequately. Paying careful attention to stakeholders, in turn, helps with the sixth element, “understand the relevant culture(s) and accept that often ‘culture determines and limits strategy’” (Schein, 2010, p. 377). More pithily, as Peter Drucker allegedly said, “culture eats strategy for breakfast.”

“Use systems thinking,” “determine purpose and goals,” “pay careful attention to stakeholders,” and “understand the relevant culture(s)” are all helpful for the element, “gather relevant information about what the issues and requirements for success are, and what has worked or might work to achieve purposes within the context.” Understanding the issues and requirements (e.g., mandates, needed capabilities or resources, authorizations, etc.) and what has been done, or might be done, to achieve purposes is hardly just a technical task (Maccoby, 2015). Instead, truly successful strategies probably should be technically, administratively, politically, legally, ethically, and morally defensible (Bryson, 2018). A deep understanding of the context, purposes, stakeholders, and requirements, along with systems thinking, likely will be required if enduring socially beneficial change is to be accomplished.

“Gather relevant information about issues and requirements for success and what has worked or might work” along with “understand the culture,” “determine the conceptual boundaries of the system to be maintained or improved,” and “use systems thinking” are important for pursuing the element, “initially consider a broad agenda, followed by a later move to a more selective agenda for action, strategic waiting, or doing nothing.” The war-related strategy literature in both East and West is clear that ill-considered action is rarely successful, though the writers recognize that chance, emotions, and heroic action can change probabilities dramatically (e.g., Jullien, 2004; Freedman, 2013). In war and elsewhere, sometimes action is called for and is most likely to succeed when adequately resourced. The choice can be between pursuing “small wins” (which are less risky, can generate energy and other resources, and can add up to a big win; see Weick, 1984), or “big wins,” which are riskier, but are sometimes the right way to go (Bryson, 2018, p. 258-259). At other times, “strategic waiting” is called for (Nutt

and Hogan, 2008). The wait can include time for gathering support, the weakening of the opposition, or the opening of a window of opportunity (Kingdon, 2010).

At still other times, the best choice is to do nothing and let naturally occurring processes result in desirable consequences, or else eventually reveal the need to do something. As Mintzberg (1994) notes, good strategies can be both *deliberate*, meaning designed in advance and then imposed or partially imposed; or *emergent*, meaning unfolding more or less of their own accord without planning. Sometimes the best thing to do is simply acknowledge what has happened, not do anything to undermine it, or better yet find ways to support it through “nudges” of one kind or another (Thaler and Sunstein, 2008). This approach is particularly endorsed in Eastern works on military and diplomatic strategy, which highlight the idea that small changes upstream can have big effects downstream (Jullien, 2004).

The move to a “more selective agenda” is likely needed for the element, “build commitments and coalitions of support around the agenda” (Crosby and Bryson, 2005). Both the selective agenda and the coalition will be needed for the final element, “given the social enterprise purposes, continue, add, or stop actions, while maintaining flexibility to manage and take advantage of opportunities and minimize threats.”

In sum, in our view, strategizing, and especially the thinking part of it, consists of an interconnected set of elements. Figure 1 shows these elements and in general how they seem to be connected. Note we are *not* in any way indicating or advocating a step-by-step process of the sort one often sees (e.g., Harvard Business Review Press, 2010). Instead, we offer the figure as a reference point or orienting framework helpful for understanding the phenomenon of strategic thinking without doing damage to it by reducing it to some sort of formula. In the next section, we illustrate the framework with examples from the MEDA and Catalyst collaboration.

Strategizing Examples from MEDA and Catalyst

We have been studying MEDA and Catalyst since August 2014. The effort began just after Gary Cunningham became president and CEO of MEDA. Cunningham had been charged by MEDA’s board to take a well-regarded, then-45-year-old, Minneapolis-based nonprofit organization “to the next level” of performance—without specifying what that meant. Cunningham was an experienced leader of public and nonprofit organizations and politically

well-connected at the city, regional, and state levels, along with extensive national contacts. He also came with a lifelong deep commitment to addressing issues of poverty and racial disparity.

While Cunningham was an experienced leader, manager, and change agent, he was new to the business, entrepreneurship, and business-support fields. Coincidentally, he and John Bryson were scheduled to co-teach a course on organizational performance and change at the Humphrey School of Public Affairs at the University of Minnesota in fall 2014. They decided to focus the course on having the students explore MEDA, its competitive and collaborative environments, and what might be done to “take it to the next level.” This would help both Cunningham and the class. The class helped students—and their instructors—to really think deeply about the situation, the purposes to be served, and how to act in and on the context—or “strategic action field” (Fligstein and McAdam, 2012)—in such a way that social enterprise purposes would be advanced.

The class reviewed relevant literature, conducted archival research, met with many of the organization’s senior executives, and developed graphic representations of MEDA’s current and potential future business models (Osterwalder and Pigneur, 2010). They also employed systems thinking concepts to understand what was keeping MEDA from growing more rapidly. A critical discovery by the class was the realization that MEDA was stuck in a “limits to growth” system (Senge, 2006). This meant that positive feedback loops helped MEDA and its clients succeed—for example, a history of successfully helping minority-owned businesses → creating a strong positive reputation → leading to continued grant and charitable giving support. Unfortunately, the data showed that fundraising had stayed flat for almost 14 years. At the same time, other “balancing loops” were apparently putting a damper on growth. For example, MEDA relied on one-to-one business consulting, and the supply of good consultants—mainly retired business executives—was limited. Another balancing loop included the MEDA culture, which did not fully embrace the idea of change, since staff had followed the same generally successful incremental approach to their work for 45 years.

Our study gained real steam in August 2015, when Bryson and doctoral student Danbi Seo began interviewing and cognitively mapping Cunningham on a monthly basis. They also began interviewing and often mapping a number of other managers at MEDA and important external stakeholders. Meanwhile, analyses by the Humphrey students, the consulting firm

Accenture, and Cunningham himself prompted Cunningham to start pursuing the idea of collaboration with other minority business support organizations in the Twin Cities. As a result, Catalyst (initially called the Minority Business Development Cohort, or MBDC) began officially in October 2016, after months of discussions involving Cunningham and CEOs of organizations in the same field. In May 2017, Bryson and Seo signed on as developmental evaluators to help Catalyst speed the work and effectiveness of the collaboration.

By now the data for our study includes: extensive archival data; monthly interviews and cognitive maps tracing the thinking of Cunningham, the chief initiator and champion of Catalyst (35-plus maps to date); interviews and maps of other key MEDA staff; periodic wave interviews of all of the other Catalyst CEOs; interviews of a number of other key stakeholders; and field notes from participant observation of CEOs’ and workgroup meetings. The result is a very rich longitudinal data set and narrative of change.

For purposes of this paper, we only have space to present a very high-level summary of the case to date. We present the case overview in two steps, each tied to the conception of strategic thinking offered in Figure 1. The first step involves Cunningham’s assessment of MEDA’s situation and the actions he took in order to transform the organization. In the second step, we focus mostly on the creation of Catalyst and its subsequent development. While we separate the two steps for analytic and presentation purposes, we emphasize that in Cunningham’s mind they are closely linked because of his desire to transform the entire ecosystem, or strategic action field of support for minority-business support. In other words, Cunningham came to understand that transforming MEDA was not enough; MEDA needed strategic alliances with other organizations in the field if the field itself was to be transformed so that MEDA and its partners could “go to the next level.”

Indeed, Cunningham’s and Catalyst’s theory of change envisions truly transformative change. The data show that there are over 47,500 minority entrepreneurs in Minnesota as of 2012 (Corrie and Myers, 2015). MEDA and its Catalyst partners serve a small subset of that group. The real challenge the group faces is how they can increase their collective ability to serve all Minnesota minority businesses and entrepreneurs at each stage of the business lifecycle to help accelerate those businesses’ growth and thereby create greatly increased opportunities and thriving communities that work equally well for everyone. The effort is thus to scale the

solutions to address the magnitude of the problems. None of the individual organizations would ever be big enough on its own to have the kind of impact needed to overcome the extant racial and ethnic economic inequalities.

Understanding and Transforming MEDA – August 2014 through December 2018

Table 1 captures key aspects of the MEDA transformation effort that began in August 2014. The MEDA board began the effort when it hired Cunningham and gave him the vague charge to take the organization to the next level. In other words, they established a broad agenda and left it to Cunningham to move it toward a more selective action agenda. A major reason they hired Cunningham was because of his demonstrated experience and widely recognized abilities as a leader, manager, and change agent who had well-developed cognitive, socio-emotional, and behavioral complexity, as well as demonstrated wisdom. Cunningham then immediately expanded this fund of strategic thinking capacity and wisdom by bringing in Bryson and the Humphrey class. Later he began hiring new staff with additional capabilities in a variety of areas. In 2015 he also was able to recruit a talented team of Accenture consultants to help map the existing ecosystem and offer a set of recommendations for transforming it.

Insert Table 1 About Here

The Accenture team produced a valuable analysis and graphic representation of important parts of the ecosystem. The study revealed a patchwork of coverage by the existing minority business support organizations in the region in terms of categories of minority persons served and stages of the entrepreneurial life cycle. Accenture’s analysis suggested two main avenues of growth for MEDA: either MEDA could form strategic partnerships with the other support organizations, or MEDA could try to fill the gaps itself. Cunningham chose to pursue strategic partnerships (discussed further in the next section), but regardless, also needed to transform MEDA and its capabilities. When change on both fronts didn’t proceed quickly enough, Cunningham recognized and dealt with his own ensuing morale problems.

In terms of purposes and goals, Cunningham accepted the board’s charge that complemented his own lifelong calling to alleviate poverty and racial disparities. The Accenture report and Cunningham’s other research helped him gain added clarity about the conceptual, psychological, sociological, political, and legal boundaries of the system—or rather multiple

systems—within which MEDA operated. The broad charge from the board, Cunningham’s personal mission and broad information gathering, including the Accenture report, helped Cunningham further refine those broad purposes into more achievable goals. In 2016, Cunningham published MEDA’s board-approved strategic plan for the next five years and presented four transformational goals that included: aligning the organization to increase its impact on minority entrepreneurs; growing the loan fund from \$8 million to \$20 million; serving the entire entrepreneurial business lifecycle by leveraging strategic partnerships; and expanding and diversifying funding sources to ensure sustainability and flexibility.

All along Cunningham was paying careful attention to stakeholders. He met regularly, often in one-on-one meetings, with MEDA staff and board members, many kinds of funders (foundations, banks, governments), and other stakeholders. Many of these persons were new to Cunningham, but he also drew on his extensive local, regional, and national contacts to help him better understand the new environment within which he worked and the possibilities for change.

Paying attention to multiple stakeholders also helped Cunningham understand the relevant cultures. These included, of course, MEDA’s culture, but also the culture of big businesses and their senior executives, and that of the various categories of funders and important policy makers. One problematic aspect of the MEDA culture was what Cunningham referred to as a “Mama, may I” attitude. In other words, decisions kept being passed upward to Cunningham that should have been made further down. As a result, Cunningham was overloaded and had less opportunity to make external contacts, gather information and resources, and influence actions outside MEDA. He worked hard to overcome this cultural challenge by making his own vision and goals clear to staff, hiring new staff and letting other staff go, and creating new staff groupings to facilitate information flows up and down the hierarchy. These moves were informed in part by an important analysis of the organization’s existing competencies and the competencies needed to bring MEDA to where it needed to be. The analysis helped guide the restructuring mentioned later.

Another problematic aspect of MEDA’s culture was what Cunningham referred to as “small-N nationalism.” The term called out the strong tendency of MEDA staff to resent the efforts to collaborate with other minority business-support organizations, since they felt the effort disproportionately fell on their shoulders, which it did, given the lesser capacities of most

of the other collaborators. Getting MEDA staff members to see that MEDA’s effectiveness would be enhanced through strategic partnerships became a long-standing challenge.

Cunningham is a voracious consumer of ideas, including those about relevant issues and possibilities for transforming MEDA and the ecosystem. He has read widely and attended numerous meetings and conferences to learn more about the ecosystem and what contributed to the successes and failures of the organizations and individuals within it. Early on he also sought to discover whether MEDA was making or losing money on its portfolio of programs. He discovered wide variability in the profitability of the various services MEDA offered. It turned out that some tangential services were being subsidized by others that were more central to fulfilling the mission. Again, the Accenture consultants were important sources of information based on their broad experience in the business and nonprofit worlds.

As Cunningham gained clarity about MEDA’s situation and what he should do about it, he built supportive coalitions and commitments about how to proceed. He did this in part by bringing in able staff with whom he had worked before, hiring other well-qualified people committed to the mission, and keeping the board informed as he moved forward. In all, he thought carefully about how to make sure he had enough talented staff eager for change, how to get those who were talented, but ambivalent about change, on board, and what to do about those resistant to any change. In short, Cunningham’s initial actions were primarily focused on learning more about MEDA, its culture, and the ecosystem of minority business support. This included engaging the Humphrey School student team and the Accenture consultants, meeting with a wide variety of people, and clarifying his own views about what made sense and was wise to do. Only after learning more did he add capable new staff, let other staff go, and stop certain programs that cost too much or were not closely connected to the mission. He also began to move quite deliberately to build a collaborative effort across minority business support organizations to change the ecosystem, the subject of the next section.

In terms of success measures, Cunningham’s work helped minority businesses create and retain 6,860 jobs, secure \$86.2M in lending capital and win \$4.332 billion in corporate and governmental contracts. Meda’s financial assets grew 221 percent to \$25.2 million and its lending capital for minority entrepreneurs by 535 percent to \$21.4 million (See Table 2). Meda was also recognized by the US Small Business Administration as a top performing MBDA

Business Center in the country for three years in a row (2016-2018) (MEDA.net; assessed 04 June 2019).

Insert Table 2 About here

Transforming the Ecosystem of Support for Minority-Owned Businesses— 2016 through December 2018

Cunningham’s first year at MEDA helped him understand the importance of strategic alliances for changing the very complex ecosystem within which MEDA worked. Table 3 captures key aspects of the ecosystem transformation effort that began in 2016.

Insert Table 3 About Here

Based in part on the Accenture report, Cunningham chose to pursue creating strategic partnerships with other similar kinds of organizations in the ecosystem of support for minority-owned businesses. He would draw on his cognitive, socio-emotional, and behavioral complexity to build a collaboration that included six other organizations besides MEDA. He would also engage two skilled consultants from the consulting firm CliftonLarsonAllen (CLA) to help manage the collaboration effort, along with a director of strategic initiatives at MEDA to do much of the project management work. He would negotiate a contract with Bryson and Seo to conduct a developmental evaluation designed to help the collaboration succeed. The CEOs of the member organizations and other CLA, MEDA, and Humphrey School staff would then pool their thinking, acting, and learning abilities to help make the collaboration effective.

As noted earlier, systems thinking was behind the effort to change the ecosystem (Senge, 2006; Fligstein and McAdam, 2012). Cunningham had reached the conclusion that the best approach to changing the ecosystem was to collaborate with other organizations in the ecosystem. Only if that did not work did it make sense for MEDA to explore possible ways to change the ecosystem by itself.

Two foundation grants helped finance getting the collaboration off the ground. The first was from the Surdna Foundation based in New York City (<http://www.surdna.org/>). Surdna was an early supporter of the ecosystem work and its investment helped secure the second grant from the Kauffman Foundation, based in Kansas City, Missouri (<https://www.kauffman.org/what-we-do/entrepreneurship>). The Kauffman Foundation works in the areas of education and

entrepreneurship and has been an advocate for building more effective ecosystems of support for entrepreneurs. Their ecosystem concept had a significant impact on Cunningham’s thinking. What the foundation had not done was create a grant program for minority entrepreneurs. They did so after engaging with Cunningham, who gave a speech on equity and inclusion at one of their national conferences, and called it the Inclusion Challenge. The framework for Kauffman’s Inclusion Challenge was developed, in part, through a workshop with MEDA and several other minority business organizations. The criteria for the grant program itself were developed based on the groundwork that was laid by the Humphrey class and Accenture. This combined with the Kauffman’s ecosystem concept to set the stage for the Inclusion Challenge grant program.

Cunningham’s vision helped guide formation of the collaboration and preparation of the grant proposal. Cunningham used the money to hire CLA and to provide incentives for minority-business support organizations to join in the effort to build a collaboration. Ultimately, seven organizations, including MEDA, chose to join, while some important players were not included for a variety of reasons. The seven provided one conceptual boundary for the work, that of the collaboration; the groups has struggled to determine the boundaries of the larger ecosystem.

The grant focused primarily on MEDA, but with the understanding that MEDA would work to build partnerships with other similar organizations.

The grant laid out some initial purposes and goals. These included:

- expanding and improving the minority-business development ecosystem so minority entrepreneurs can get the services they need to grow a sustainable business through the business lifecycle from start-up to merger and acquisition
- leveraging technology to expand MEDA’s services, products and customer base and create a single entry for the ecosystem; i.e., Cunningham’s idea of the need for “one front door for all minority entrepreneurs”
- expanding MEDA’s proven model of trusted advisers providing one-on-one business consulting and loan capital to serve emerging minority businesses after start-up but before they become sustainable.

These became the base for the collaboration’s own purposes and goals that the seven organizations would develop together.

Once the grant was in hand, the seven CEOs began a year of trust building activities that included regular meetings and field trips. During this period the group was a cohort, not a collaborative. Their name recognized this: they were called the Minority Business Development Cohort (MBDC) until January 2018 when they became Catalyst. The sharing, learning, and trust building during this period provided the basis for a deeper set of relationships and understandings. These included a greater understanding of the ecosystem and the multiple stakeholders within it (including foundations, banks, and public policy makers), their own capabilities and needs, and the multiple cultures in play. An important contribution to the group’s work was participants’ acknowledging that differing cultural competencies were needed to work with the multiple subgroups of minority entrepreneurs.

A number of efforts were aimed at gathering relevant information about what the issues were and what has worked or might work in changing the ecosystem. The MBDC launched four cross-organizational workgroups. One of the groups began developing a shared IT platform for intake and referral, including assessing clients, connecting them to the best support organization, helping them access capital, and ultimately providing them with needed educational programs. This would help address one of the key areas of concern that came out of the Humphrey students’ and Accenture’s analyses; namely, the need to move MEDA and the other organizations out of what was essentially a “cottage industry” model of service delivery. The platform would help the ecosystem work more efficiently and effectively across the business lifecycle (Parker, Van Alstyne, and Choudary, 2016). Each collaborating organization would specialize in its particular market segment in a way that was coordinated with what the other organizations were doing, so that the system as a whole worked better and more money was generated to add more staff to provide more service.

The other three work groups were engaged in: a detailed market and branding study, development of new capital investment instruments, and common performance metrics. The marketing effort produced a new name—Catalyst—and logo, color scheme, and set of communication templates. More detailed market analyses are underway. One new loan instrument has been developed and an effort is underway to build a very large shared credit pool. Shared performance metrics are in the works.

In addition to the workgroup effort, Cunningham continued his efforts to interact with, and gather information from, other actors in the field by attending various conferences and meetings. Beyond that, MBDC field trips were very helpful both for building trust and learning best practices. One trip was in April 2017 to Memphis, Tennessee, to learn how minority entrepreneurs are operating in other parts of the country. Another was in September 2017 to New Orleans, Louisiana, where the cohort members attended a conference and listened to various speakers on developing minority-owned businesses.

The MBDC effort began with a year of trust building and consideration of a very broad and vague potential agenda as a way of discovering the collaborative advantage that might be gained by working together (Bryson, Ackermann and Eden, 2016). The CEOs believed there were good reasons to work together, but needed to explore a range of issues and options before deciding on what they and their organizations would be willing to commit to. MEDA and CLA helped the group gain some needed clarity about its goals by articulating a potential set of broad goals for the Kauffman grant. The CEOs accepted these goals, and later the workgroups were given charges that added some specificity to the broad goals. Still later, the group agreed to a set of purposes and guiding principles suggested by the Humphrey team and CLA. Those were included in a shared memorandum of understanding adopted in December 2018 (shown in Exhibit 1). The MOU formally established an approach to shared leadership and designated MEDA as the program manager for Catalyst.

Insert Exhibit 1 About Here

In other words, a number of new actions have been taken to advance Catalyst’s work. Meanwhile, the individual organizations have continued their regular work. In addition, the CEOs have come to understand the need for each of the member organizations to continue building their capacities to do their work. In other words, for the collaboration to be successful each of the organizations will need to build its capacity to do its work and contribute to the shared work of the group. Soon the group may be collaborating on fundraising and advocacy designed to change the way foundations, banks, other businesses, governments, and public policy makers approach support for minority-owned businesses. It remains to be seen what some or all of the organizations may need to stop doing as the collaborative effort builds momentum. For example, a new organizational form may make sense to handle a new large credit fund, and some

back-office functions each organization now performs itself perhaps should be centralized as a way of improving operational efficiencies.

Discussion

We have used the MEDA and Catalyst cases to illustrate what we believe to be key elements of strategizing for social enterprise. The cases involve Gary Cunningham’s efforts to transform MEDA and take it to the next level, as well as his efforts to initiate major alterations to the ecosystem of support for minority-owned businesses through the collaborative efforts of seven CEOs of nonprofit organizations and their staffs in the same field. The two efforts are directly linked and together are a potentially very effective way of helping address some of the serious inequalities that exist between majority and minority communities in the Twin Cities and state of Minnesota. Given that minority-owned business are being started at a faster rate than white-owned business, and given that minority-owned businesses disproportionately hire more persons of color than white-owned businesses, the work of MEDA and Catalyst also offers promising ways of fostering economic growth in the state as a whole.

The focus on Cunningham’s strategizing efforts represents a kind of extreme case. He clearly is a “monomaniac with mission” and he obviously has been effective. He has taken MEDA to the next level, as he was charged to do by the board when they hired him in 2014. Progress for Catalyst has been much slower. If strategizing is about linking aspirations and capabilities, MEDA has done a far better job of clarifying its aspirations and building the capabilities to achieve them than has Catalyst. Part of the problem is that Catalyst’s organizational members vary greatly in their sizes and capabilities; most are small and relatively under-resourced and staffed. As a result, Catalyst members are still unclear, for example, about what exactly they want the IT platform to do and what will be required of the users – whether they be the members or their clients – in terms of capabilities. As another example, Catalyst has been very dependent on MEDA for fundraising and project management help, both of which have been uneven. In terms of MEDA’s new role as the official network administrative organization, it is unclear where the full set of capabilities to perform the role will come from.

These observations raise the issue of how to assess the effectiveness of strategizing efforts. At basic level, one might simply assess whether aspirations has been achieved or not. If they have been achieved, then the strategizing might be called successful; if not, then the

strategizing was unsuccessful. But that seems too simplistic an approach. It could be that if aspirations are not achieved via strategic *acting*, then strategic *learning* might lead to a change in aspirations, a change in capabilities, a change in strategy, or all three. In other words, based on experience, initial strategizing might lead to re-strategizing and the whole effort might be viewed as a success. Over Cunningham’s tenure, MEDA has upgraded its aspirations, capabilities, and strategies as a result of linked efforts at strategic thinking, acting and learning. Catalyst meanwhile has struggled to gain clarity about its aspirations, existing and needed capabilities, and what strategies specifically to pursue. More effort is needed, in other words, on the aspirations, capabilities, and strategies front.

Meanwhile, our discussion of the nature of strategic thinking and the examples from the MEDA and Catalyst transformation cases do seem to support a number of conclusions that we present in the next section.

Conclusions

The most obviously conclusion to be drawn from Figure 1 and the case illustrations is that strategizing involves an interconnected *ensemble* of thinking, acting, and learning activities that are essentially an embodiment of a *pragmatic* engagement with the world in an effort to improve it (Ansell, 2011; Golsorkhi, et al., 2015). Being pragmatic, however, does not mean that strategizing cannot also be *idealistic*; instead, it simply means that finding ways to link aspirations with strategies and capabilities is an important feature of effective strategizing (Gaddis, 2018).

Second, because being effective at strategizing is fairly complicated and typically context-specific, it should be viewed as a kind of craft (Scott, 1998; Winship, 2008; Sennett, 2009). In theoretical terms, Gary Cunningham’s, MEDA’s, and Catalyst’s successes may be seen as rooted at least in part in the presumed benefits of experiential learning when guided by suitable frameworks, occasions, and settings to facilitate the learning (Fink, 2003; Kolb, 2014). Kolb’s learning cycle of experience → reflection → abstraction → testing → experience has been used repeatedly by Cunningham, his colleagues, the Accenture and CLA consultants, and the developmental evaluators as a way of sharpening their strategic thinking, and acting, and learning. It is hard to imagine craft knowledge being built by any other means.

Third, strategizing is typically not just the product of a single individual, nor is it done through any kind of rigid sequence of steps; instead, a team or group works through an unfolding process. While we have concentrated mostly on Cunningham’s thinking, the process of gaining understanding and buy-in from other key actors engaged them in the thinking as well. So it is that Gary Cunningham has expended considerable effort in building an effective team at MEDA so that together they can take MEDA “to the next level.” Catalyst also represents a team effort by the seven CEOs and their consultants and advisors to alter the ecosystem of support for minority-owned businesses. These changes at the organizational, collaboration, and ecosystem levels all require effective teamwork.

Fourth, changing a strategic action field – in this case, the ecosystem of support for minority-owned business – certainly requires far more than an effective team. That will require a much broader collaborative leadership effort involving multiple organizations at multiple levels, and changes to norms and culture (Quick, 2015; Minnich, 2017; Reich, 2018). In other words, teams can get the work of changing the ecosystem started, but many more actors of many kinds likely will be needed (Crosby and Bryson, 2005; Bryson, Crosby and Stone, 2015). As should be clear, both teamwork and collaboration are hard work without guarantee of success.

Fifth, systems thinking and determination of purposes are especially important keys to strategizing success, especially in situations of high complexity and dispersed power (Maccoby, 2015; Scharmer, 2016). Both are important for figuring out in a pragmatic way about what to do, how and when to do it, and why (Ackermann and Eden, 2011; Fligstein and McAdam, 2012). Gary Cunningham and the other Catalyst CEOs have expended considerable effort in understanding the ecosystem (or systems, or non-systems) in which support for minority-owned businesses occurs, and to figuring out how to use that knowledge to greatly increase the effectiveness of minority-business support. The ecosystem is still not fully understood.

Sixth, altering an ecosystem requires pushing multiple agendas at more than one level, with action on any one agenda occurring when it makes sense. This means that progress is typically likely to be uneven and episodic. Gary Cunningham has a broad sense of purpose and makes progress toward achieving that purpose whenever and wherever he can, whether at MEDA, Catalyst, or higher levels of policy making and funding. The same goes with Catalyst. The result of this unevenness, however, can be frustration, which has shown up with some

frequency in our interviews. People want to move more quickly, but it takes time to work out really specific purposes and goals, memoranda of understanding, and other kinds of agreements. Such is the nature of collaborative efforts (Bryson, Crosby, and Stone, 2015; Spee and Jarzabkowski, 2017). Ongoing evaluation also is important so that learning is built into the process of creating organizational and collaborative effectiveness (Patton, 2011, 2017).

Finally, the work of strategizing social enterprise aimed at ecosystem change benefits from the deep passion of a “monomaniac with a mission” – because the work is hard, requires a commitment for the long haul, and takes allies and supporters. That kind of work is a *calling*—a call to service, a call to transformation, and call to advance the common good (Krieger, 2000; Crosby, 2017). If one is to succeed in answering the call, then strategic thinking and strategizing are very likely necessary, since there are undoubtedly more ways to fail than to succeed. Said more bluntly, just counting on fate, the gods, or being lucky may work, but is almost certainly foolish (Jullien, 2004). Even though the strategic thinking can never guarantee success, at least it may reduce the risk of failure, or if failure does occur, it can help increase the likelihood of drawing the right lessons from failure, so that success is more likely in the future.

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Figure 1. Elements of strategic thinking and their interconnections

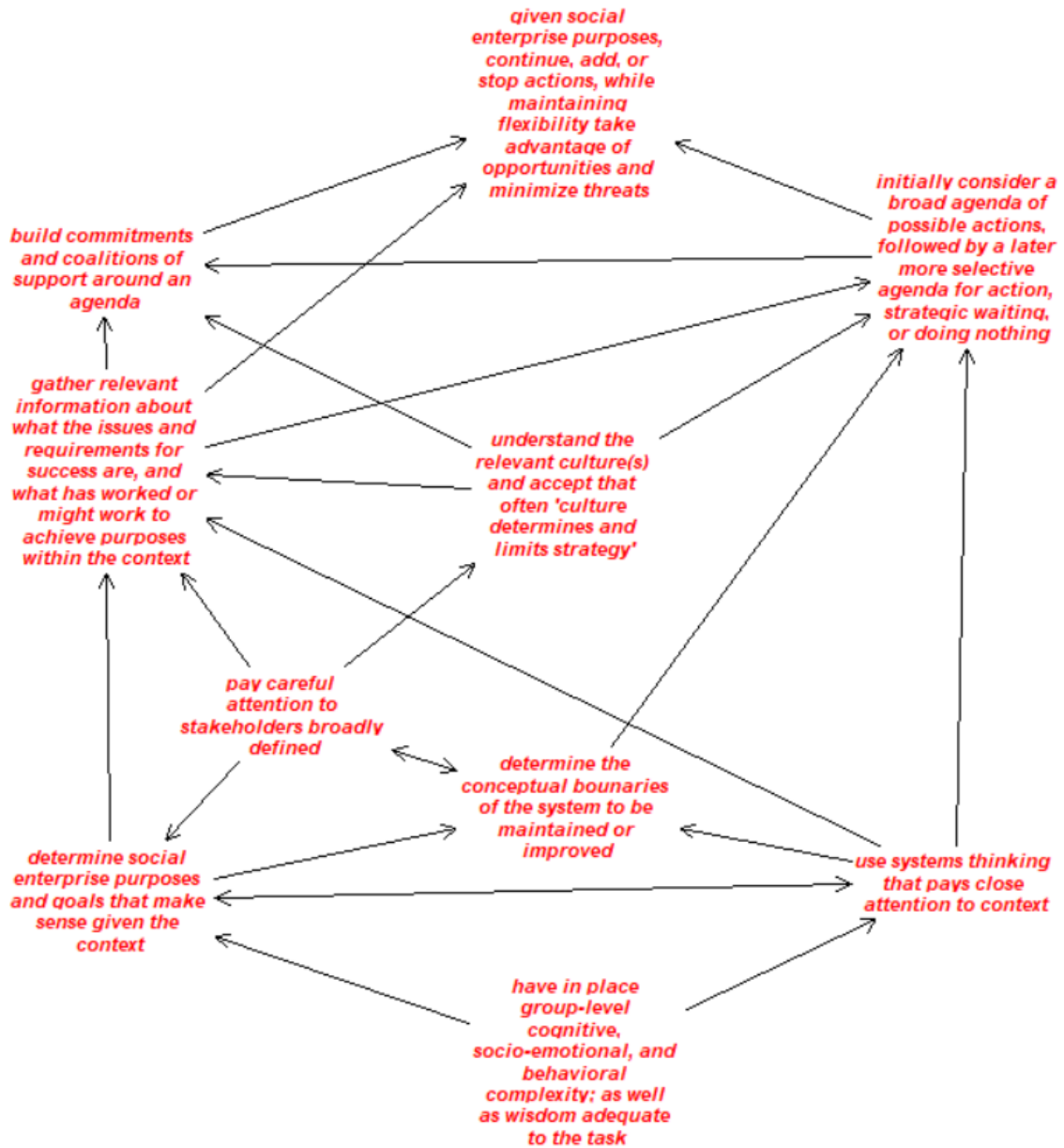


Table 1. Understanding and Transforming MEDA - From August 2014 through December 2018

Strategizing (Strategic Thinking) Element	Examples
Have in place group-level cognitive, socio-emotional and behavioral complexity, and adequate wisdom	<ul style="list-style-type: none"> • Gary Cunningham himself demonstrates high levels of cognitive, socio-emotional, and behavioral complexity; along with wisdom gained through extensive experience • Cunningham reached out to a number of advisers, incl. members of the MEDA board, many colleagues and friends, and John Bryson and the Humphrey School class • Cunningham added a number of very skilled staff members to MEDA; this increased the organization’s capacity for thoughtful dialogue and mission-related action • Cunningham engaged a team of consultants from Accenture to do a situation assessment and offer strategic advice • He recognized his own morale problems at times when change wasn’t happening quickly enough
Utilize systems thinking	<ul style="list-style-type: none"> • Cunningham was a fan of systems thinking and welcomed the Humphrey team’s use of systems thinking to understand why progress at MEDA was so slow and what systems changes might do to improve the situation • He engaged Accenture to do a thorough-going assessment of MEDA and its environment, which they did. This work provided additional insights into the ecosystem of which MEDA was a part • He continued to make use of systems thinking concepts as he pondered ways of fostering quicker change and greater effectiveness of MEDA and throughout the ecosystem
Determine social enterprise purposes and goals	<ul style="list-style-type: none"> • Cunningham accepted the MEDA board’s charge to take MEDA “to the next level” • He had a lifelong commitment to addressing issues of poverty and racial inequality • The 2016 MEDA strategic plan includes four “transformational goals”
Determine conceptual boundaries of system	<ul style="list-style-type: none"> • Cunningham expended considerable effort trying to understand MEDA as an organizational system and the broader ecosystem within which it operated. • He developed a sophisticated understanding of the relevant conceptual, psychological, sociological, political and legal system boundaries, or rather the overlapping boundaries of multiple systems – from local to national

<p>Pay careful attention to stakeholders</p>	<ul style="list-style-type: none"> • Cunningham spent a great deal of time getting to know MEDA staff and board members, a variety of funders, and other stakeholders • He changed the internal leadership team arrangements to create better two-way communications and changed the planning and budgeting process to build understanding of, and buy-in, to the organizational change agenda • He drew on his extensive local, regional and national contacts as he sought to better understand the new environment within which he was working
<p>Understand relevant culture(s)</p>	<ul style="list-style-type: none"> • Cunningham spent time trying to understand MEDA’s culture, including what he later came to call a “Mama, may I” culture and a culture of “small-N nationalism” • He also sought to understand other cultures of importance to MEDA, including how lenders, majority-owned businesses, and relevant regional, state and national government officials operated
<p>Gather relevant information about what the issues are and what has or might work to address them</p>	<ul style="list-style-type: none"> • Cunningham expended considerable effort trying to get information on the profitability of MEDA’s various lines of business. • He also attended multiple meetings and conferences in order to understand more about what worked • Accenture consultants were an important source of ideas regarding potentially effective strategies
<p>Initially consider a broad agenda and later move to a more selective agenda</p>	<ul style="list-style-type: none"> • The MEDA board itself established a broad agenda to begin with: to take MEDA “to the next level” • Initially, Cunningham made no significant changes to MEDA; he waited until he knew more and had built sufficient support
<p>Build commitments and coalitions</p>	<ul style="list-style-type: none"> • As Cunningham gained understanding of MEDA’s situation, he built support for moving forward with a number of changes to staffing and programs • He let several people go who were not productive enough or not committed enough to the mission
<p>Given social enterprise purposes, continue, add, or stop actions</p>	<ul style="list-style-type: none"> • Cunningham ended MEDA programs that did not align with its mission • He pushed ahead with aggressive fundraising, including for what ultimately became Catalyst • He worked hard to help staff understand his vision and goals and the need for change

Table 2. Selected MEDA Performance Data from 2013 – 2018

	2013	2014	2015	2016	2017	2018
Number of clients served	1604 total/ 437 minority	1604 total /454 minority	514	676	862	974
Jobs created or retained	347	521	445	490	1352 (anticipated)	3644
Total value of contracts to Meda’s minority clients	\$1.2B	\$659M	\$44.4M	165M	\$100	\$4.032B
Total assets	\$6,451,209	\$9,164,604	\$11,367,698	\$15,382,995	\$16,386,770	\$24,620,443

Sources: MEDA annual reports, 2013 – 2018.

Table 3. Transforming the Ecosystem of Support for Minority-Owned Businesses -- From 2016 through December 2018

Strategizing (Strategic Thinking) Element	Examples
Have in place group-level cognitive, socio-emotional and behavioral complexity, and adequate wisdom	<ul style="list-style-type: none"> • Cunningham understood the complex nature of the ecosystem transformation work • He invited other organizations that serve minority entrepreneurs in the field and initiated the collaboration of Catalyst • He also engaged CLA to facilitate the collaboration and help ecosystem work • He hired a director of strategic initiatives at MEDA to serve as a project manager; when she left, he hired a very able replacement
Utilize systems thinking	<ul style="list-style-type: none"> • Cunningham was using systems thinking when he reached the conclusion that the best approach to ecosystem change was to collaborate with other organizations in the ecosystem. • Only if that did not work did it make sense for MEDA to explore possible ways to change the ecosystem by itself.
Determine social enterprise purposes and goals	<ul style="list-style-type: none"> • As a champion and convener of the Minority Business Development Cohort (MBDC, later Catalyst), Cunningham’s vision helped launch and guide the collaboration efforts. • He helped others, including the CEOs of the member organizations, to understand the vision through inclusion and participation • Ultimately, a joint memorandum of understanding was signed by all member organizations that includes an agreed statement of purpose and guiding principles; see Table 3.
Determine conceptual boundaries of system	<ul style="list-style-type: none"> • The MBDC initiated four workgroups consisting of participants of the member organizations and staffed by CLA; the workgroups helped clarify the conceptual boundaries of the systems and subsystems in play. • The workgroups focused on: <ul style="list-style-type: none"> ○ building a common IT intake and referral platform ○ developing a common marketing and branding approach ○ creating major new credit and loan instruments; and ○ establishing shared performance metrics • The group is slowly recognizing that the ecosystem requiring change goes well beyond what is now Catalyst
Pay careful attention to stakeholders	<ul style="list-style-type: none"> • The MBDC process, starting with invitations to join, paid careful attention to stakeholders • The process greatly facilitated trust building

	<ul style="list-style-type: none"> • The process also helped clarify target markets and needed competencies to address them, including cultural competencies. • The group is beginning to focus on public policy makers in addition to foundation and corporate funders
Understand relevant culture(s)	<ul style="list-style-type: none"> • Cunningham and the MBDC members understood that different subgroups of minority entrepreneurs have different cultures and thus valued the cultural competencies each MBDC member organization brought to the collaboration
Gather relevant information about what the issues are and what has or might work to address them	<ul style="list-style-type: none"> • The workgroups made significant contributions to gathering important and useful information • Cunningham continued his efforts to interact with other actors in the field; he attended conferences and meetings • He continued to involve consultants from Accenture, and also Next Street for deeper analyses of MEDA and Catalyst • MBDC field trips were very helpful both for building trust and learning best practices. One trip was in April 2017 to Memphis, Tennessee, and another was in September 2017 to New Orleans, Louisiana. • Cunningham invited John Bryson and Danbi Seo of the Humphrey School to conduct a developmental evaluation to gather ongoing feedback on a regular basis about what was working well with the collaboration, what was not, and what might be done to improve the process
Initially consider a broad agenda and later move to a more selective agenda	<ul style="list-style-type: none"> • The collaboration effort began with trust-building and a broad but vague belief that there were advantages to be gained by working together that could not be gained by working alone • The Kauffman grant helped articulate an initial set of purposes, work programs, and desired outcomes • These purposes were later made more concrete through the workgroup process • A shared memorandum of understanding signed by all Catalyst members in December 2018 clarified agreed-upon purposes and guiding principles
Build commitments and coalitions	<ul style="list-style-type: none"> • Cunningham emphasized trust building among Catalyst members and worked with the group to develop and broaden a shared understanding of the overarching vision, purposes and guiding principles of the group • The work group process helped build cross-organizational understanding and commitment below the CEO level, although participation by the individual organizations was uneven • The Kauffman grant provided opportunities for learning trips so that the members see the vision and connect with others who are doing similar works • The MOU signalled strong and continued commitments

<p>Given social enterprise purposes, continue, add, or stop actions</p>	<ul style="list-style-type: none">• The collaborative effort has revealed the need for each of the member organizations to continue building their capacities to do their work; in other words, for the collaboration to be successful each of the organizations will need to build its capacity to do its work and contribute to the shared work of the group• It remains to be seen what some or all of the organizations may need to stop doing as the collaborative effort builds momentum; for example:<ul style="list-style-type: none">○ A new organizational form may make sense to handle a new large credit fund○ Some functions may need to be centralized• The project manager (hired by and housed in MEDA) needs to be relieved of some other MEDA projects in order to focus more on Catalyst
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Exhibit 1. Draft Catalyst Purposes and Guiding Principles

- 1. Purpose.** Catalyst’s purpose is to increase the quantity and quality of stage-appropriate supports for minority businesses in Minnesota and thereby help those businesses succeed. This effort to strengthen the ecosystem of supports for minority entrepreneurs and their businesses will do the following to advance this purpose:
 - A. Build the capacity of organizations that serve minority businesses.
 - B. Pool capital dedicated to minority businesses.
 - C. Align strategic partners to improve outcomes for minority businesses.
 - D. Realign resources and programs to eliminate duplication and service gaps.
 - E. Create shared intake, assessment, and service protocols throughout the ecosystem.
 - F. Standardize impact metrics and milestones across the ecosystem partners.
 - G. Provide incentives for ecosystem partners to participate in scalable collaborations.

- 2. Guiding Principles.** Catalyst has adopted the following guiding principles that inform its work:
 - A. Advance the common good and effectiveness of Minnesota’s minority business development sector. Use a collaborative ecosystem-building approach aimed at alignment, synergy, and resource development.
 - B. Pursue comprehensive and sustainable solutions that coordinate, leverage, and enhance the resources of all member organizations.
 - C. Work diligently at nurturing and maintaining collaborative relationships.
 - D. In making decisions, rely on informed deliberations, data, evidence, and clear statements of what the problem is and what purpose or goals are to be served by solving it.
 - E. Appreciate the need for shared leadership and responsibility.
 - F. Use the collaborative to help each member organization build the capacity that is required for the ecosystem work. All collaborating organizations should benefit from the work, while recognizing that there are differences in size and need and, as with all collaborations, mixed motives.
 - G. Acknowledge that for the collaboration there are many different kinds of stakeholders to be taken into account when developing strategies and making choices. Ecosystem stakeholders include: policy makers, organizational decision makers, providers of products and services, contributors of resources, consumers of the products and services, data and knowledge providers, potential future contributors, potential future users, and so on.

Source: Catalyst Memorandum of Understanding, December 2018.