ClimateWorks Foundation:
Lessons in Leadership and Learning

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Preface

This case is part of a teaching series developed by pfc Social Impact Advisors. The case will be featured in a book to be published by Stanford University Press titled, "Good, Evil, Wicked: The Art, Science, and Business of Giving." This series examines the strategies global leaders use to tackle the world's most complex problems. According to the World Economic Forum's annual Global Risks Report, poverty and the systemic and devastating consequences of income disparity, climate change and the volatility of energy supplies, food and water scarcity, and cyber-attacks are among the threats that keep world leaders across sectors awake at night.[1]

The Wicked Problem framework offers leaders better tools to tackle these seemingly intractable challenges. Since Wicked Problems were first described by 1970s social scientists much has been learned about what it takes to successfully address the world's most difficult problems. We have gathered these lessons together under the rubric of Deliberate Leadership, a suite of tools and approaches used in the business and social sectors that empowers leaders to most effectively deal with complexity.

Because each problem is unique, leaders must choose their approach carefully. Should they command and control because they face a crisis? Can they manage the problem by calling on previous successful experiences? Do they face a challenge that requires them to be collaborative and adaptive leaders, adjusting their strategy based on clear-eyed understanding of what is and isn't working? Can they hold to their vision while putting their preconceived notions aside, recognizing the strengths and limits of their expertise, and seeking solutions where one might least expect them, including within communities affected by the problem?

Deliberate Leaders, as explored in this series, are leaders who act with intention and recognize that they must accept not only the risk of the challenge ahead, but also the consequences of their actions. If Wicked Problems were easy, they would have been solved. With Wicked Problems, it is a given that there will be mistakes. What's important is to learn, adapt, and move forward. The series of cases pulls together examples of Deliberate Leaders worldwide to help their peers solve the biggest challenges of our time. The goal of the case studies is not to prescribe answers but stimulate discussion.

Preface

The case studies also focus on problems borne most heavily by poor women and children. In climate change, they bear the brunt of climate impacts. Their gender and lack of status make them vulnerable and provide them less access to information about climate and its consequences. They must work harder to gather scarce resources like water and fuel and they are less able to grow food to support their families. They are more likely to die during dramatic climate events like tsunamis and heat waves as they lack access to health care services.[2]

Other cases in the series include examinations of:

- The Thomson Reuters Foundation's TrustLaw project, an international network of pro bono assistance from the world's largest law firms providing legal research and advice to organizations working to support and improve the life chances of the world's poor;
- The partnership of BNY Mellon, Mellon Capital Management, and The McKnight Foundation to create an investment fund focused on carbon-efficiency;
- The W.K. Kellogg Foundation's journey developing a mission-driven investment strategy and implementing it in alignment with their Healthy Kids program area;
- The John D. and Catherine T. MacArthur Foundation's history of using creative capital to preserve affordable housing and promote the arts and conservation; and
- The Vladimir Potanin Foundation's investments to launch philanthropy in Russia and promote creative thinking through arts and higher education.

The following case was supported by the William and Flora Hewlett (Hewlett) and David and Lucile Packard (Packard) foundations. The methodology included a review of background materials provided by the foundations and acquired through desk research, and 65 confidential interviews conducted with foundation staff and leadership, current and former ClimateWorks Foundation (CWF) staff, experts, peer funders, and CWF grantees. Although the interviews were confidential, several interviewees agreed to have their statements attributed. Others chose not to go on record because they felt their comments might affect their professional and personal relationships negatively. Four independent academic reviewers critiqued the case for adherence to academic protocols and to ensure its usefulness as a global teaching tool.

pfc is grateful to the Hewlett and Packard foundations for their support. This case study is intended for educational purposes only. pfc is solely responsible for the accuracy and currency of the content.

"There was an overwhelming feeling among the board that the risk to the world was enormous if nothing were done." —WALTER HEWLETT

Crisis and Collaboration:
Evolution of ClimateWorks Foundation

What happens when a group of philanthropists decides it's time to save the world, literally? This was the situation in early 2007, as science, media, and global institutions piled on the bad news about climate change. The William and Flora Hewlett (Hewlett) and David and Lucile Packard (Packard) foundations believed that humankind faced a looming global catastrophe and that too little was being done to avert it. They decided to pool their philanthropic resources, and hopefully those of other foundations, in a large-scale collaborative effort to help address the crisis.

With very significant investments, this collaboration grew the ClimateWorks Foundation over five years from 2008 to 2012 (known as CWF 1.0), with the intention to help turn around the devastating trajectory of climate change. Foundation staff and trustees, many of whom were family members of the legendary entrepreneurs and founders of the Hewlett-Packard Company, understood the investment would be high risk. But they believed that the risk of doing nothing was unacceptable. Efforts to address climate change—one of the world's most contentious and "wickedly" complex problems—were at a crisis point. It also appeared to many that the stars were aligning—with favorable public opinion, approaching international negotiations, and technological and policy options that offered solutions—and that the time was right for philanthropy to act.

Action would be expensive. Even though their assets placed them among the 20 wealthiest foundations in the world, Hewlett and Packard had to dig deep to make this investment. They tapped their endowments and used funds from other programs, and each committed to provide US$500 million over a five- to seven-year period. They also recognized that this combined initial investment was not enough, and that collaboration with other foundations would be essential. The McKnight Foundation, a US-based, regional family foundation, joined Hewlett and Packard foundations as one of the initial CWF funders. It made a US$43 million multi-year contribution to CWF 1.0 before reallocating their climate funding elsewhere.

ClimateWorks 1.0 was bold and high risk. It elicited strong opinions from interviewees, ranging from “brilliant” to “epic failure.” As with all complex issues, the truth is probably both. This case study describes what happened during the first five years of this ambitious collaboration. It explores what stakeholders and partners learned about working together to address and mitigate one of the world’s greatest challenges. It also aims to stimulate discussion among those who aspire to be leaders of social change, offering guidance on how Deliberate Leadership may enable them to achieve their goals. The case structure and analysis are based on the characteristics of leadership and phases of learning that inform any comprehensive and adaptive approach to social change. These frameworks are discussed throughout the case.

The Global Threat of Climate Change

In 2007, many felt a growing sense of urgency about the warming of Earth’s climate. The Inter-Governmental Panel on Climate Change (IPCC), an international scientific body convened by the United Nations, released a report stating that global warming was “unequivocal” and that human activity was the major contributor. It pointed to catastrophic climate-related impacts on human health, water and food scarcity, and habitat and species diversity.[3]

The IPCC report came out less than a year after the movie *An Inconvenient Truth* documented Al Gore’s efforts to raise awareness about global warming. With the support of entrepreneur and philanthropist Jeff Skoll’s Participant Media, An Inconvenient Truth became the tenth top-grossing documentary movie of all time.[4] Less than a month after the release of the IPCC report in 2007, An Inconvenient Truth won an Academy Award for Best Documentary. A few months later, Al Gore and the IPCC were awarded the Nobel Peace Prize in recognition of “their efforts to build up and disseminate greater knowledge about man-made climate change, and to lay the foundation for the measures that are needed to counteract such change.”[5,6]

US public opinion also shifted as many people lived through volatile and deadly weather conditions, including 2005’s Hurricane Katrina, which resulted in more than 1,800 deaths and caused an estimated US$250 billion in property damage. Katrina and three other 2005 hurricanes—Dean, Rita, and Wilma—were four of the most intense and costly ever recorded in the US.[7] In 2007, the memory of Katrina was still fresh. New Orleans recovered slowly, and public scandals kept Katrina in the headlines.

Politicians were taking notice and stepping forward. In December of 2007, a bill to regulate carbon emissions was introduced in the US Senate. At the time, it was considered to be among the most aggressive US carbon regulation acts with real potential to become law,[8] though ultimately it did not pass out of the Senate. Political candidates in the US, especially the presumptive presidential nominees Barack Obama and John McCain, were supporting climate change initiatives. In 2008, Obama was elected president and his Democratic party controlled both the US House of Representatives and the Senate.

For the first time in US history, the science, public support, and politics were converging to demand action on climate change. It was a unique moment for philanthropists and advocates.

The Role of US Philanthropy

US philanthropy had not entirely shied away from the climate change issue—from 2005 to 2007, US foundations' support for climate change initiatives grew from US$106 million to US$240 million.[9] Their contributions were directed at reducing greenhouse gas (GHG) emissions, understanding the role of forests in the carbon cycle, making ecosystems more resilient, and advancing energy strategies and policy advocacy. Prominent funders included the Gordon and Betty Moore, Sea Change, Hewlett, and Packard foundations on the larger end, and smaller thought-leader funders such as the Rockefeller Brothers and Rockefeller Family philanthropies and the UN Foundation.[11,12,13] However, advocates considered even this doubling of funds insufficient to stop the devastating trajectory of climate change.

Philanthropy could play a unique role. Unlike the corporate sector—in which many supported and advocated for climate action—foundations did not have to balance the interests of their shareholders against a long view of the needs of society. Unlike governments, they were not obliged to wait until political will forced them to act or weigh more immediate social demands against the distant threat posed by climate change. Foundations' ability to draw on expert researchers positioned them to define and produce a body of knowledge that could inform the debate. And their independent status enabled them to convene decision makers and key actors at very high levels. The downside was that philanthropies tended to have defined missions and scopes of activity and, though they may have talked informally, they rarely worked together at the scale climate action would require.

"The reason we developed Design to Win was because we felt that the philanthropic community failed to fund climate change efforts at the scale or with sufficient focus to make a sustained impact."

— ANDREAS MERKL, FORMER PARTNER, CALIFORNIA ENVIRONMENTAL ASSOCIATES, AND CURRENT CEO, OCEAN CONSERVANCY

Design to Win:
A Game Plan

Hal Harvey, Environment Program Director at Hewlett from 2001 to 2008, believed it was time to act. With more than 30 years' experience in climate and energy policy and philanthropy, he also believed that the current level of funding was inadequate and too unfocused to turn the tide on climate change. In 2007, he and Hewlett joined with the David and Lucile Packard, Doris Duke Charitable, Energy, Joyce, and Oak foundations to commission a comprehensive strategy to address climate change. The result—a document entitled *Design to Win* (DTW) created by a consulting firm called California Environmental Associates (CEA)—offered philanthropists an approach that its authors believed could "turn the tide against global warming."[14]

The 2007 DTW report identified which sectors and places in the world produced the most greenhouse gases. It also outlined a policy-driven plan to significantly cut those emissions by 30 gigatons by 2030. The development of this "30 x 30" strategy was informed by an 11-member international advisory committee, a survey of scientific and economic literature, and the input of more than 150 of the "world's leading experts on energy and climate change."[15] DTW targeted power, industry, building, transportation, and forestry as priority sectors. It focused on the US, Europe, China, India, and Brazil as priority regions, plus Indonesia for its forest preservation efforts. For each sector and region, it laid out broad policy objectives to meet specific emissions reduction goals tailored to each region's context and strengths.

DTW laid out a three-point catalytic role for philanthropy:

- Support existing NGOs with deep knowledge of local conditions and what would be needed to get policies passed.
- Create nation-specific expertise to facilitate grantmaking targeting policy reform.
- Build International Best Practice Networks for critical "don't lose" sectors to share knowledge and innovation quickly, either by establishing new institutions or by linking existing organizations into loose networks.[16]

The DTW plan was an ambitious vision that came with a large price tag: it estimated that on top of approximately US$240 million then spent annually by primarily US-based funders, an additional US$600 million per year was needed to meet the 30 x 30 goals.[17] DTW recognized that even this amount of new funding would not be enough in and of itself to "prevent global warming from becoming a planetary disaster."[18] However, it expressed hope that the enhanced funding would "inspire the step-changes in technology that complete the journey."[19]

DTW challenged foundations to act boldly, despite the risks. "Philanthropy must be willing to make a long-term commitment to effect change and provide support commensurate with the challenge. It took us more than two centuries to dig this deep hole, so it will take some time and effort to climb back out. But we only have one chance to get this right. All of the strategies we have examined carry some element of uncertainty, but none of the choices are as risky or costly as doing nothing at all."[20]

This approach, using data and sophisticated analysis, resulted in a persuasive game plan for the funders involved. For Hewlett and Packard, the next step became to understand how to operationalize DTW. In addition to *what* they needed a plan for *how*. In the language of Wicked Problems, they defined the problem of climate change as a crisis. DTW offered a technical solution that could be implemented by a leader with the right tools.

Creating ClimateWorks Foundation

In late 2007, a steering committee composed of senior staff and board members from the Hewlett and Packard foundations began regular meetings to develop a plan to implement Design to Win. Chaired by Hewlett Foundation board member Rick Levin (an economist and then-President of Yale University), the committee's task was to create a structure for the next phase, define organizational and governance structures, recruit and establish a governance board, define strategy and timetable, recruit more funding partners, approve a first-year budget, and select a CWF leader to recommend to the governing board. Susan Bell, then Vice President and Director of Philanthropy for the Hewlett Foundation, was involved in planning, board relations, outreach to the Packard board and staff, and ultimately became Hewlett's interim Program Director for energy to manage the CWF relationship. A Packard counterpart, Vice President and Director of Programs Chris DeCardy, oversaw the process from the Packard side.

Design to Win:
A Game Plan

Building the Structure

Supported by ongoing consulting from McKinsey & Company, the committee reviewed a variety of structural options. By May 2008, the committee was considering a Blueprint that translated DTW into a fully fleshed-out operational plan for what was being envisioned as a new organization.

By late 2008, an organizational structure had been designed, and ClimateWorks Foundation became its formal name. A seven-member governing board was appointed, consisting of three members from the United States and one each from China, Europe, India, and Mexico. Members were high profile leaders from business, academia, philanthropy, and science.[21] Two among them, businessman and former EPA Administrator Bill Reilly and Yale University President Rick Levin, also sat on the boards of Packard and Hewlett, respectively. The CWF CEO would be an ex officio member. Although not in writing, board members were expected to open doors to policy makers in their countries and help raise additional funds to meet the US$600 million annual goal.

CWF itself would be a hub-and-spoke system, with a center in San Francisco and two networks that were to be funded at least initially by the center, though they were expected to raise other funds as well. One network would represent technical expertise and exist to share best practices to the target regions identified in DTW; the other would consist of five regional climate foundations that would re-grant funds from CWF in China, Europe, India, the US, and Latin America. The two networks would strategize together and, with central staff, work to realize the vision of DTW.

The Hub

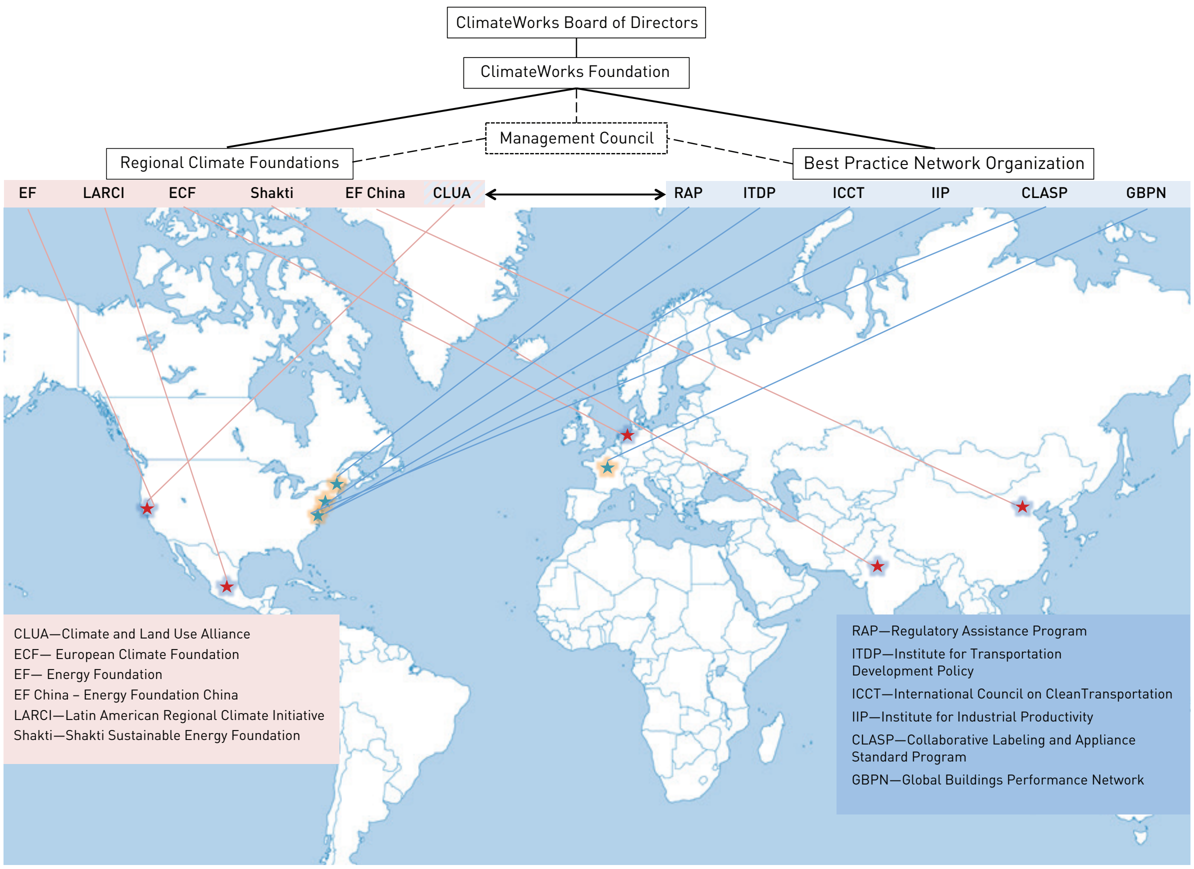
Hal Harvey was hired as CEO and lead strategist. Harvey was an engineer with B.S. and M.S. degrees from Stanford University in energy planning. In 1991, he had persuaded the Pew, MacArthur, and Rockefeller foundations to make a US$20 million, three-year commitment to promote energy efficiency and renewable energy in the US. That collaboration, the well-regarded Energy Foundation (EF), by 2008 had grown into a highly successful intermediary funder with an annual budget of US$20-25 million. In 1999, Harvey also created Energy Foundation China to promote energy efficiency and renewable energy in one of the world's fastest-growing and most energy-hungry economies.[22] He was also the co-author, with Paul Brest, then-President of the Hewlett Foundation, of a book on strategic philanthropy.

In July 2008, the board also brought on Mark Burget, who had been part of the executive team of The Nature Conservancy, as Chief Operating Officer and President. Burget, like Harvey, would report directly to the board. CWF's headquarters in California, where Harvey and the majority of his team would be located, would manage strategy, network infrastructure and grantmaking, communications, and fundraising, as well as oversee evaluation.

The Spokes

The "spoke" organizations of the network represented two branches of network members: Regional Climate Foundations (RCFs) and Best Practice Network institutions (BPNs). They were to set priorities and help achieve targeted emissions reductions by region and sector. These independent organizations were linked to the central office by common purpose and the funding each received from it (see Figure 1).

Figure 1. CWF Organizational Chart



Located in China, Europe, India, Latin America, and the US, the RCFs would work to advance CWF goals in their regions through programs and grantmaking that would support research, technical assistance, policy, and "campaign-style advocacy."[23] CWF was their primary funder, though they could and were expected to raise funds themselves. The long-standing Energy Foundation and Energy Foundation China became the US and China RCFs, respectively. Two new RCFs joined the network early on: the newly minted European Climate Foundation (ECF) launched in early 2008; and the Shakti Sustainable Energy Foundation was founded in India in 2009, specifically to advance CWF's goals. A fifth RCF, the Latin America Regional Climate Initiative (LARCI), was established in 2012.

Design to Win:
A Game Plan

The BPN institutions were industry-specific organizations staffed with highly skilled technical and regulatory experts. Mainly US-based, the BPNs were to provide world-class technical expertise to in-country government agencies to develop emissions reduction policies by sector in the US, Europe, India, China, and Brazil. Many had been created and supported by Hal Harvey prior to CWF.

An additional network member, the Climate and Land Use Alliance (CLUA), which was launched in 2010, provided both RCF and BPN services on land and forestry-related issues in climate change. CLUA focused on forestry in Brazil, Mexico, Central America, and Indonesia, and on agriculture in the US.

A Network Management Council (Council) would oversee the operations of the networks, coordinate the work of RCFs and BPNs, and ensure that the overall network was inclusive of and responsive to the needs of members. The Council included CWF's CEO, president, director of global initiatives, and director of programs, as well as the heads of all the RCFs and BPNs.[24]

Building Out the Strategy

The Game Plan

Concurrent with building a global infrastructure, CWF refined and tightened the DTW program strategy. The result was a matrix of technically feasible emissions reductions by region and sector dubbed "the Sudoku" (see Figure 2). It served as the primary guide for the central office, RCFs, and BPNs on developing strategy, setting resource priorities, and understanding impact. The Sudoku was designed to point toward the areas likely to produce the greatest amount of carbon abatement (expressed in gigatons per region and sector) at the least cost. Success in each square would sum to 30 gigatons of averted carbon, enough to change the trend globally.

Figure 2. ClimateWorks Priority Action Sudoku

	Power	Industry	Buidlings	Transport	Forests	Total	Climate Policy
United States	1.7	0.6	0.9	0.8	0.2	4.2	*
Europe	0.8	0.5	0.6	0.3	0.2	2.4	*
China	3.5	3.2	0.6	0.4	0.3	8.0	*
India	1.3	0.9	0.2	0.1	0.1	2.6	*
Latin America	0.3	0.4	0.1	0.2	2.7	3.7	*
Rest of World	2.3	2.0	1.2	0.5	4.3	10.3	*
Total	9.9	7.6	3.6	2.3	7.8	312	*

Image courtesy of ClimateWorks Foundaiton Blueprint 3.0

Figures presented in gigatonnes (Gl) or billions of metric tons of CO_2e

Multiple Policy Targets through Network

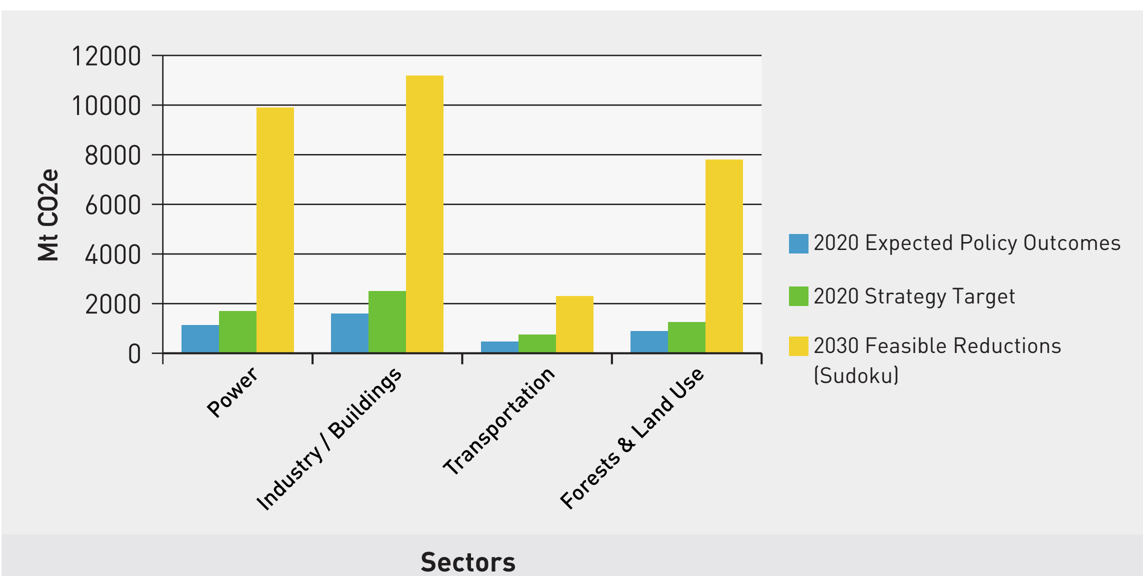
By the end of 2008, CWF had built and convened the regional networks of RCFs and BPNs, establishing a presence with policy targets in China, the US, Europe, India, and, by 2012, Latin America. CWF also engaged in two high-profile campaigns to advance carbon cutting policies in the US and globally.

Programmatic Targets and Achievements

Programmatically, CWF was making headway. Progress was made in every region and country with contributions from the RCFs and BPNs. For example, the US established new renewable energy and efficiency standards in multiple states and provided more fuel efficiency standards. China strengthened fuel efficiency standards and air quality standards impacting power plants and vehicle emissions. India also established appliance and industrial efficiency standards, and funded a transportation project in the city of Ahmedabad. In Europe, construction of 15 coal-fired power plants was stopped, and emission standards for appliances and new buildings were expanded.[25] The pre-reading materials summarize policy changes by country and sector and the millions of tons (Mt) of greenhouse gasses reduced or avoided (reported as CO2 equivalents or *CO2e*).

These cumulative policy achievements, *if and when* implemented and enforced, were projected to reduce GHG emissions equivalent to 4,100 million metric tons of carbon dioxide by 2020, or about 66 percent of the global, all sector goal CWF set for 2020 and 13 percent of what the Sudoku estimated was technically feasible by 2030, the 30 x 30 goal. Figure 3 shows the progress by sector.

Figure 3. Global - Comparison of CO2e Reductions (Mt) by Sector: 2020 Expected Policy Outcomes (as of 2013), 2020 Strategy Targets and Reductions Feasible by 2030



Data courtesy of ClimateWorks Foundation (provided July 21, 2014).
CO2e=CO2 equivalents. Mt=millions of tons.

Design to Win:
A Game Plan

Two High-Visibility Campaigns

In addition to the numerous policy initiatives led by the RCFs and BPNs, CWF participated in two advocacy campaigns, one backing an enforceable UN climate treaty and the other supporting a proposal in the US Senate to set a cap on carbon emissions.[26, 27] Both intended to establish overarching policies that would impact all sectors, and provide further leverage for the sector-specific efforts formulated by the Sudoku and the country-specific analyses that flowed from it. Relative to the in-country, sector-specific work these investments were small, but they had a higher profile.

Copenhagen Treaty

Attended by 193 countries and thousands of observers, including ClimateWorks, the December 2009 UN Climate Change Conference in Copenhagen was convened to finalize a binding international agreement on mitigating climate change.[28]

CWF invested approximately US$50 million to provide data, guidance, and technical support to advance an international agreement at the Copenhagen meeting. Staff met with senior officials of several countries and provided them detailed analyses of their sectors and ways in which those sectors could reduce their carbon footprint. They reasoned that the research could guide future climate mitigation action whatever the outcome of the negotiations.

The Copenhagen meeting ended without a comprehensive agreement. Although the loss was a disappointment to CWF and other global supporters, some stakeholders noted important points of progress. The sector-specific blueprints CWF developed for countries were valuable and would remain useful. Also, a non-binding agreement (representing the positions of Brazil, China, India, South Africa, and the United States) committed developed countries to raise US$30 billion in new money between 2010 and 2012 with a goal to raise US$100 billion per year by 2020, to help developing countries cut carbon emissions through mitigation.[29]

US 2009-2010 Cap-and-Trade Legislation

The American Clean Energy and Security Act of 2009 (ACES) proposed to establish a carbon emissions trading plan similar to the European Union Emission Trading Scheme. According to the World Resources Institute, by 2020 it would have reduced GHG emissions by 2,400 million metric tons.[30] This is equivalent to 57 percent of the 2030 Sudoku target for the United States of 4,200 million metric tons and would have made a significant contribution to the 2030 targets.

Known as the Waxman-Markey Bill, ACES was approved by the House of Representatives on June 26, 2009. However, in July 2010, after over a year of intensive work by numerous advocates, including the RCF for the US (Energy Foundation), the Senate chose not to advance its companion bill.

Many factors contributed to the bill's defeat. The global financial meltdown caused the US President and Congress and other global leaders to focus on the economy. The April 2010 BP oil spill in the Gulf of Mexico demanded a financial response from the federal government, which provided opponents and fence-sitters with a face-saving reason not to support the climate change legislation. Opponents of the bill raised sufficient questions about its economic impacts to neutralize the advocates. A final reason suggested by Harvard sociologist Theda Skocpol, as well as some interviewees, was that the effort did not have sufficient broad-based, community support.[31]

Fundraising Targets and Achievements

The *Design to Win* document had suggested that an additional US$3 billion (US$600 million per year over 5 years) in philanthropic funds was needed to help meet the 30 x 30 goal. This figure set a mark for money, just as the Sudoku set one for tons of carbon. CWF, however, achieved about one-third of this level of funding. From a little over US$118 million in 2008, CWF's revenues increased to nearly US$220 million in 2012, primarily because of increased funding from Hewlett and Packard. While the regional climate foundations were receiving outside funding, CWF did not get the influx of new funding it had anticipated.

CWF High-Level Expenditures

CWF's budget rose along with its revenues from a US$80 million budget in 2008 to a US$172 million budget in 2012. The percentage of funds dedicated to programming ranged between 89 percent (2011) and 92 percent (2008 and 2012). Funds were distributed across the main target regions as well as Indonesia (for forestry work) and globally for work on international (versus country-specific) policies. The US received 33 percent of the funding followed by China (24 percent), global (19 percent), and Europe (12 percent). India and Latin America each received 5 percent of the funds.

According to CWF's IRS 990 forms, compensation for the three senior management positions—Chief Executive Officer, Chief Operations Officer/President, and Chief Financial Officer—ranged from US$335,936 to U$1,587,418 between 2008 and 2012. Of the US$68.9 million spent on consultants between 2008 and 2012, 88 percent were program related. McKinsey & Company received 70 percent of the program-related funds (US$42.4 million), most of which was for "work to develop a deep analysis of the carbon abatement opportunities of the largest economies in the world as part of ClimateWorks' global initiatives and research programs." (See endnotes and supplemental materials for further details.) [32]

"People are much more likely to act their way into a new way of thinking, than think their way into a new way of acting." — RICHARD PASCALE

Deliberate Leadership and Wicked Problems

Having described the evolution of CWF and its approach to climate change, the case study now examines the structure and history of CWF through the lens of Wicked Problems, using the Deliberate Leadership framework. The concept of Wicked Problems emerged from the field of urban planning in the early 1970s when Berkeley professors Horst W.J. Rittel and Melvin Webber sought to describe "wickedly" complex social problems. It is now used widely by business leaders, particularly in the development field. Wicked Problems are large, messy, complex, and systemic, and include many of the most challenging issues we face today, from global issues of poverty and climate change to local issues of failing education systems and lack of financial security and stability. There are no easy solutions to Wicked Problems, and though enormous progress can be made in alleviating them, they will remain with us.

Some scholars distinguish between Critical, Tame, and Wicked Problems. The first are urgent and require command-and-control leadership (the house is on fire). The second are technical and have been solved many times before and require technical expertise (the road must be built). The third are always being approached for the first time, and require adaptive leadership.

Deliberate Leadership is a response to the challenges posed by Wicked Problems. It is a framework for leaders to use in tackling problems with no easy or consensus solutions. Each characteristic of Deliberate Leadership is based on proven business and social sector theory and practice. They are recognized leadership strategies used in creating lasting positive change within companies and organizations and in the lives of people most affected by the consequences of Wicked Problems.

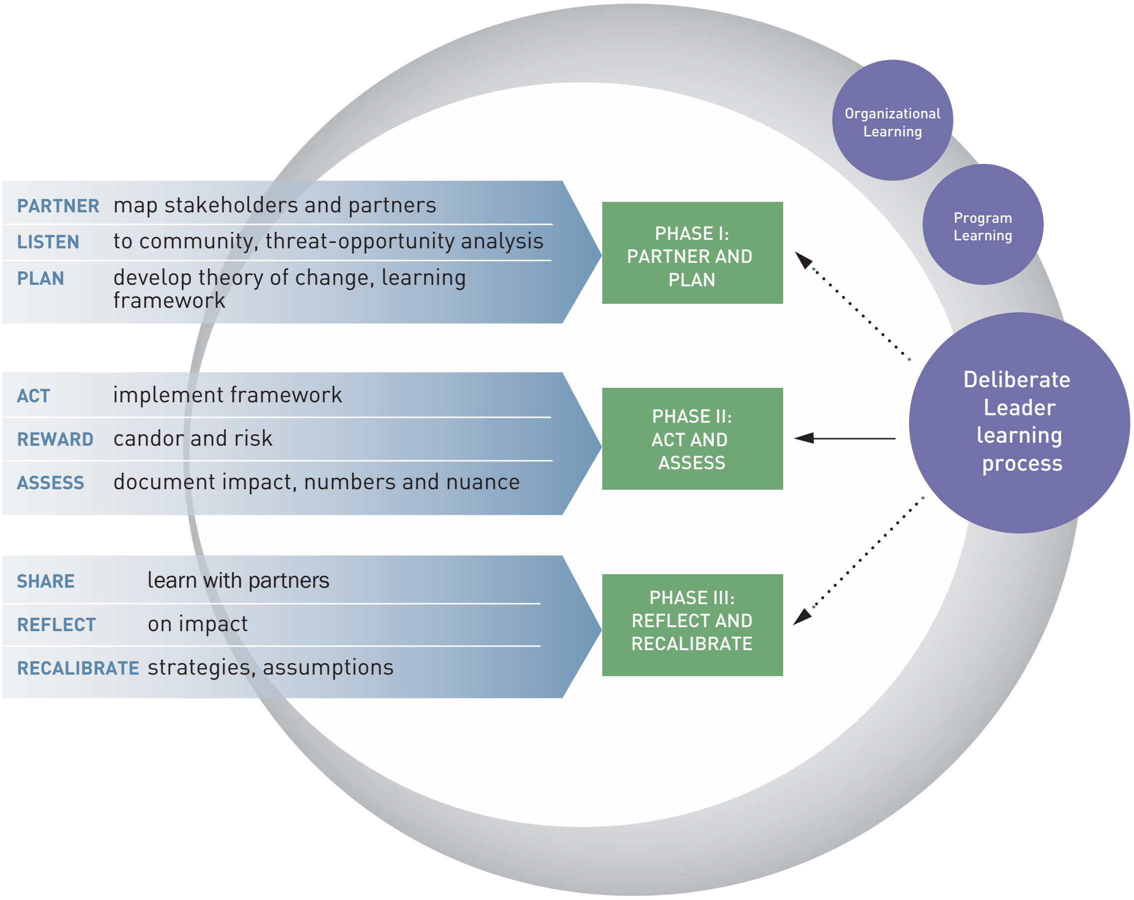
Deliberate Leadership and Wicked Problems

The seven core characteristics (the 7Cs) of Deliberate Leaders are those that institutions, and individuals in those institutions, must consistently display to demonstrate flexibility and maximize learning:

- **Courage**—to embrace risk and live with the ambiguity. Deliberate Leaders recognize that simple solutions are insufficient to address complex challenges. They also realize that risk is inherent to Wicked Problems: solutions must be tried, tested, and allowed to evolve.
- **Collaboration**—to seek out and listen to divergent viewpoints. Deliberate Leaders recognize that building collaborative solutions may be slow and uncomfortable but essential to understanding options, gaining new knowledge, and building powerful solutions.
- **Community**—to build solutions together from the ground up. Deliberate Leaders recognize that answers to tough issues may already reside in Positive Deviants. They seek uncommon answers to difficult situations and put people at the center of decision making.
- **Candor**—to speak and hear the truth about what is working and what isn't. Deliberate Leaders embrace failure and success equally—internally and among partners—to manage risk and allow for recalibration and innovation.
- **Creativity**—to imagine a new future and move beyond the constraints of the past. Deliberate Leaders look for "big ideas" and evolving practices through scenarios that envision a different future.
- **Capital**—to examine how financial and non-financial resources are invested and impact is analyzed.
- **Compassion**—to understand how empathy and partnership, not ego, impact the power dynamics within and surrounding an organization.

The seven characteristics of Deliberate Leadership apply equally across all three phases of the process by which organizations learn and adapt in order to deal successfully with Wicked Problems. Organizational learning is important at both the programmatic and the operational levels; the evaluation process must apply to both. The three phases of organizational learning and change are: Phase I—Partner and plan; Phase II—Act and assess; and, Phase III—Reflect and recalibrate (see Figure 4).

Figure 4. Deliberate Leader Learning Process



Lessons in Leadership

In this case study, pfc uses the Wicked Problem and Deliberate Leadership frame to examine the perspectives of several CWF 1.0 former staff, funders, and interviewees as they recounted their perceptions of CWF's successes, challenges, and lessons learned. This analysis yields insights into how Deliberate Leaders can and should embrace the seemingly small or soft considerations that can get in the way of positive impact: values and beliefs; organizational development and culture; clarity and communications about roles and expectations; accepting and celebrating risk and failure; alignment between funder and intermediary; and, ultimately, deep recalibration based on knowledge and lessons learned.

Featured perspectives include:

- **Case Analysis 1:** Mark Burget, former CWF COO, reflects on the importance of organizational development and investing in building strong program and operations.
- **Case Analysis 2:** Walter Hewlett, Hewlett Foundation co-founder and former board chair, adds his perspective on risk, failure, and funder collaboration.
- **Case Analysis 3:** Kate Wolford, President of The McKnight Foundation, discusses the importance of embracing diverse perspectives to enable ownership and co-creation. This section also includes the anonymous voices of in-country partners regarding the need to ensure that strategy include an understanding of cultural context.
- **Case Analysis 4:** Hal Harvey, former CEO of CWF, shares his observations on alignment between funder and intermediary in the context of successes, challenges, and lessons learned.
- **Case Analysis 5:** Carol Larson and Larry Kramer, presidents of the Packard and Hewlett foundations, respectively, offer their viewpoints on the importance of robust evaluation as part of their organizational DNA and the role recalibration—retooling—plays based on lessons learned from CWF 1.0.
- **Case Analysis 6:** Several interviewees share their insights on the questions, "what kind of problem was climate change?" and ultimately, "how did the definition of the problem also define and influence the culture, program, and operations of CWF?"

The story of CWF 1.0 is very complex and offers rich learning experiences, and its content is well beyond the scope of a single case study. Therefore, we offer several case analyses featuring particularly relevant elements of the Deliberate Leadership framework. Each case analysis poses questions for students and the broader field of social investing to help answer the question, *What would you do given the circumstances?*

"Seven percent of people know how to think well about organizations; 93 percent don't even get the value of thinking that way."
— LARRY LINDEN, FORMER GENERAL PARTNER AND MANAGING DIRECTOR, GOLDMAN SACHS

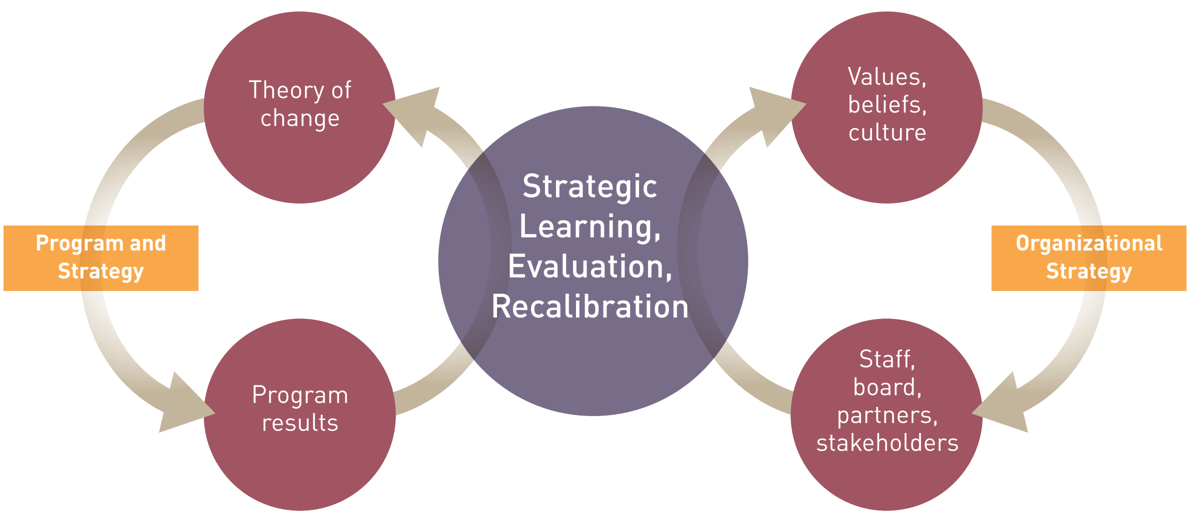
Deliberate Leadership and Wicked Problems

Case Analysis 1: Organizational Strategy as a Priority

Bill Aulet, expanding on an observation often attributed to management guru Peter Drucker, has stated that "culture eats strategy for breakfast, technology for lunch, and products for dinner, and soon thereafter everything else too."[33] Whether because *what* is more exciting than *how*, or because leaders who excel at the first aren't always skilled in the second, building and sustaining an organization whose culture is to be trusted, open, and adaptive often gets short shrift. As Mark Burget, former President and COO of ClimateWorks Foundation, reflects on the lessons of CWF 1.0, he offers key insights for the field about the importance of putting as much effort into organization building as one does into building out a strategy.

As illustrated in Figure 5, Deliberate Leaders give equal weight to developing both organization and program recognizing that even the smartest strategy needs an effective organization to implement it. More important, in dealing with Wicked Problems, the organizational infrastructure should mirror program and align with the values, culture, and beliefs of the institution. Success when there are no known answers requires a learning organization, a team with a culture of collaboration, and openness to discussing risk and failure.

Figure 5. Balancing Operational and Program Strategy



There should also be trust and open communication within the organization and with stakeholders outside the organization. Because no one has the "right" answer to Wicked Problems, the organization must move toward better answers by learning together from what isn't working. For that reason, a culture of collaboration and openness, where it is safe and encouraged to talk about challenges, creates a greater likelihood of success.

Just as important, a healthy organization with a culture of collaboration and trust can weather the setbacks that are inevitable in tackling Wicked Problems. Failure is more likely than not when addressing the world's most complex challenges and should be taken not as failure but as an opportunity to learn. Organizations taking on high-risk ventures need the adaptability and resilience to ride out and even relish the challenges.

The Hewlett Foundation, one of the major funders of CWF, understands the need to accept this uncertainty and incorporate it into its culture. In its statement of values, Hewlett says, "The solutions to serious problems are seldom known with anything close to certainty. The Foundation must therefore be prepared to experiment and take risks in its grantmaking. This… requires setting clear objectives and creating ways to measure success whenever possible… [It] also requires a willingness to acknowledge and learn from failure."[34]

Organizational Development Is as Important as Strategy

CWF was designed to operate through two global networks—one of regional re-granting partners in the US, Europe, China, Latin America, and India; and the other technical experts organized by sectors such as transportation and power—and run by a small executive staff. But its board soon saw a need for a stronger operational side.

Burget was hired because he was a seasoned manager with significant global experience. The board and funders felt he was a good complement to CWF's visionary CEO. Before joining CWF, Burget had been The Nature Conservancy's Chief Conservation Program Officer, overseeing country programs in North America, Latin America, Africa, Australia, and the Asia-Pacific region. (Today, Burget has returned to The Nature Conservancy where he serves as Executive Vice President and North America Managing Director.) Trusted by the CWF board and the CEO Hal Harvey, Burget was known for his skill and thoughtfulness. As with many entrepreneurs, including the Hewlett and Packard foundation founders, Burget and Harvey were close family friends. He joined CWF because "I could think of no better partners. The policy goals were reasonable. Although it would be highly risky, the foundations believed in that."

Organizational needs, however, were not as clearly thought through. Burget explains, "To take on an issue as big as climate change, you need both a substantive strategy and an organizational strategy, and both have to be well thought out, well designed, and well managed. People in the nonprofit sector often think a brilliant issue strategy is all you need. We had a gigantic mission, a complex organization, nervous donors, and nervous partners. No one on the CWF management team had experience building big complex organizations."

Governance, Expectations, and Lines of Accountability

Burget believes that "the fundamental strategy was right" but that "what needed to be addressed was the governance structure." The foundations that invested in CWF made a courageous investment, but they had an unclear governance role. When the stock market dropped precipitously in 2008, key policy initiatives did not go as planned, and other funding for CWF did not materialize, some funders became nervous about the scale of their investment. But because they had no role in decision making, their primary leverage was in the next round of funding. Burget recalls that "there were communications strategies addressed to those boards; we mapped out tons of emissions savings at meetings of those boards, but if you looked at the trajectories overall . . . we were still on track to toast the planet, so it wasn't satisfying."

Burget notes that CWF was born out of three family foundations, and that "Foundations have all the complexity of other organizations, but they lack market accountability." They have issues such as concern with their legacy, what they are trying to achieve, and the dynamics between family and outside board members. The three foundations that funded CWF had made an unprecedented commitment that involved letting go of a big chunk of their assets right before the economic crash. Under these circumstances, says Burget, intense pressure "resonated through the entire CWF organization."

Burget suggests that foundation donors should be fully aware of their governance requirements when they make big bets. The donors, as the mission statement of the Hewlett Foundation indicates, consciously embraced a high level of risk and uncertainty in the expectation of learning from the outcome, whatever it might be. However, as Walter Hewlett notes, not all the funders were equally comfortable with their lack of control of CWF.

Formally, governance resided with the CWF board, which consisted of high-profile and well-connected experts and focused externally rather than on traditional issues of governance. When internal management issues arose, "it would have been helpful for the board to take more ownership," says Burget. Another interviewee notes that there were no job descriptions for the board and that the time commitment these busy people were expected to make was never explicit. Pam Matson, a current board member who joined the CWF board in 2011 concurs, "There was no clear definition of what a board member should be, or clear expectations about the board's role. There was such a start-up mentality with a very strong leader, and the board was trying to support the launch much more than the ongoing management." Former board member Chad Holliday noted that on one occasion, "Management didn't really want the board overseeing them very much. CWF senior management would come in with final plans that they were all ready to go to work on 15 minutes after we approved them. This made it very hard to say no; there was a great pressure to say yes."

The Value of Simple

Burget recalls, "We built an organization that was more complex than it needed to be from the beginning. We had an organizational matrix for BPNs and regional foundations. We could have put all the experts at existing BPNs. We thought we had to do it ourselves and it takes a lot of work to start something new—we did that with 10 new organizations." He reflects that more time was needed to get all these new entities to jell—"You had to give it a little time; but it was too complex organizationally—did we need a different organization for each of these technical areas? Why not create just one?"

Ensuring the right set of skills and cultural competence for four widely different geopolitical regions was also a challenge to the new organization. The re-granting partner in the US, the Energy Foundation, was well established and respected in its region, as was its East Asian analogue, Energy Foundation China. The European Climate Foundation was a newer entity, but it quickly came up to speed because the elements were largely in place and the culture was receptive. "There are big European funders, and a society that is used to this kind of philanthropy, political engagement, etc.," says Burget. As a result, "the ECF was pretty impressive; it has great leadership, they understand the politics; I sat on that board watching it unfold, and I thought it was pretty good."

South Asia, where CWF decided to build a new organization from the ground up, was more challenging. Burget adds, "Globally, India was more complicated by how it thinks about its relationship to the outside world, its feeling about outsiders, and its colonial history. The idea was to build an organization, Shakti, that was solidly rooted in India that would understand the social context and the political context, just as the Energy Foundation does here in the US and Energy Foundation China does that there; the model was there. It takes a while to do that, but it was a pretty impressive board in India pretty quickly. It takes a while to build up leadership; in India it takes a long time."

The Time It Takes to Build a Team

The five-year window CWF was given, whether by its funders or self-imposed, made organization-building extraordinarily challenging. Burget is unsure why CWF's founders underestimated the amount of time needed to address organizational issues. He speculates that people were less interested in organizational complexity than in the issues. "Not many people think it's fun to think about organizational complexity. All the work it takes to build an organization that's enduring, no one likes to think about it, even though they know they should." However, it takes an enormous amount of work to create a healthy, adaptive organization. Establishing a culture of openness and resilience for a new organization where staff are working extremely hard and lack a certain level of organizational maturity is very important, especially in the face of challenges.

One big, time-consuming organizational challenge was to get the two networks—the RCFs and the BPNs—to function as a team. In part, conflicts were structured into the organization. "There was competition between the BPNs and the regional foundations for money. The Management Council never created a partnership," he recalls. "Perhaps it is impossible for people to avoid coming to the table in a totally unselfish way—you need to hold in your head the individual and the community at the same time; for many of us there are tensions there; ditto for an organization and network."

But, he thinks, "One of the important elements of an effective team is to have a shared outcome you all embrace." Understanding that that spirit of collaboration would not happen automatically, Burget asked the two networks to develop strategies jointly—a regional funder and a best practices group would develop a project together and propose it to CWF for funding. By other accounts, that approach was having some success in building the spirit of collaboration and trust. However, it took three or four years for those networks to learn to work together. By then, CWF had elected to reduce its commitment to the BPNs and merely draw on technical expertise on an ad hoc basis, greatly simplifying the structure of CWF and eliminating that set of conflicts.

The BPN/RCF misalignment was described by 15 interviewees and viewed as both a structural flaw and a management challenge. Most significant was the lack of a common understanding of purpose. Johannes Meier, CEO of the European Climate Foundation, sums up, "The idea of the BPNs and RCFs was great, and where the RCFs and BPNs were confident in their own work and credentials, then they worked well as independent units. However, in terms of cross-network learning among or between BPNs or RCFs, there was little sharing or learning. There were no protocols for doing so, no shared goals, common language, etc. except for the Sudoku."

Hire People You Don't Know with Skills You Don't Know You Need

When on a mission, everyone is tempted to enlist fellow travelers. In its attempt to stay lean and efficient and hit the ground running, CWF turned to an inner circle of substance experts. It did not recruit adequate staff or board members who could support the organization's development needs. While a sense of closeness and shared mission are strengths, too much closeness deprives an organization of different voices and different ideas. In retrospect, says Burget, "Earlier in the process, we should have had more outsiders coming in, in the design of the process, and in hiring. . . when I hire people, I always am tempted to go with the people I know, but I say, 'Wait a minute, make yourself uncomfortable with people you don't know.'"

Brent Harris, formerly Vice President and Chief of Staff at ClimateWorks, also notes the value of diverse colleagues, "The engineering paradigm of the DTW/CWF strategy was reflected in the staffing, and thus reflected in its implementation. Management could speak engineer, but they also needed to speak fluently in politics and social change in several different languages and cultures." The staffing monoculture and focus on technical expertise was a common theme among interviewees.

Particularly in creating an organization to deal with a Wicked Problem, a variety of perspectives, skill sets, and experiences are essential. Solutions may come from anywhere, including from the affected community. Ensuring that diverse perspectives, backgrounds, and skill sets are part of the conversation strengthens the organization's ability to learn and adapt.

Integrity: Key to Organizational Health

Burget notes that "you have to be cognizant in building your team, whether board, staff, whatever, of whether relationships will impede clear thinking." For CWF, when internal management issues were affecting the health of the organization, "We should have had better mechanisms in place for elevating them."

Furthermore, in its haste to get up and running, CWF didn't always keep an eye on formal processes and accountability. In retrospect, Burget reflects, he would emphasize "the importance of integrity and character in leading; when questions came up very early on about how we were managing [CWF], I wish I'd known how crucial it was to send a message of impeccable character." While the financial integrity of CWF was not in question, Burget explained, "We did things organizationally that didn't inspire confidence…" Formal and informal reporting relationships among staff were in conflict, and staff skills tended more toward the technical and analytical than to deep management experience. Funders felt they were getting an overly rosy picture. "If you have a funder devoting that much money and faith in that institution, you have to run it impeccably; we didn't do that." Internal accountability systems were not strong enough: "We did have evaluators, they did understand what the problems were, but they may not have had the courage they needed to have to raise them adequately."

Several interviewees who asked not to be identified agree with Burget about the lack of attention to organizational development. Hal Harvey also believes that a greater investment should have been made to this area. Interviewees added that CWF didn't offer a safe place for dissent. People worked very hard, put in long hours, and believed in the mission of the organization. However, differences of opinion were not welcome.

Despite the challenges, Burget reflects that he is proud of what was accomplished: "We got a lot done; we made progress and increased the interaction of grantmaking institutions and expert institutions. I don't think the fundamental idea, strategy, or structure was wrong."

Roles and Skills of Leaders

Twenty-six interviewees spoke about leadership and the importance of balancing inspirational leadership with management leadership. Former Packard board member Lynn Orr captures the insights offered by other interviewees, "Organizations start with visionary leaders; without them nothing would have happened. However, it is often true that the visionaries are not the right ones to handle the nitty-gritty of getting it to happen." The interviewees recognize Hal Harvey's ability to communicate and market ideas, to inspire people to believe in the message, and to employ his deep knowledge of the field. At the same time, interviewees recognize the CEO had blind spots managing the organization, which had negative consequences for CWF. After Harvey and Burget departed in 2012, CWF hired another CEO who left within a few months. Charlotte Pera, a former Energy Foundation staff member, is the current CEO.

Finding the right balance of skills and the right leader—a visionary *and* a strong manager—is a challenge for many organizations. CWF 1.0 was no exception.

Questions for the Field

- When building an organization to create immediate impact, how do you balance the need for action with the need for organizational structure?
- What is the optimal governance model for an intermediary organization with multiple funders? What is the relationship between the intermediary's senior management, its board of directors, and the funders?
- How do you avoid unnecessary complexity and face internal and external challenges with integrity and resilience?

> "The greatest success goes to the person who is not afraid to fail in front of even the largest audience." — DAVID PACKARD

Deliberate Leadership and Wicked Problems

Case Analysis 2: Courage to Embrace Risk, Threats, and Failure

Forward-facing businesses understand that innovation entails embracing risk and the possibility of failure. Embracing risk and talking about failure openly and honestly are lessons that philanthropy can learn from business in order to better address the greatest challenges of today and tomorrow. This paradigm shift is key to Deliberate Leadership. The Wicked Problems that philanthropy seeks to address are by definition high risk and pose many unknowns, and funders trying to address them are more likely to fail than they are to succeed. In that context, having the courage to try and publicly fail *is* success.

Figure 6 below illustrates how, as part of the process of Partnering and Planning in Phase 1 of Deliberate Leadership, leaders assess the risks they can foresee as shown inside the cycle of planning. They also know that they will not be able to anticipate everything, that there will be unforeseen risks and also unforeseen opportunities, depicted outside the cycle of planning.

Figure 6. Deliberate Leadership Threats Analysis

Techniques such as threats analysis or scenario planning—taking time to think through a number of alternative outcomes or "what-ifs"—may better prepare an organization to adjust when threats materialize. Talking openly about what may *not* work, both internally and with stakeholders and partners (including funders and grantees, or investors and entrepreneurs), is just as important as selling a vision of success.

As the son of William Hewlett, co-founder of the Hewlett-Packard Company, Walter Hewlett understands that entrepreneurs must take risks and that the greater the risk, the greater the possible rewards. Innovation comes out of an ongoing process of testing, discovering, and redesign. At the same time, he knows that embracing risk poses the possibility of failure.

As the former chair of the William and Flora Hewlett Foundation's board, Hewlett sees that the analogy of entrepreneurial risk also applies to philanthropy. Risk was part of the calculus when the Hewlett Foundation placed a big bet on establishing the ClimateWorks Foundation. Looking back at that investment, Walter Hewlett reflects on the nature of risk and the kinds of risks that were involved when the foundation decided to back CWF and to stick with it when failures occurred.

Risk of Doing Nothing

The risk that motivated the Hewlett board was fear of the consequences if no one acted to mitigate climate change. Hewlett explains, "I think the feeling of the board was the risk of what would happen to the world if nothing were done. It wasn't the risk of success or failure. We felt something needed to be done. The decision and our conversations were based on a moment in time, an inflection point. We didn't think that if we didn't do something somebody else would, so we could sit back and wait to see what others would do. We felt that something dramatic really needed to be done and that *Design to Win* offered that possibility."

Risk that Funders May Not Join

The funding plan for CWF envisioned seed funding from a few foundations that would be matched and expanded by a second round of funders. There was a risk that the nature of philanthropy was not to collaborate to that extent. Hewlett foresaw the risk that other funders would not join in meeting the fundraising goals for CWF. He explains, "Certainly we knew there was risk involved. The plan Hal Harvey presented was that if we could get funding up to $600 million a year we could dramatically change the direction in which things were going. We would each [the Hewlett and Packard foundations] put up $100 million each year. If we got it started other money would come in. I was skeptical. You might in hindsight say that was an unrealistic expectation."

Ultimately, The McKnight Foundation joined the Hewlett and Packard foundations' investment. However, as Hewlett had predicted, "Others did not join us. Foundations wanted to do their own thing. When it became clear that was what would happen CWF scaled back expectations, explaining that a lot can be done and this problem is too important to not do anything. It was a big enough slug of money that we would at least be on the map."

Hewlett and his board agreed that this was a powerful argument to go forward.

Risk of an Open-Ended Problem

The resolution of a Wicked Problem cannot be scheduled. Another risk that emerged involved different expectations among board members about the length of the commitment to CWF. Hewlett explains, "There were some differences among board members about how long it would take. Some board members were a little irritated when we agreed to do this and we didn't have a wind-down strategy." Hewlett's view was that more patience was required.

He drew on his experience growing up around his father and co-Hewlett-Packard founder David Packard: "I learned from David Packard and my father that you always need a three-year plan but nobody thinks it's three years—every couple of years you need a new plan. And that's kind of what ended up happening. Various voices on the board said, we were locked into this, so what comes next . . . . There were other board members who were skeptical of this approach. But I think we knew it was important and we would otherwise be condemning our grandchildren to a much worse world. But I know people come to boards with different experiences and they think about this differently."

Invest in Entrepreneurs When Placing Big Bets

Hewlett viewed funding to CWF as venture capital, where you face a high risk in the hope of a high return. Approving support to CWF, he explains, was like supporting an entrepreneur. "Leaders who are entrepreneurs come to a venture capitalist saying 'give me the money to start this thing.' If you look at an entrepreneur's strengths and weaknesses, they are more about seeing the big picture rather than building good connections. It is so easy in a big problem like this to get lost in the details. And it wasn't just that Hal Harvey said those things; he also had a plan. That's extraordinary."

The high return Hewlett hoped for was nothing less than averting the consequence of climate change: "I personally thought, and I still think, that the evidence will keep piling up year after year, and people will be saying 'yes we have to do something.' It's becoming more and more obvious all the time. I for one felt that would happen, but the issue was getting a head start and trying to set things on a different track so that in the end we would end up in a different place . . . I think that CWF has brought a level of international coordination and cooperation among funders that would not have been there otherwise. It may not have been very large, but I think that does make a difference . . . I think even without the sense of coordination with those people who didn't join us or haven't joined us yet, there was a 'there' there that has made a difference. It has positioned us to take on our adversaries in a more coordinated way, and I think that is important."

Failure and Adaptation

When asked whether the funders undertook scenario planning or anticipated "what ifs," Hewlett explains, "We just didn't think this way. I suppose if we'd tried to look around corners we might have come up with some of this, but people don't . . . When Hal came to us and said we're going to launch all these new organizations, we didn't ask, 'How are you going to do that?' That's part of our evolution—things we didn't so much think about. Entrepreneurial is very important. People say 'let's go this far and then we'll see where we are.'"

As Hewlett reflects on the experience, "CWF sees its role in the culture of the problem in a different way than it did when it started. That is to be expected. That is what happens with successful companies that get started. If they are going to stay successful, they change, see that their initial success was accidental but by changing and modifying what they do they continue to succeed."

He continues, "I want to make one point clear. If we had tried to start CWF with the strategy and approach we have now, I don't think we would have gotten some of the things done [that we did]. We needed a vision that early entrepreneurs have that drives things forward. . . . We are always in a state of learning and transition. It is not a well-oiled machine. We are a different foundation than we were 10 or 20 years ago and in another 20 years we will be different again. We have some cultural values that guide us."

In retrospect, Hewlett says, "We didn't get other funding, and even collaborating with Packard we had to make certain concessions. But we gained from that. They were interested in forests and that turned out to be 18 percent of the problem. Nobody sees 100 percent of the problem, so if others come in with a different perspective you can gain from that. But I think that affected the governance and the way the board was structured; no funder wants to hook their car onto someone else's train. The way CWF is structured, I hope people won't see it as one train but tracks running parallel—or a cavalry charge. Some of us suspected that would be the case, now we know it is. That is one of the major challenges the climate community has to face; the opposition is unified. Philanthropists like to have control. Do analysis. See what they are getting for their buck. It is complicated. I would say that is something some of us suspected and now we all know."

Hewlett offers a final thought, possibly a risk for the field: "At this point it is so hard to get funders together. In the case of climate change, the problem is so big, the opposition is so well organized, the consequences of doing the wrong things are so severe, there's a need to coordinate. But in general, we don't do that. On the other issues, we talk to other foundations, but it is just too much work to try to get them coordinated. In my opinion it is just the nature of philanthropy."

Other Views on Scenario Planning and What-Ifs

Like Hewlett, 11 interviewees mentioned the lack of scenario planning and imagining of other outcomes as a major weakness of CWF. Some note that the failure to explore other strategies beyond policy change in the *Design to Win* phase or in the early days of CWF indicated "either an institutional bias toward one solution or a sense of critical urgency that did not leave room for planning." There were also no alternatives to the Sudoku.

Regardless of why, the planning did not consider non-policy strategies or alternative outcomes. One interviewee says, "The Copenhagen and cap-and-trade losses revealed how poorly equipped CWF and other players, such as EDF and NRDC, were to reflect and course adjust. It took two years to regain [the climate community's] balance after those losses." Another points out, "CWF did not think through or develop different scenarios or alternative pathways. Unlike the private sector, it never considered or saw the rise of fracking and an abundance of natural gas and thus was extraordinarily slow in adjusting to it. Neither did it ask 'what if' around other emerging issues and technologies and how it would consider or accommodate such emergent events."

In mentioning this now obvious void, many interviewees acknowledge that in 2007 and 2008 there was high shared confidence that the political climate was ripe for change and the opportunity window for policy change was wide open. There seemed to be no reason to consider other scenarios. One interviewee notes, "DTW was designed in a time of great optimism about global policy-making, national politics, and the global economy. It and CWF were birthed when policy change appeared to be the *(emphasis added)* lever for change at scale." Hewlett President Larry Kramer agrees: "I cannot imagine what other scenarios could have been considered; policy was clearly the strategy to ride." Nonetheless, former CWF board member (and current Chairman of Shell) Chad Holliday notes, "[In the corporate world] We put at least half of our risk analysis into political and social risks, because that's what gets you, not the engineering risks."

Furthermore, the DTW effort was undertaken because in the mid-2000s there were too many options and plans being pursued. The DTW and CWF funders recognized the importance of focus; they chose policy. They chose the Sudoku.

The challenge is how to ensure focus and not spread resources and effort too thinly, while also keeping a portfolio of other approaches in the wings. (The risk of bypassing scenario planning might also be compounded if at the same time the organization under-emphasizes ongoing evaluation, as CWF did.) Interviewees suggest that "the pendulum may have swung too far from too little focus to too much focus, or perhaps too little willingness to change as needed." Regardless, if you have never asked yourself what you would do if your strategy failed or your world changed dramatically, you may have trouble recalibrating.

Questions for the Field

- How should leaders embrace risk and create a culture that allows failure and openly discusses threats?
- What are the obstacles in creating pooled resources in an intermediary like CWF? Is collaboration a problem for the field?
- How can philanthropy encourage candor and, like the entrepreneurs Bill Hewlett and David Packard, celebrate failure as a natural step to innovation?

"Groups that are too much alike find it harder to keep learning, because each member is bringing less and less new information to the table."
— JAMES SUROWIECKI, THE WISDOM OF CROWDS

Deliberate Leadership and Wicked Problems

Case Analysis 3: Build Strong Community through Diverse Collaboration

In this section the nature of collaboration with partners both at grassroots and funder levels is explored through the lens of the CWF experience. Successful collaborations require listening and co-creating with diverse partners. Building relationships with community is explored first, followed by partnerships with funder stakeholders.

When foundations take a command-and-control or technocratic approach to dealing with humanity's most complex challenges, they often fail. This is not surprising—such approaches tend to be biased toward one kind of knowledge, and begin by consulting with a circle of experts. However, as two scholars of leadership, Ron Heifetz and Donald Laurie, said in a path breaking article in *Harvard Business Review* in 2001, "Solutions to adaptive challenges reside not in the executive suite but in the collective intelligence of employees at all levels."[35] Building that collective intelligence, in the context of solving complex problems internationally, requires the ability to form partnerships and accommodate diverse perspectives in designing and implementing strategy, and to learn from results.

Moreover, a funder who commands or operates as a technocratic expert is less likely to listen to the perspective of the affected community. Yet they too make an important contribution to understanding complex problems and often provide unexpected solutions.

Partnership is a key tenet of Deliberate Leadership, and those partnerships should include diverse kinds of knowledge and perspectives, both from within the organization and from external partners. This is the only way to ensure that what Heifetz and Laurie called "collective intelligence" is being deployed to solve problems to which there is no "right" answer. CWF 1.0 was widely acknowledged to be a brilliantly conceived and planned first cut at altering the trajectory of global climate change. But it was designed primarily by corporate consultants, and the employees who would implement the plan had very similar backgrounds and training.

Below, community-based partners reflect on how their collaboration with CWF 1.0 was and was not open to their perspective. Interviewees asked not to be identified, so quotes are not attributed. Kate Wolford, President of The McKnight Foundation, a funder-peer and investor in the climate issue, offers reflection on her experience working with CWF.

Community Partners

The voice of the affected community may too easily be lost in a strategy that prioritizes expertise, yet their insights can be critical in dealing with complex problems. Figure 7 on the following page serves to illustrate how mapping existing organizations working in a particular area can be helpful to funders launching a new program or revising an existing one. By creating a model of the ecosystem of organizations around a particular issue, the funder can understand who else is working in the same space, identify potential allies, and anticipate political or economic challenges that might arise. Even if a map does not completely represent every stakeholder around the issue, by creating or visualizing such a chart funders can think expansively about the context in which their work occurs. Mapping this constellation of organizations helps a new entrant visualize potential partners and helps a funder understand the landscape in which it will operate. The organizations included—corporations, international NGOs, multilateral agencies, local funders, and international foundations—create a context of work relating to the issue being addressed that also identifies potential but unusual advocates and allies. To illustrate the interconnectedness of issues, in this chart we have also grouped the organizations into eight categories drawn from the UN Human Security Frame. These include the basic needs of the world's most vulnerable for food, physical security, education, health, economic security, political safety, environmental safety, and a healthy community.

Figure 7: Deliberate Leader Ecosystem

Deliberate Leaders remember that community-based stakeholders can strengthen solutions to climate change. By building partnerships of respect and collaboration with local voices, philanthropy gains the insights needed to respond effectively to Wicked Problems and minimize the unintended consequences that sometimes result from interventions.

Heifetz urges leaders to give voice to the powerless and listen to people who are not power brokers but who are "positive deviants."[36] Those are the people within every organization, community, and society who do things a little differently, innovate quietly, and discover unexpected solutions. Their suggestions and strategies can drive the response to a Wicked Problem in unexpected, more creative, and more successful directions. In the voices of stakeholders reflecting on ClimateWorks 1.0, we find instances where leadership did and did not hear, protect, and learn from the in-country community. Unlike interviewees who were willing to be quoted, the interviewees in this section chose to remain anonymous for fear of jeopardizing their relationships with funders.

Listen

In many ways, CWF and its regional foundations were welcome new partners for emerging country NGOs like those in India and Brazil. Recalls an interviewee based in India, "In 2009-10 there was a need for an independent funder/policy think tank that brought a different perspective into policy thinking. CWF and Shakti brought that independent perspective. It was a breath of fresh air."

However, as CWF built out its network of five regional funding partners, stakeholders in India, Brazil, and China also recall that the important voices of those on the ground were not always heard.

One participant felt that India was at a crossroads on energy and that "It's the right time to create a healthy policy which will bring in all the stakeholders." But he had observed that stakeholders did not always feel CWF and its Indian affiliate Shakti valued their perspective or listened to them: "Depending on who represents Shakti, they [staff] meet with people but they don't listen to them." This was not the kind of leadership that builds collaboration and trust, according to that partner: "I might disagree with you, but you shouldn't feel that I am ignoring you. That's what is happening in some cases, and in a sector like this that is very small, Shakti needs to be more open."

Local Knowledge, Local Context

As often happens when developed-nation philanthropy enters a new context with its plan and strategy already in place, a power imbalance was embedded in the organizational culture. According to one on-the-ground ally in India, "[CWF] didn't connect with India partners and organizations on the ground on program design and implementation." As a result, they weren't speaking a language that resonated there: "Initially the mandate and benefits were couched only in terms of carbon abatement, and goods like air quality, education, health weren't considered relevant."

Stakeholders see important lessons for working in a global context in their experience: "Energy poverty is a very fundamental form of poverty, affecting education, health, livelihoods, gender issues, personal security—it's a fundamental deprivation. . . . but it doesn't fit into the main themes of CWF." These partners on the ground thought an understanding of what is relevant locally should shape CWF's strategy in geographic regions but felt there was little room for them to contribute. "When we're asked we share the conclusions we've reached in terms of our learning and our focus," but "I think there's a disconnect between what we do and what CWF does."

What Message Works

While agreeing with the goal of integrating clean energy sources into energy development for India, that stakeholder reflects, "Issues like health and air quality . . . that is an easier argument to position in the public mind than the CO2 argument. It's easier to talk about the effect the air is having on people's lungs today rather than talk about how climate will change 30 years from now."

The staffer of one Brazilian NGO recounts a similar experience: "Our plan was basically the CWF proposal. It was very aligned to their way even of phrasing. It was very oriented to climate indicators . . . . that was a problem at a strategic level." As in India, the Brazilians had argued for framing communications around what mattered most to people on the ground: "When you talk about commuting time, transport cost, etc. this is much stronger than saying Brazil is the sixth largest emitter and we are growing . . . . There is an understanding here that climate is a problem. But it has not hit at the individual level so hard. So I think it is easier to get people's attention with a social agenda."

Another reports that at first their offers to help CWF and its affiliate in Latin America expand their stakeholder network were ignored. He thought that was an oversight: "You can never be completely successful in anything if you are not engaged in populations that are most affected. They need to be engaged. We said, 'We could help you access them. We work with the larger organizations [who] don't usually have access to local populations. In these communities, to be engaged they need resources to be involved in those strategies' . . . . We offered, but nothing happened."

These lessons are offered as reflections, not criticism. "It's understandable," says the Indian stakeholder, "that when you are starting something new you need to have metrics that are understood and can translate across initiatives, and especially when you are focused on policy change, which won't be visible in the short run, that one would want things to quantify. I think it was appropriate for a 1.0 scenario, but with the passage of time, learning, and experience, some things needed to be dropped." A Brazilian stakeholder thinks some of CWF's initial top-down orientation came from pressures from their own funders: "I think they have many problems. I think they have many bosses, and a lot of pressure from many sides. We see that it is a lot of pressure, negotiation, internal politics."

Learn, Adapt, Align

Despite these pressures, these observers credit CWF (CWF 2.0) with learning, adapting, and evolving in ways that strengthen its networks and its fulfillment of mission. That ability to adapt distinguishes a learning orientation from one of command-and-control—appropriate in a crisis such as an earthquake—or tried-and-true technocracy—appropriate when the same problem has been solved many times before, such as building a bridge.

CWF has learned to listen to partners on the ground and take their advice even when that advice deviates from its original strategy, according to these on-the-ground partners. Reports one of the Indian participants, "One of the evolutions of the network is that we are able to focus on a problem like access [to electricity] despite the fact that providing more electricity might generate more carbon, but if you can provide energy from an off-grid solar source it will preempt the uncertain but inevitable growth of the thermal grid being considered the only option for electrifying your village."

In an additional example of how CWF's orientation to its network has evolved, "Another thing we used to focus on—the conventional power sector is highly inefficient in India, with losses [from the grid] ranging from 25 percent to 35 percent. . . . Internationally, losses are around 10 percent. If we could become more efficient it would be like creating 25 percent more energy for free. We used to have a lot of trouble with the people at CWF because . . . it didn't fit into the carbon reduction logic." However, this partner reports that CWF has developed a new flexibility that accommodates this kind of contextualized understanding. In his view, that will make CWF a better partner and a more effective presence in South Asia.

Funder Partners

A major goal and outcome of CWF was to raise more funds and expand support beyond the Hewlett, Packard, and McKnight foundations. Its ability to do so depended in part on its openness to their perspectives and acceptance of their differences in orientation and expertise. The McKnight Foundation left the collaborative for many reasons. Ownership, understood as having the ability to contribute to decision-making, was a critical issue for The McKnight Foundation and a primary reason they pulled their commitment after year four. Early in its investment, according to President Kate Wolford, McKnight was excited about being involved in helping shape CWF's strategy and network-building skills. However, two issues arose that diminished McKnight's enthusiasm.

First, McKnight was not offered a seat on the CWF board. Wolford explains, "Our board was very disappointed that we did not serve on the CWF board, but we were told that we did not have the global credentials needed to serve." The second was that CWF offered no other opening for McKnight to share its experience and expertise. Wolford adds, "We believed we could offer assistance in organizational development and in network building. Our foundation had extensive experience in creating diverse collaborations and networks. We kept offering but nothing happened. And although the Packard Foundation was supportive, CWF leadership was not." Wolford adds, "More troubling, my conversations with BPN and RCF leaders led me to see they were having a similar experience, leaving their knowledge and experience underutilized in making course corrections as challenges arose." In the end, McKnight contributed US$43 million over four years. To fulfill its US$100 million commitment to funding climate work, it shifted its resources back to the Energy Foundation directly to support its regional climate change efforts.

Foster Ownership

This lack of readiness and openness within CWF may have affected its ability to raise additional funding. Its full global vision would require three times the resources contributed by the initial three funders. But the fact that many funders did not see a role for their input or priorities may have made them hesitate. As John Ford, CWF's previous senior philanthropic advisor, explains, there were several lessons: "You need to build with funding partners the strategy and they need to feel ownership. Without it people won't see themselves in the process or the project. Although there was a lot of hard work upfront at the DTW strategy, there needed to be a lot more talking and soliciting views and bringing funders in to ensure buy-in into the strategy. Moreover, Hal and Hewlett and Packard foundations needed to be involved early on in shaping the fundraising strategy at the front end." Ford further explains, "Donors want to buy-in at the front end . . . too much was stamped out by too few people in the Bay Area and it wasn't owned by other players. There was too much money upfront and we should have had a circle of 25 people fine-tuning the strategy and all buying in before making an announcement about Hewlett and Packard funding." Finally, adds Ford, "You needed to have a more detailed business plan with a few more board members singularly focused on working with Hal to do development work."

Oak Foundation chose to work through the European Climate Foundation, which accommodated diverse points of view. In many ways the ECF model, which included CWF staff, enabled listening to everyone around the table. Because CWF was not its only source of funding, ECF was able to operate differently, diverging from the strategic plan when it seemed important.

Explore Alternative Models of Collaboration

A third model for collaborative funding on climate issues also emerged, affiliated with CWF but with a very different approach to partnering. Walt Reid, Director of the Conservation and Science Program at the David and Lucile Packard Foundation, saw forest conservation and land use as an important piece of the climate equation. CWF's initial strategy included an emphasis on slowing deforestation (although not on other aspects of land use such as agricultural emissions), and proposed that a "Forest Foundation" be created as a regranting organization similar to the Regional Climate Foundations. Instead, with two other funders (the Ford and Gordon and Betty Moore foundations), Reid proposed the creation of a joint venture called the Climate and Land Use Alliance (CLUA). After considerable discussion CWF agreed to be one of the founding partners. Subsequently, the Margaret A. Cargill Foundation also decided to align its forest grantmaking with the CLUA strategic plan. Rather than pooling funding, the CLUA partners agreed to develop tightly integrated strategies, but each Foundation retained its direct staff involvement in grantmaking and ultimate independence in decision making.

The CLUA funders preferred this model to joining CWF because, as Reid describes it, "You didn't centralize funding. By design you had a group of coequal actors that had different views about things. In CLUA, the rigor CWF provided was value added. But in CLUA we had the ability to use it as one source of decision making. At that time Ford Foundation wasn't sure whether to get into climate because that wasn't their primary emphasis. . . . they were more focused on forest-dependent communities. Moore wasn't interested in climate but they were interested in biodiversity, and the way to protect biodiversity was to protect forests." The antithesis of CWF's tightly centralized decision making, this decentralized model allowed each partner to have a voice and choose where and when to collaborate and where to pursue an independent approach. It was, as Chris DeCardy, Vice President and Director of Programs at the Packard Foundation, observes, a "positive deviant" within the CWF structure. (Positive Deviants, a concept first described by Monique and Jerry Sternin in their work for Save the Children in Vietnam, are people whose divergence from behaviors that are standard in their community make them more successful in ways that can easily be replicated by others.)[37]

Questions for the Field

- How do you correct the power imbalance between funders and grantee partners and allow people to speak honestly without fear of retribution?
- Can collaborators tap diverse viewpoints and respect each other's perspectives without losing momentum and effectiveness?
- In what ways should the culture of philanthropy change to benefit from business world lessons about valuing "collective intelligence?"

"You should spend a significant percentage of time actually trying to gain understanding, a tiny percentage documenting that understanding, and the vast majority of your time creating alignment. In short, worry about what you do as an organization, not what you say." — JIM COLLINS, LEADERSHIP CONSULTANT

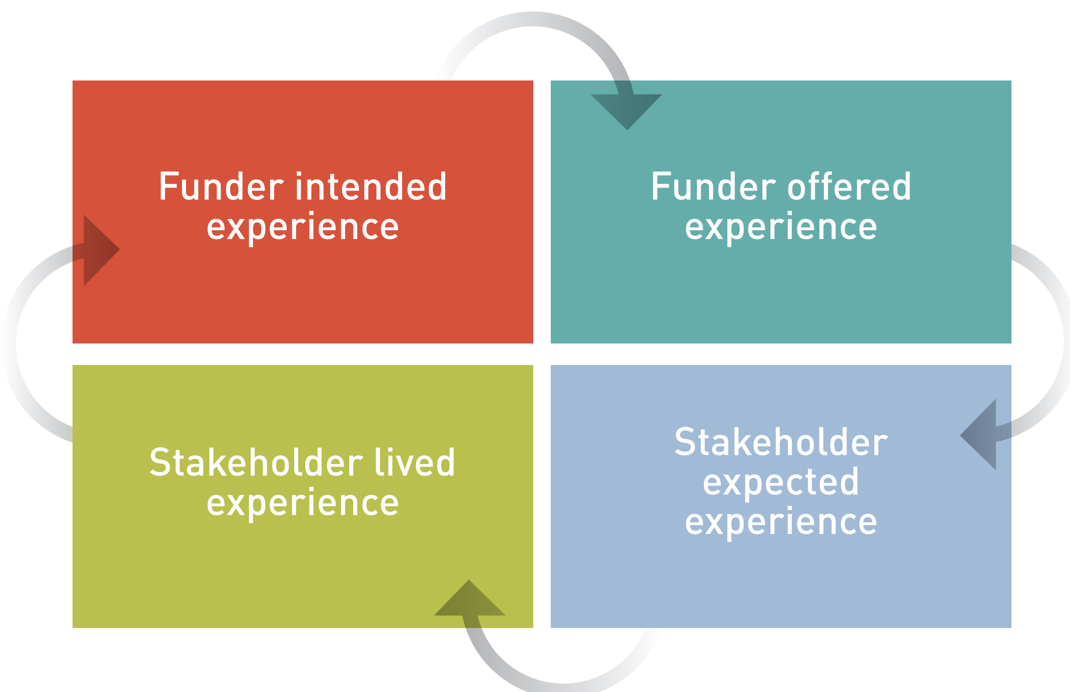
Deliberate Leadership and Wicked Problems

Case Analysis 4: Align Expectations and Values

As ClimateWorks founder and former CEO Hal Harvey reflects on his experiences in spearheading a major philanthropic collaboration around climate change, he recalls successes and challenges when the perceptions and expectations of staff, funders, and other stakeholders were and were not fully aligned. This important element of Deliberate Leadership is depicted in Figure 8.[38,39] At some point in the relationship between CWF and its three funders, shared understanding of goals, roles, and working relationships broke down. This lack of alignment, according to Harvey, led to inefficient use of resources and took staff time away from the core task of creating the conditions to reduce CO_2 emissions globally. Ultimately, it led to staff departures and the restructuring of CWF 1.0.

This section explores the importance of alignment, drawing on lessons shared by Harvey. Other interviewees' reflections provide additional perspective, and pose questions for the field about how to ensure consistent expectations between funders and their grantees and intermediaries when undertaking high-profile, high-risk projects.

Figure 8. Deliberate Leadership Alignment Framework



Goals were aligned when Harvey convinced the Hewlett, Packard, and McKnight foundations to collaborate to fight climate change. The study *Design to Win* had laid out a blueprint to change the trajectory of climate change by focusing on transforming key energy sectors in priority regions around the world. A philanthropic intermediary with US$1 billion to spend over five years could implement that blueprint. The foundations agreed that the need was urgent, the intermediary model was one they were familiar with, and Harvey was a leader they respected and trusted.

Harvey believes there was little room for ambiguity or misalignment in that initial phase; the methodology and goals laid out for ClimateWorks were "pretty straightforward":

1. "Identify the biggest carbon abatement opportunities worldwide. Identify them in some detail by sector, geography, and policy opportunity. Rank them according to both their political possibility and their tons potential."
2. "For the top opportunities, identify both the political and technical barriers to change. Do so with local knowledge for the political assessment, and international expertise for the technical work."
3. "Armed with the ranking from (1) and the detailed assessments from (2), build focused efforts (often called campaigns) to win those policies. The political work is to be led by sophisticated, powerful, local foundations armed with expert staff, prestigious boards of directors, flexible funding capacity, and the drive to win (regional climate foundations). The technical work is to be led by international experts with unmatched depth in the particular sector and policy, such as fuel efficiency standards for cars (best practice networks). The campaigns are designed to be multi-year, intense efforts."

Harvey felt the structure of CWF flowed naturally from this logic: a map of carbon abatement opportunities would guide investments, both policy and technical networks would be needed for effective implementation, and the campaigns would take several years. The challenge for staff would be to get moving quickly.

CWF Successes

Harvey recalls some of CWF's contributions and insights from the experience.

Importantly, CWF developed a global chart of carbon abatement opportunities prioritized by regions and sectors. "Sudoku was a systematic approach to solving a climate problem that had never been done," according to Harvey. It was a necessary precondition to enabling "the relatively small amount of philanthropic dollars to have any leverage." Funders and stakeholders agreed.

Harvey also believes that *Design to Win* incorporated several "breakthrough" ideas. One was pairing networks of sector-specific technical experts with in-country or regional politically knowledgeable institutions. He notes, "We knew that you can't have political intelligence unless you are deeply embedded in-country or in the region where the decisions are being made (thus, the RCFs).... It is also very expensive to create technical capacity country by country, and there are huge economies of scale when dealing with technical issues (thus, the BPNs)." The technical expertise would provide important value to policy makers because, "Car companies are global, oil companies are global, but regulators don't know each other's names and don't have travel budgets."

A second insight was that CWF would have to follow through on policy wins. According to Harvey, "The announcement of a policy and a governor's or senator's announcement of something is meaningless if you don't stick with it. We realize that for any policy there are 100 ways to get it wrong and very few ways to get it right. Even if you get it right, then you have deep bureaucratic implementation to follow through."

A third insight was the decision not to support building a social movement around climate change, as many advocates and funders proposed. Harvey believes that the short time frame for climate action meant CWF had to pursue highly focused, country-based, sector-specific and technical strategies. Any effort that did not fit into that frame was a distraction and a waste of limited philanthropic funds.

A fourth insight was the "law of philanthropy" that "there are no significant social changes happening in . . . one or two or even three years." Thus, the time frame for this initiative at this scale would have to be many years, rather than ending after the five to seven years of the original funding cycle. (As a comparison, Harvey references the Clean Air Act, and ongoing work on its implementation 45 years after it became law.)

Breakdown in Alignment

Harvey feels that changing donor demands and oversight diverted him and the CWF organization away from strategically pursuing core goals and implementing CWF's business plan. Where, when, and why did expectations diverge and alignment break down? Harvey and other interviewees describe their perceptions of where there was consistent alignment, where goals and expectations were mismatched, and when these began to diverge.

Staff of the three foundations and other interviewees identify several goals they expected CWF 1.0 to achieve within a five-year period: reduce future carbon emissions by providing political strength and technical assistance to decision makers in key regions and sectors globally; raise money from other funders; and contribute to significant advances in the international policy arena.

Misalignment 1: No Clear Understanding of Timing

A major source of misalignment between CWF and the funders seems to have been around timing and definitions of winning and losing. Harvey reflects, "If I'd been prescient I would have said constantly, 'We're in this for the long run. We're going to win a lot of battles but we're going to lose some. Our strategies are going to be robust with respect to each particular battle, however, because we're going to identify the cost-effective ways to reduce carbon, we're going to identify the best policies to get those reductions, and we're going to win them. We're going to get [an energy-efficient] building code in China. I don't know if we're going to get it this year or the next year or the year after, but we're going to get it. Because we're not going to let go, the consequences are too big.' I would have also focused more on the process of social change, and I would have hammered it in."

Perhaps these conversations should have been more explicit. In a discussion of risk, then-Hewlett board chair Walter Hewlett recalls disagreements among members of his board and between the funders about the length of the implied commitment to CWF. Some felt the Hewlett Foundation should have an exit strategy and a timeframe; others, including Walter Hewlett, realized the time horizon would be longer.

Misalignment 2: How Much Control Would Funders Retain?

Harvey had expected that with five years of committed funding, the CWF team could focus its energies on implementing the strategies laid out in the Sudoku. In retrospect, he believes he and CWF "dramatically underestimated the extent to which the funders wanted to control," resulting in tensions that ultimately, as Harvey describes, "ended the model."

Harvey explains that, in hindsight, by usurping foundation program staff's funding authority, the intermediary model was problematic: "CWF had the ability to designate where dollars went instead of foundation staff doing that. It's a wholly unnatural thing for them. The structure usurps their power, leaving them to sit and watch someone else spend their money for them. That . . . creates restiveness."

Moreover, CWF was what Harvey describes as "the bright shiny object." It was new, and "everyone wanted a piece of it. They wanted to come to board meetings or sit on the board. They wanted to direct strategy. They wanted to sit in on strategy sessions. They wanted to help." But, adds Harvey, "Too much help is toxic. We had five teams of consultants hired by the funders to help us. Not hired by us. We had evaluators, a communications firm, somebody to help us facilitate meetings, McKinsey to do the business plan. That wasn't our idea; the funders selected McKinsey. And you spend all your time feeding consultants—they demand a lot of your time. We had a full-time evaluation staff, and when you have that that's what you do. You wake up in the morning and try to figure out what they need." In retrospect, says Harvey, "There had to be a formal let-go by the funders, or a formal takeover, but the limbo was pure torture."

"We were told who to hire and who to fire; funders had CWF staff reporting directly to them. They inserted and removed key elements from our strategy. It was an endless adjustment."

His advice to funders: "Funders (staff, not boards) need to take a step backward, need to understand the power dynamic is so heavily weighted for them, so they need to be better listeners. If the people in the field are talented and working hard, the best thing you can do is stand down. Look for crises, look for problems, create things that need to exist, but don't enmesh yourself in things that don't need it. If things are going well, the best thing you can do is support them and stand down."

"Ultimately the funders' need for control cost CWF 14 of its top 15 staff and forced a new model that removed decision-making power from the CWF staff and set the place up as a service organization. That is of course their prerogative, but it does not at all conform with the idea of a strategically driven, highly informed, and empowered funding agency that was at the core of the original plan."

Misalignment 3: Competition Rather than Shared Goals in CWF Network

According to Harvey, another failure of alignment occurred because CWF underestimated the importance of organizational sovereignty for each organization in the network. Harvey explained, "The idea was for every square in the Sudoku the RCF would have the political knowledge and the BPN would have the technical knowledge to win. They would together create a strategy. And indeed strategies they created were by far the best work in the world on how to win a climate battle. We knew exactly what was needed with utilities in India, who the decision makers were, what the probabilities were, and what the costs would be... No better work has ever been done than what we produced cell by cell. But *within* each of those strategies was tension between the groups drafting it, and that's what we underestimated."

Harvey reflects, "In retrospect I think the typology was great. There were fantastic economies of scale in having a technical team conversant in fuel economy and able to work across six geographies, and there are zero economies of scale working across political geographies. But we needed a better, earlier, and enforced way to make decisions so people saw each other not as zero-sum-game competitors but as brothers in arms."

The lesson for Harvey is, "You have to respect work sovereignty, we did respect it in a lot of ways. We were a great listening organization, we let [the BPNs and RCFs] write the strategies, we didn't come in and say 'you should do a campaign on X.'" But he would have taken a different approach to allocating funding to those organizations: "Once people think they have a budget for work, that's their floor. They've written that into everything, it's in their psychology. I think we should have had rules about capital allocation so it wasn't an entitlement but had to be earned. I think designating a leader for each cell would have been important."

Misalignment 4: Fundraising Expectations

The three foundations expected that more funds would be raised to reach the US$3 billion aspirational budget outlined in *Design to Win*. No further funds were raised although, primarily through CLUA, some other funders aligned their grantmaking with CWF's. Harvey argues that fundraising was a distraction from CWF's core purpose: "Raising more money [as a metric of performance] was written in by Hewlett. It was a colossal mistake. The amount of time I spent dealing with funder requests exceeded everything else, and when you're trying to put something together this ambitious, this fast, with this much money, you can't afford to spend time on that because you're taking your eye off the main goal."

He goes on, "That's where I spent most of my time. We had to report every month how much money we raised, we had to have charts and graphs and walk through every single prospect with our funders. It's an ungainly prospect to be given US$1.1 billion and then have to go hold your hat out." Harvey adds, "We made pretty good progress, but it was the wrong way to spend a substantial fraction of our first three years. It was mostly me—two-thirds of my time. We got some big commitments from venture capitalists. Most importantly, we worked with many funders who aligned their work with our own, and vice versa, who were very much connected to the CWF work. They loved the hypothesis and they loved having partners."

For the most part, Harvey believes that his fundraising was paying off: "We got a lot of aligned funding in the first couple of years. But it was a bad way to spend our first couple of years... You fundraise through performance. We couldn't have that much performance in the first couple of years. But I was not wise enough to say this is a bad idea." Harvey contrasts CWF to his previous experience as CEO of the Energy Foundation: "At EF it was totally internally driven. We wanted to get a lot done and we didn't feel the need to fundraise in the first couple of years." His advice to funders: "Be very alert to what kind of collateral obligations and burdens you throw on your staff."

Misalignment 5: Definitions of Success

Funders were disappointed that two high-profile campaigns, around the Copenhagen climate negotiations and the US cap-and-trade policy proposals, were unsuccessful.

Harvey believes that the high-profile policy defeats were offset by other gains that were less glamorous but more important. He found it difficult to communicate this balanced picture to the funders: "I presented the Sudoku 100 times for the funders. We took them to China to visit building sites and industrial sites. We regaled them with stories about what the European energy efficiency directive would produce. We told them about the largest CO2 reductions in US history from car standards. None of that made the *New York Times*."

He goes on, "If you focus on Copenhagen and cap and trade and don't look at E2 standards in Europe and fuel economy standards in China, or feed-in tariff in Germany, coal plants in the UK, or whatever, you're focusing your effort and analytics on things that were a minority of CWF's funding and a minority of the outcome." He concludes, "There were problems, structural mistakes. I don't want to say it was all perfect because it was not. But I can think of no other organization that got anywhere near those numbers of actual carbon abated."

Communications and Realignment: Refreshing Goals, Renewing Commitment

While CWF goes on in its 2.0 version, and the accomplishments of 1.0 will produce long-lasting results in terms of future carbon abatements, the divergence of views that occurred during CWF's first phase raises key challenges for the philanthropic field and for all social change leaders.

Questions for the Field

- When working in a fast paced environment, what are some of the processes that need to be in place to assure that the expectations of the multiple stakeholders stay in alignment?
- How can funders balance their need for accountability against the urge to influence the activities of the intermediaries?
- How can leaders ensure that teamwork, not competition, occurs within networks?
- How can the shared understanding of goals and alignment of values be refreshed once the first flush of enthusiasm has disappeared in the realities of working to solve Wicked Problems?

"Follow effective action with quiet reflection. From the quiet reflection will come even more effective action."
— PETER DRUCKER

Deliberate Leadership and Wicked Problems

Case Analysis 5: Recalibration—Reflect, Learn, Adapt

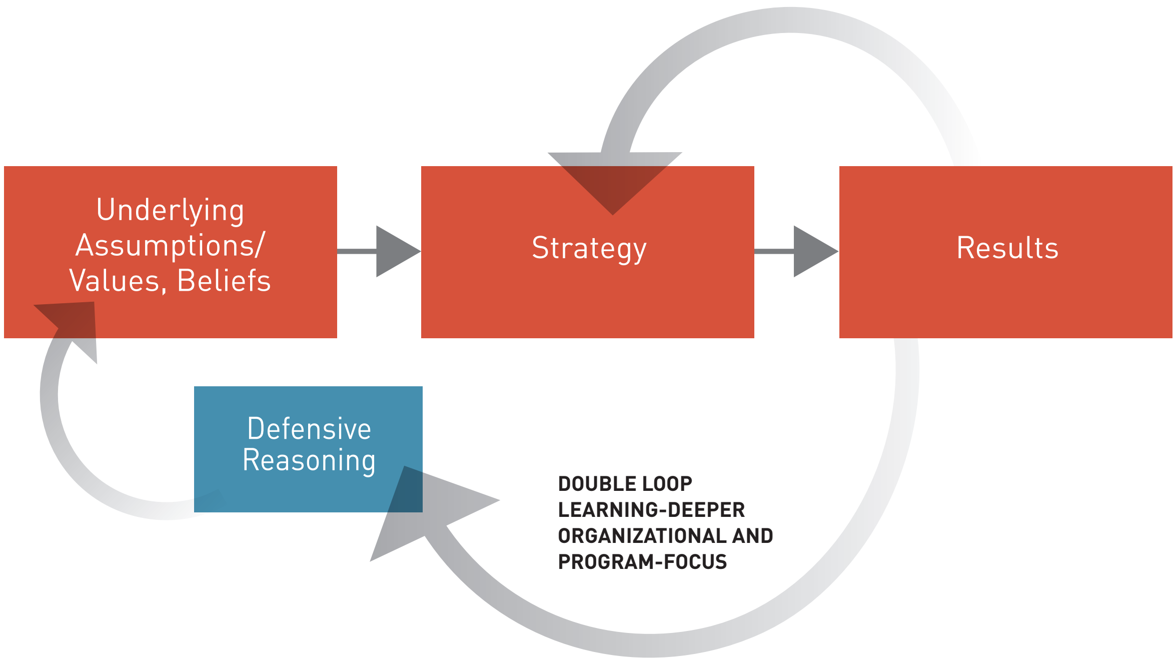
Carol Larson and Larry Kramer arrived at positions of leadership in philanthropy by very different paths. Larson, President and CEO of the David and Lucile Packard Foundation, has worked at Packard since 1989 and has been CEO since January 2004. She deeply knows both the foundation's board and the field of philanthropy. Kramer, the President of the William and Flora Hewlett Foundation, was dean of Stanford Law School before joining Hewlett in 2012. Though a skilled manager, he was a relative newcomer to philanthropy. But Larson and Kramer share a commitment to deep organizational learning as their philanthropies seek to take on Wicked Problems. Both have embedded evaluation into their organizations and made it part of their culture.

While the Deliberate Leadership analytic construct sees data gathering and assessment as part of each stage of activity—in Phase 1, in identifying partners and stakeholders and properly defining the problem being addressed; in Phase 2, in ongoing assessment in parallel with action; and in Phase 3, in reflection and recalibration—there is a particular kind of learning that is important in Phase 3. Double-loop learning, a concept developed by the late Harvard scholar Chris Argyris, helps leaders and their organizations make informed decisions in rapidly changing and uncertain times.[40] This deeper and more adaptive form of assessment rests on several principles: commitment to robust learning, testing hypotheses, openly sharing results, and recognizing that program outcomes are shaped by values, beliefs, and assumptions as well as by strategy. It encompasses profound life-cycle examination and learning.[41, 42]

Single-loop learning, as the diagram in Figure 10 suggests, is a learning framework—used often in philanthropy—that focuses just on the outcomes of strategies that are predictable and whose effectiveness is taken for granted. In this model of assessment, an evaluation can occur after the strategy is complete because the question being asked is, "Did we do what we intended?" This information could be valuable for a leader taking on a tame problem, but it is of limited use with Wicked Problems. For single-loop learners, closer examination of underlying strategies or assumptions may even trigger a defensive reaction rather than learning.[43]

Figure 9 on the following page shows how single-loop and double-loop learning differ. In this section we look more closely at how philanthropy and social change leaders use learning to adapt and have greater impact in dealing with Wicked Problems. Carol Larson and Larry Kramer reflect on the role of evaluation and what they learned as investors in ClimateWorks 1.0. Other stakeholders discuss their perceptions of the role evaluation and learning systems played in CWF 1.0 and internal and external adjustments based on lessons learned. Readers can consider the differences between single- and double-loop learning, using the case of CWF 1.0 as an example. As it received feedback and evaluation data, did CWF question core values and beliefs, or merely adjust its strategies? Did its culture of evaluation and learning align with the learning culture of its two primary and long-standing funders, the Hewlett and Packard foundations? When did recalibration occur, if at all?

Figure 9. Double-Loop Learning



CWF 1.0: Single-Loop Learning

CWF's leadership invested in accurate data, rigorous analyses, and technical competence, and focused with laser precision on what it had identified as the sectors with the biggest opportunities to reduce carbon. Yet the organization did not give equal weight to rigorous evaluation and organizational learning, even though the funders had required an external evaluation team. Of 11 interviewees who mentioned evaluation, all noted the relatively minor role it played in CWF 1.0.

Larry Kramer of the Hewlett Foundation believes that, "Evaluation for 1.0 was underfunded, and it wasn't taken seriously." Hewlett's Tom Steinbach agrees: "They did not seem to view it as a learning opportunity. It just wasn't built into the DNA of CWF's staff or board." That CWF's annual budget for evaluation was US$250,000 (less than one-half of one percent of its combined operating and grants budget, or 1.1 percent of its average annual operating budget) supports the observation that CWF was not committed to evaluation as a learning tool.[44] Moreover, CWF's limited interest in evaluation focused primarily on strategy, not core assumptions or beliefs.

CWF's then-CEO Hal Harvey takes a different view: "I'm not against understanding and evaluating and assessing, but it should be done a couple of times a year in a crisp process, it shouldn't be your daily burden. If you have a well running car, and you always go to the same garage and they always do a great job, you won't go online and read 100 articles about telling your mechanic how to fix your car."

Reflections on Double-Loop Learning from Hewlett and Packard

As Carol Larson and Larry Kramer examine their experiences as funders and stakeholders in CWF 1.0 and 2.0, where they both now serve as board members, their reflections illustrate double-loop learning. The foundations began with a commitment to similar values: investing in leaders, placing big bets when the risks were compelling, and collaborating with partners when possible.

Values Shaping Culture, Strategy, and Commitment

Larson believes the Packard Foundation's US$500 million investment over seven years in CWF 1.0 reflects the foundation's core values and demonstrates what she describes as "the best of what a family foundation has to offer and the best that a professional foundation has to offer." Larson explains, "We seek to identify talented leaders, give them a lot of support, and then let them lead. We do not micro-manage." Moreover, says Larson, "We have a high tolerance for risk and take pride in making significant investments," and "We also are committed to collaboration. In the case of ClimateWorks, we had a strong relationship with Hewlett."

For Larson, with CWF the Packard Foundation balanced the risks of a big investment to address a critical threat with its confidence in and experience with its partners: "There was a sense of urgency to do something more about climate change... Our concerns about the size of the commitment were mitigated by a... leader and a set of institutions we knew well. Also, as a foundation we had a lot of experience in making big bets, having invested hundreds of millions of dollars in a couple of institutions—a children's hospital and a deep ocean research institute—and in complex, decade-long efforts such as an initiative to promote sustainable fishing practices. We were comfortable placing big bets."

In late 2007 and early 2008, as Packard deliberated joining Hewlett in forming ClimateWorks, Larson also felt confidence in the Packard board and staff to weigh the pros and cons when deciding on this commitment. According to Larson, "We had a board with significant expertise both in its General Trustees and its Family Trustees. This included former US EPA chief Bill Reilly. The board had a lot of experience dealing with complex situations." Within Packard staff Larson felt she also had a good internal team with important differences of opinion, which she embraced: "Walt Reid is a climate and science expert who has spent his career working on complex global environmental issues. Chris DeCardy has a great political sense and strong background in public policy and communications. I have deep experience and relationships with the Packard Board and with other funders." She felt good about bringing their differences to the board: "We were friendly thorns and we weren't afraid to show our differences of opinion."

In March 2008, after months of deliberation and consultation with outside experts, Packard announced its $500 million, seven-year commitment. "We were proud and excited. We felt confidence in the people who were implementing the strategy. We had already had very good experience with Hal Harvey who, as head of the Energy Foundation, had worked closely with the Packard board to develop our China strategy and investment with Energy Foundation China. We began this work in 1998 at a time when the Chinese government's involvement in climate and energy issues was small." Larson felt the foundation made a critical and timely difference over the decade, and that the Energy Foundation had been an excellent partner.

Deliberate Leadership and Wicked Problems

Having made commitments to the issue of climate change and to CWF and its strategy, both Hewlett and Packard stayed the course even when that meant making difficult decisions. At the height of the US and global recession in late 2008, the Packard Foundation faced hard financial choices. Its investment portfolio had been severely impacted and program cuts had to be made. A new Packard headquarters building was put on hold, but the investment in CWF went forward because, according to Larson, the Packard board believed in the importance of the project.

Hewlett President Larry Kramer feels that CWF 1.0, especially the *Design to Win* planning process, was brilliantly conceived: "DTW was smart, and it remains smart. It felt plausible to act, and we needed policy solutions." It was entrepreneurial, and as then-board chair Walter Hewlett has explained, Hewlett believed in supporting entrepreneurs and giving them room to try and even to fail. This value, says Kramer, explains why when difficulties arose around CWF 1.0, Hewlett was committed to continuing its support. Though board members debated the length of their commitment, Hewlett chose to stay the course because Kramer and his board believe the issue will not be solved overnight and CWF is worth supporting long-term.

When to Recalibrate

At the same time, the funders began to rethink their assumptions. Double-loop learning requires leaders to look beyond strategy to deeper motivations and core beliefs. As challenges arose with CWF 1.0—balancing immediate successes against the 30 x 30 targets, not reaching funding goals, the limitations imposed by the quantitative, technical approach, and organizational and staffing issues—the funders needed to look more deeply at their assumptions in launching CWF.

Larson accepts the complexity and risks of the CWF investment: "It is a Wicked Problem and you go into it recognizing that your approach can fail." She also believes in hindsight that the foundation was "too trusting and had too much deference to the CWF 1.0 model even after early due diligence raised some of the potential problems with the model." According to Larson, "Walt Reid was vocal about his concerns about pooling resources and the centralized CWF decision making. [The board] also had concerns and knew CWF needed a strong COO who had extensive management experience to balance a visionary leader. Finally, we knew we wanted CWF to be more porous and get input from outsiders and use extensive evaluation to understand how we were doing throughout the start-up." In hindsight, Larson believes they should have pushed these issues harder at the beginning: "We may have had rose-colored glasses, and may not have followed through strongly enough and raised issues early enough and forcefully enough about our perceptions of risk," but "Our approach is to get out of the way, and we trusted CWF leadership—both board and staff."

In retrospect, Larson also believes that Packard was too thinly staffed in its climate work and that if the foundation had been in frequent contact with CWF it might have been helpful. An important lesson learned for Larson—which is contrary to Harvey's assessment of the role of the donor foundations in CWF 1.0 oversight—was that the level of Packard's stake in CWF warranted "at least a full-time staff person being in touch with CWF staff, understanding more deeply what they were doing, making suggestions and watching over the investment."

While both Larson and Kramer embrace the need for deep learning and reflection, they wonder if they recalibrated soon enough. In the end, Larson acknowledges that it took "a series of traumas—lack of success at Copenhagen and fundraising and the big recession hit—before Packard joined the chorus to say we needed a new model for CWF." Kramer adds, "We had lots of eyes on this . . . foundation staff watching, Packard board members and Hewlett board members. We still didn't get it right."

Lessons about Organizational Structure and Lifecycles

Larson acknowledges that some major decisions were made before the CWF 1.0 board was in place, when the Hewlett, Packard, and McKnight foundations met to discuss governance. The foundations had one chance to ask if they should involve executives from other nonprofits working on different approaches to climate on the board or in an advisory capacity. Should they build a CWF organization designed for a long-term, 15- to 20-year effort? Or should the focus be on a high-profile board recruited to support Harvey both for making powerful connections and for fundraising? "We decided on the latter. In retrospect," says Larson, "we made a lot of decisions based on the urgency of the climate problem and the opportunities of the moment as they appeared in 2007/2008. We should have been building an organization for 15 to 20 years. I didn't completely get the structure that was needed for the long term, and we created an organization that was difficult for other philanthropies to participate [in]."

Kramer agrees. He also believes the downside of what he terms CWF's "brilliant" initial strategy was the inflexibility that became CWF 1.0's biggest challenge. He adds, "The process was cumbersome and lacked adaptability and wasn't nimble enough to change to accommodate changing conditions such as [the big increase in the supply of] natural gas."

Funder Sovereignty: Recognizing the Boundaries

Raising funds to fully support CWF's agenda was a priority for Hewlett and Packard. Unfortunately, according to Larson, CWF never reached its funding goals because other funders did not want to join the centralized, pooled funding collaboration. "Funders make decisions based on both heart and mind. They want to not only provide funds, but to also be engaged in shaping and learning. We didn't have a leader who was going to give that priority to building those bridges. We also didn't have a CWF board that was going to have this kind of time to devote on behalf of the organization." While some funders did come forward to support the regional climate foundations, no new foundations joined Hewlett, Packard, and McKnight to pool funding for CWF 1.0. Kramer observes, "One of the strengths of CWF 1.0 is that it helped create a lot of good organizations and strengthened the RCFs. However, under CWF 1.0 Hewlett, Packard, and McKnight stocked the restaurant and people were cooking the meals they wanted and not pooling funds with us."

Larson points to CLUA, a later funder collaborative started by the Packard Foundation's Walt Reid, as an alternative model. She explains that Reid knew that significant carbon reduction can occur through forest preservation and recruited three other funders to work together on forest conservation. Larson explains how the model differed from CWF's: "CLUA pulled together foundations with disparate interests to find a common interest without pooling funding. Walt had a relationship with the funders and was able to bring people to the table, and that made us more porous and brought more dollars into the fold."

Kramer believes that funding for climate change will increase with CWF 2.0—though not necessarily be pooled as it was in 1.0—because funder networks have been created and are facilitated by CWF 2.0. And far from bowing out, both Larson and Kramer have demonstrated ongoing commitment to CWF by joining its board.

Collaborating and Partnering

In retrospect, Larson believes that CWF 1.0 could have been strengthened by building in more flexibility and experimentation with different approaches. Also, Packard had seen in its decades of work in China how important it was to build the on-the-ground advisory groups and support for Chinese experts. The work in India under ClimateWorks 1.0 did not have the benefit of that time given to relationship building. Overall, for a variety of reasons, "ClimateWorks was not porous to innovation and was pretty US-centric in its staffing." Larson believes that under ClimateWorks 2.0 many of these gaps have been filled.

Larson and Kramer both found that cross-disciplinary learning was difficult, even within their own organizations, when it came to climate change. Says Larson, "Internally, there were some tensions among staff—we hadn't made this kind of investment in the areas of health and children's issues. And while our work on children's issues and reproductive health has connections with climate change, we did not emphasize those connections. Providing contraception and reducing unwanted pregnancies would lead to slowing population growth that could have a really large impact on greenhouse gas emissions. But neither our climate work at Packard nor CWF focused on these connections." Kramer adds that, to his knowledge, "Children's Investment Fund Foundation [which focuses both on children's health and well-being and on smart ways to stop climate change] is one of the few foundations that openly recognizes the connection between climate and children." Kramer believes such cross-disciplinary relationships are important and should be fostered.

Evaluation and Continuous Adaptation

To put learning into practice, both Larson and Kramer believe in real-time evaluation and continuous adaptation. For Larson, several lessons can be learned from CWF 1.0:

- "First, collaboration is possible. It was great to have the Hewlett, Packard, and McKnight foundations working together. We accomplished much more than if we had done it alone, and we continue to build on these partnerships."
- "Second, don't be afraid to place big bets. Packard wants to be the kind of foundation that takes risks and makes big bets when we see the need and opportunity. We have not been wedded to the minimum 5 percent payout over our 50-year history. It is important to make big bets—even when risky—when the problem is important and the urgency is high."
- "Third, from day one of a collaboration, put the time into thinking about the long-term organizational needs of the grantee—even past those years of your financial commitment. We should have done more in 2008 in this regard—building in more organizational structure and making sure there was adequate staff and board support in the organization for real-time evaluation and in-depth fundraising."
- "Fourth, remember that philanthropy is a business of head and heart. Philanthropists want to be engaged, learn, and contribute. A collaboration that depends on philanthropic funding needs to be designed to hit the right balance of strategic discipline and coordination among many, with meaningful engagement of and flexibility for many. The balance struck in 1.0 needed to be adjusted to the Funders Table model in CWF 2.0. In future collaborations, we will get that balance right earlier."
- "Fifth, make sure you are adequately staffed and resourced when taking on a big bet and working in a collaborative manner. While it leads to greater impact, to do it well, collaboration takes significant staff and board time at your own foundation."

With these lessons learned, Larson has great hopes for CWF 2.0: "We are building on the strong beginning of 1.0 and the hard work of its board and staff. We continue to get better, and we are more optimistic about the impact of the broad funder commitment and coordinated effort of ClimateWorks 2.0." The good news, points out Kramer, is, "There is a sea change happening in philanthropy. Funders are taking evaluation more seriously. Hewlett is building evaluation into the beginning of projects and our people are working with CWF 2.0 to incorporate and integrate evaluation." Kramer points to a pre-mortem for CWF 2.0 about what won't work and what alternative approaches might be. He explains, "We are open to the fact that we are building an institutional culture."

For Kramer, "The biggest problem with CWF 1.0 was lack of flexibility, but when dealing with Wicked Problems you can't beat it to death. At a point you just need to adjust things as we go, and that requires a structure that will be adaptable."

His overall lessons include:

- "Build an internal communications [structure] that is open, and say what needs to be said. Talk openly about what isn't working. I am explicit with Charlotte Pera [the current CEO of CWF] that she should tell me if we are micro-managing. I talk to her if I have problems. We manage the power dynamic by making sure we are on the same page and just talk."
- "Make sure the design has ongoing evaluation and can change as you go along."
- "Make sure you have strong management."
- "Attract funders to the table who are willing to address multiple issues. We need to find other ways to bring funders in who have different perspectives and build new alliances."

Questions for the Field

- How can leaders ensure they are asking the deeper, double-loop questions?
- How can leaders create a learning environment where partners and collaborators can safely challenge core beliefs and values?
- How can an organization seeking social change incentivize listening, learning, and adaptation internally?

Case Analysis 6: Leadership in the Face of Wicked Problems

"Climate change, unlike a lot of large-scale problems, is actually one that is solvable. It is also one where we know what we need to do."

— HAL HARVEY, NEW YORK TIMES [45]

"[In the corporate world] we put at least half of our risk analysis into political and social risks, because that's what gets you, not the engineering risks.

— CHAD HOLLIDAY, CHAIRMAN ROYAL DUTCH SHELL AND FORMER CWF BOARD MEMBER

"In a system you can't control and can't fully understand, take your best shot, be open and willing to change, and don't forget that with systems, structures, complexity, data, it comes down to people."

— CHRIS DECARDY, VICE PRESIDENT FOR PROGRAMS, PACKARD FOUNDATION

Three quotes, three different perspectives. The engineer feels that technical answers are called for and that the biggest challenge is having the resources and leverage to put them in place in order to achieve the desired outcome. The corporate CEO believes that social and political risks pose the greater threat to success. And the foundation executive reflects on the kind of leadership—flexible, adaptive, and open and willing to change—that will be required.

When the founders of CWF joined together to fight climate change, they knew they faced one of the greatest threats to humanity and they were running out of time. They were taking on not just a Wicked Problem but what academics, advocates, and policy makers call a "Super-Wicked Problem." That is, it had all the characteristics of a Wicked Problem with the added challenge that with Super-Wicked Problems: "Time is running out; those who cause the problem also seek to provide a solution; the central authority needed to address them is weak or non-existent; and irrational discounting occurs that pushes responses into the future." There is a "deficiency in our technical and social capabilities to be able to deal with a phenomenon with multiple sources, actors, stakeholders, cross-scale influences (externalities), and linkages."[46]

The quotes above suggest just a few of the many ways in which stakeholders could think differently about the climate problem and potential solutions. Taken together these observations remind us of what Oxford professor of Science and Civilization Steve Rayner has said about Wicked Problems: "We are not dealing with problems where we're just uncertain, we're dealing with problems where people know what the answer is. Different people know what the answer is. The trouble is the answers they have are just irreconcilable with each other."[47] Reconciling diverse perspectives in order to craft a plan of action requires a leader who can give up power and live with ambiguity. The challenge is even greater in dealing with a problem that is super-wicked. Leaders trying to make a difference must come to grips with the political complexities generated by businesses, advocates, and governments that vary widely across the world.

As the section "Deliberate Leadership and Wicked Problems" describes, CWF defined the problem as both a crisis and a tame problem with a managed solution rather than as a crisis and a Wicked Problem. This language shaped how CWF was structured and managed, and even led to misunderstandings with some funders about how long a commitment was required.

Language Shapes Culture

There are several examples of how the language used in *Design to Win* and other documents shaped an organization, a strategy, and a culture that made it more difficult to deal with the super-wicked. The very title *'Design to Win'* embodies a metaphor that implies a game or a battleground. It carries this military metaphor throughout, with language such as, "Don't lose—the battle could be lost in the next decade," alongside the reassurance that what's needed is tame/technical good management: "The good news is that we already have the technology and know-how to achieve those carbon reductions—and often at a cost savings." These metaphors channel CWF's climate change action into assumptions that it's a war and anything short of a win is a defeat (typical of a crisis analysis); and/or that it will be easy to know when the problem is "solved" (typical of a tame problem).

Sudoku Response

The DTW and CWF solution to climate change was embodied in the Sudoku. It set clear, measurable goals, defined technical solutions to the problem, focused on the biggest emitting countries and sectors in those countries, determined the amount of GHG reductions that needed to occur, and offered industry-specific policies in those countries to meet those targets. Complementing the country-specific work was the pursuit of international policies to support and motivate such efforts. The Sudoku addressed the issues of scale, the global nature of the problem, and how to track progress (using a standard metric of tons of $CO2$ equivalents). Non-CWF funders also found the analysis valuable and used it to inform their climate change funding. For example, Andrew Bowman of the Doris Duke Charitable Foundation says, "DTW provided great context that helped me frame a request to our trustees to approve a $21M grant to the Energy Foundation." However, while the Sudoku provided a useful technical framework, it did not address the social and political obstacles and risks that arose.

Of 38 interviewees who talked about the Sudoku, 24 spoke about its utility in addressing climate change. Yet the same 24 interviewees who admired its conceptual elegance, along with four others, voiced concerns about way the Sudoku was used. Their comments focused on the limitations of the Sudoku's engineered solution, which many thought oversimplified the complexity of the issue. According to Chris DeCardy of Packard, "*Design to Win* and the Sudoku were necessary, but not sufficient; what was missing was the equally rigorous political and policy assessment."

Others spoke to the Sudoku's limitations in terms of systems thinking. Amy Luers, head of climate change at the Skoll Global Threats Fund, observes, "The Sudoku was a classic reductionist approach to a complex problem. Climate change is a systems problem requiring social/political and biological aspects."

Many saw methodological rigidity as a corollary of the Sudoku's analytic strengths. As one interviewee who wished to remain anonymous noted, "There was an overly deterministic mindset at CWF that singularly focused on policy. It actively refused to consider how to use or leverage the financial market or social change movements. The Sudoku ruled; it was a straitjacket."

The inflexibility engendered by the Sudoku and the CWF central office's orthodox adherence to it shows up in disagreements with RCFs about tactics that did not come out of the Sudoku. In India CWF could not fit Shakti's proposed focus on energy access and transmission losses into the frame, and in Europe it did not value the ECF's proposal to engage Poland as a longer-term strategy.

Diversity and In-Country Knowledge

CWF rigidity also defined how much time and resources it would spend understanding the environmental, social, and political needs within the diverse countries in which it was working. In many cases it is now understanding what it did not know and recalibrating. Illustrations include:

- **India.** With 400 million people in India lacking electricity, the India RCF, Shakti, sought to move governmental policies toward using renewable energy sources to expand energy access in rural areas. Also, in India 30-35 percent of power is lost during transmission for several different reasons. Reducing these losses to the same levels as in other nations (around 10 percent) would mean an energy generation savings of 25 percent. But CWF's model and goals were built around reducing GHG emissions. Because CWF had a hard time knowing how to quantify the kinds of activities Shakti thought would be near-term successes in India in terms of GHG reductions, those activities were not given priority by CWF.
- **Europe.** The European Climate Foundation also had disagreements with CWF priorities and strategies. For example, based on its own 2050 plan, ECF wanted to focus some funds on persuading Poland, a coal-centric nation, to embrace progressive climate change policies. ECF and its European funders knew that Poland was an important country in European Union politics, with a significant block of votes. However, because Poland's overall emissions contributions were small and the Sudoku measured success in tons of CO_2 averted, Poland was not considered important enough by CWF. Noted one interviewee, "CWF resisted investment in Poland because the sole metrics for measuring progress, CO_2 reduction, were not the metrics for success in Poland."
- **Brazil.** The way the work in Brazil was approached also reflected these inflexibilities. CWF had begun consulting with leaders in Brazil soon after it launched, looking for insights and suggestions for how to move forward with the creation of an RCF and for potential partners in the sector-specific work. Interviewees appreciated the consultation and the active involvement (including in-person visits) by CWF staff member Joe Ryan. In particular, they were grateful for support in expanding the climate conversations in Brazil beyond the Amazon and into issues affecting urban areas, and for help in elevating transportation and energy issues to the national level.

However, interviewees did not feel that their input was reflected in several of the actual implementation strategies, particularly when it came to involving affected communities. For example, according to one interviewee from Brazil, "You can never be completely successful in anything if you are not engaged with populations that are most affected. They need to be engaged. We said to them [CWF], 'We could help you access [these communities] . . . That is the kind of complementary work we do.' We talked to them. But it never worked out."

Over time, however, it does appear that the strategy for Brazil (and Mexico) became more flexible with the creation of LARCI in late 2012. Interviewees felt the relationship with LARCI was collegial, closer to their experience (LARCI has staff in both Mexico and Brazil), and that there was flexibility to present the realities of the work to LARCI staff and adjust specific strategies as necessary.

Despite these positives, interviewees recalled early interactions as confusing, especially during the transition from CWF to LARCI ("I think they have many bosses there, and pressure from many sides"). They cite the need for capacity building and certainty in less developed economies with a less mature civil society than the US and Europe, and have struggled with operational issues like one-year grants and reductions in funding over time.

Deliberate Leadership and Wicked Problems

CWF 1.0: A Deliberate Leader?

In reflecting on this rich history, the contributions made, yet the limitations and the way in which founders ultimately had to revisit early assumptions and recalibrate, the tenets of Deliberate Leadership provide a valuable lens to reflect on how the field of social investing can learn from the experience of CWF 1.0.

Recalling the seven C's of Deliberate Leadership, we can consider whether and how well each was embodied in the leadership of CWF 1.0.

Courage: Did CWF and its funders see climate change as a high risk, and the creation of CWF 1.0 as a response as high-risk problems?

From Hewlett board chair Walter Hewlett to the CEOs of Hewlett and Packard to the authors of *Design to Win* to the staff of CWF, they knew the problem they faced posed a high risk and that there was a chance they might not succeed.

Did they define climate change as a Wicked Problem and respond with the courage and humility that Wicked Problems demand? Or did they approach it as a tame problem with a known and technical solution, or as a crisis with a command-and-control solution? The technocratic approach, uniformity of viewpoints among staff (compounded by what several interviewees described as the Silicon Valley "echo chamber"), and lack of flexibility in taking actions not prescribed by the Sudoku suggest that CWF as originally configured lacked the adaptability of Deliberate Leadership.

Collaboration: Did CWF seek out divergent points of view and ensure that they were welcomed and protected at the table?

CWF was designed by engineers and corporate consultants; many stakeholders felt that the strategy that was developed reflected those kinds of expertise and that other points of view were not represented. Moreover, staff and interviewees felt there was no safe space for honest reflection or for dissenting opinions and that the hub-and-spoke structure had no systems in place for opinions from the "spokes" or from outside allies to travel up to the decision-making hub. In part this may have resulted from funder pressures; as interviewees said, CWF felt pressure to deliver and many also observed that the entire structure of CWF 1.0 was not "porous" to new ideas. Despite its US$100 million planned investment in CWF 1.0, The McKnight Foundation found that its expertise in network building was not valued, and it did not have a seat on the board.

Community: Did CWF seek out positive deviants (on staff, in the countries in which it worked, and in other approaches) who might offer an alternative solution that could be successful in specific cultural contexts?

CWF understood the need to have in-country expertise and experience, but the need to get two networks up and running simultaneously affected its ability to deliver. As the comments of collaborators from Latin America and India testify, there was little room to make connections with the communities in which CWF was working. With a five-year window in which to show results, CWF had little bandwidth to "go slow to go fast," in the words of an old martial arts expression, by building relationships in communities.

In terms of its staff and networks, CWF appears to have had little tolerance for divergent opinions, or for assessments from staff of how well strategies were working. Interviewees felt this came in part from funder pressures to deliver good news. Moreover, in-country experts were not always valued—as one Indian interviewee reported, CWF's representatives, even when they met with community representatives, did not necessarily listen to them.

On the other hand, CWF did deviate from its own model to partner with CLUA, which Packard's Chris DeCardy has described as a "positive deviance" within the CWF orbit.

Candor: Did CWF create a culture that embraced openness and failure? Was it a learning organization that reflected on its values, culture, and strategies? Did it build on lessons learned?

As stakeholders have testified, CWF's management did not embrace learning from failure, and evaluation was conducted only at the insistence of one of the funders. Funders and CWF leadership were not aligned about the right level of evaluation and when and how it should be conducted. More than one interviewee observed that being a learning organization was not "in CWF's DNA." Even when evaluations were conducted, they were underfunded. When the evaluations flagged problems that could and should have been addressed, there was no attempt to put those lessons to work in improving the organization and its functioning. On the other hand, the funders tried to balance building a learning organization against micromanaging. They ultimately recalibrated, tried to build learning into the structure of CWF 2.0, and have sought to keep the mission of CWF 1.0 on a more sustainable model.

Creativity: Did CWF develop "what if" scenarios and anticipate threats?

Scenario planning was not part of the process for developing CWF 1.0, nor was it part of the highly skilled technical analysis that produced the Sudoku. Several interviewees noted that radical changes in the political and social climate, such as politicians turning away from climate action in the face of a weaker economy, and new forces such as the availability of cheap natural gas from fracking, altered the context significantly. CWF—and other advocates as well—struggled to adapt. Scenario planning or even doing a risk analysis might have prepared CWF to adjust to such curve balls more quickly.

Compassion: Did CWF exhibit humility and empathy in its decision-making and put their egos aside?

Deliberate Leaders understand that those who are most affected by a Wicked Problem may not have a voice in its solution. However, they also understand that the perspective of those most affected—usually the bottom of the pyramid, especially women and children, should be represented in some form. This is not just a question of ethics—it may provide critical insights that contribute to an effective response. CWF limited its effectiveness in some ways and in some places because it lacked that perspective and focused on technocratic and top-down answers.

Capital: Did CWF value the social and financial assets of its partners and staff?

CWF saw its role as focusing funders' resources and using them to respond more effectively than anyone had to the crisis of climate change. It also was able to use its research to influence the capital allocations of social investors that did not choose to turn their decisions over to the CWF staff. It certainly valued those financial assets, but saw less value in the social capital of its partners, staff, and fellow stakeholders. Some noted that it did not value leverage opportunities that lay outside its framework, including the investment decisions of the private sector, despite the presence of some corporate executives on the board. Overall, because CWF focused on implementing its strategic vision without being "porous" to other inputs, its response to the climate problem lacked nuance, and partners felt that it was not open to the other contributions they could make. In this case, social capital might well have been an added value for CWF.

Questions for the Field

Addressing Wicked Problems requires a significant cultural shift for many organizations, whether they are funders, grantees, or other stakeholders. The previous section views CWF through the lens of Wicked Problems, seeking to understand how with all its great strengths, CWF 1.0 could have been even more effective by applying the tenets of Deliberate Leadership. The questions this raises offer students of philanthropy and social investors rich opportunities to discuss, debate, and learn in situations where there is no one right answer.

1. **Courage:** Based on your experiences and knowledge, do most funders diagnose complex issues properly? Do they support high-risk projects and solutions?
2. **Collaboration:** Do they seek out divergent points of view and ensure that they were welcomed and protected at the table?
3. **Community:** Can you think of illustrations of positive deviants and ways funders have worked effectively in-country to build a trusting relationship with communities? Have these organizations also built effective teams internally?
4. **Candor:** How do funders create a culture that embraces openness and failure? How do they create learning organization that reflected on its values, culture, and strategies and build on lessons learned?
5. **Creativity:** How can funders build "what if" scenarios and anticipate threats early in their due diligence and grantmaking process?
6. **Compassion:** When and how do funders exhibit humility and empathy in decision-making?
7. **Capital:** How can funders value the social and financial assets of its partners and staff?

This handful of questions gets at the heart of being a Deliberate Leader. The case study offers information and analysis that can help to raise important questions on leadership and learning for the global field of philanthropy and social investing.

"Take risks. Ask big questions. Don't be afraid to make mistakes. If you don't make mistakes, you're not reaching far enough."
— DAVID PACKARD

Conclusion

Wicked Problems, like climate change, are a bold reach. They require taking risks, asking big questions, and making mistakes. CWF and its funders took a huge risk when they began: they tried something at a scale (financially, spatially, and politically) that had never been done by US NGOs before. And there were successes and setbacks. Together they suggest an effort that was both "brilliant" and "an epic failure." Sometimes they were different sides of the same coin, e.g. the Sudoku and the networks; at other times, brilliant incremental gains were made. And sometimes, they were just failures, and an unwillingness to adapt.

As with any program, the choices made and opportunities not pursued from the early planning stages through recalibration, have implications. However, when the problem is as complex as climate change and the reach is global, the repercussions of those decisions and neglected opportunities can be magnified. The case study highlights those implications from how the problem was defined to choices about strategy, organization, and leadership. It also reveals the difficulty of having to get it right (the money, the strategy, the staffing, the networks, the managing, etc.) especially in a short time frame with massive expectations addressing a problem that no one had yet figured out how to handle. Approaching the issue through a Deliberate Leadership frame could have ameliorated some of those challenges. They would still be there; they just would have been handled differently and more productively.

The issues that the creation and implementation of ClimateWorks have raised are not unique. Private foundations that deal with Wicked Problems (which is almost all of them) must challenge themselves to be more deliberate as leaders, to have the courage to tackle complexity while embracing diverse and often dissenting voices. These are not easy tasks or behaviors—they require ongoing intention and attention. They ask for more servants and fewer heroes, for more humility and less hubris, and for more curiosity and less knowing. Fortunately, CWF 2.0 has the opportunity to better align its approaches to the realities of the Super-Wicked Problem it is addressing. And, as the Epilogue describes, CWF 2.0 and its funders and partners are working hard to be a more flexible, adaptive, learning organization.

Epilogue

Though the next phase of CWF—which stakeholders call "CWF 2.0"—is not within the scope of this case study, it is worth a brief mention of the ways in which it has learned the lessons of 1.0 and recalibrated. We would argue that in the end CWF was able to practice adaptive leadership. As an organization, it responded to what was not working and incorporated those lessons into its programmatic and operational systems. It moved from having three to ten funders to support its work.

Today, CWF is a smaller, more decentralized organization. Rather than trying to manage the philanthropic community's response to climate change unilaterally, it functions more as a convener and advisor. The structure is streamlined: while CWF coordinates closely with its network of subsidiary RCFs, which were seen as one of its greatest successes, it no longer seeks to manage a separate network of technical experts and to oversee the activities of both. Larry Kramer of the Hewlett Foundation believes that in some cases the BPNs were duplicative and that, to the extent they were charged with developing technical standards, there are university and academic sources that can do this as well. Moreover, the partners are no longer expected to be cut from one cloth—their cultural diversity and ability to tailor their work to the context in which they work are recognized as a strength of the overall effort.

CWF leadership is more open to diverse perspectives. After a large and largely voluntary exodus in 2012, staffing reflects more varied backgrounds and experience, including political experience. Equally important, CWF works closely with climate change advocates and actors outside its networks, sharing information and coordinating action. It no longer seeks to "own" the global solution.

Assessment and reflection are now built into the workings of CWF. Rather than functioning as outsiders who produce an annual written report that management may or may not read closely, an evaluation team works closely with staff to foster ongoing organizational learning. Says Kramer, "We believe 2.0 will be much more nimble and recalibration will happen and it will be more adaptive."

Charlotte Pera puts it well: "We'll continue to make mistakes, but hopefully not the same mistakes. In a few years we will have more failures and lessons learned to discuss." By continuing to knowingly take big risks, and understanding that solving Wicked Problems is messy and requires constant learning and adjustment, the courageous experiment that is CWF can become even more effective in fighting humankind's greatest challenge.

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26 The David and Lucile Packard Foundation and the William & Flora Hewlett Foundation are taxexempt charitable organizations qualified under section 501(c)(3) and classified as private foundations under section 509(a) of the Internal Revenue Code. Packard and Hewlett Foundation funds may have been used to support some, but not all, of the activities of grantees and others described in this report. No Packard or Hewlett Foundation funds were used to support or oppose any candidate for election to public office. No Packard or Hewlett Foundation funds were "earmarked" or designated to be used for lobbying or "attempts to influence legislation" (as defined in section 4945(d)(1) of the Internal Revenue Code).

Notes

[27] ClimateWorks Foundation is a tax-exempt charitable organization qualified under section 501(c)(3) of the Internal Revenue Code (I.R.C.) and classified as a public charity under I.R.C. section 509(a)(1). No ClimateWorks Foundation funds are used to support or oppose any candidate for election to public office. No ClimateWorks Foundation funds are "earmarked" ordesignated to be used for lobbying or "attempts to influence legislation" (as defined in I.R.C. section 4945(d)(1)), with the exception of grants explicitly made for appropriate lobbying purposes under ClimateWorks Foundation's 501(h) election.

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Appendix A

Interview Participants

Matt Baker	Program Officer, Environment Program	The William and Flora Hewlett Foundation
Eric Beinhocker	Executive Director, The Institute for New Economic Thinking (formerly with McKinsey & Company)	The Oxford Martin School at the University of Oxford
Susan Bell	Senior Advisor, Woods Institute for the Environment (former Vice President, The William and Flora Hewlett Foundation)	Stanford University
Kamyla Borges da Cunha	Environmental Law Director	Instituto de Energia e Meio Ambiente
Andrew Bowman	Director, Environment Program	Doris Duke Charitable Foundation
Paul Brest	Professor Emeritus, Stanford Law School, Co-director of the Stanford Center on Philanthropy and Civil Society, and Co-director of the Stanford Law and Policy Lab (former President, The William and Flora Hewlett Foundation)	Stanford University
Mike Brune	Executive Director	Sierra Club
Mark Burget	Executive Vice President and Managing Director, North America Region (former Chief Operating Officer and President, Climate-Works Foundation)	The Nature Conservancy
Steve Colwell	Executive Director	SeaChange
Chris DeCardy	Vice President and Director of Programs	The David and Lucile Packard Foundation
Urvashi Devidayal	Program Officer	TrustLaw, Thomson Reuters Foundation
Krishan Dhawan	Chief Executive Officer	Shakti Sustainable Energy Foundation
Shantanu Dixit	Founding Member	Prayas
Peggy Duxbury	Consultant (former Program Officer, The William and Flora Hewlett Foundation)	Independent Consultant

Appendix A

Interview Participants

Christine Egan	Chief Executive Officer	CLASP
Chris Elliot	Executive Director	Climate and Land Use Alliance
John Ford	Vice Chancellor for University Development and Alumni Relations (former Senior Philanthropic Advisor, ClimateWorks Foundation)	University of California, San Francisco
Jamshyd Godrej	Board Member	Shakti Sustainable Energy Foundation
Harish Hande	Co-Founder, Managing Director	SELCO
Brent Harris	Principal and California Office Lead	Redstone Strategy Group
Hal Harvey	Chief Executive Officer (former Chief Executive Officer, ClimateWorks Foundation)	Energy Innovation
Hui He	Senior Policy Analyst/China Co-Lead	International Council on Clean Transportation
Stefan Heck	Consulting Professor	Precourt Institute for Energy at Stanford University
Eric Heitz	Chief Executive Officer and Co-founder	Energy Foundation
Walter Hewlett	Trustee	The William and Flora Hewlett Foundation
Chad Holliday	Chairman (former Vice President of the Board, ClimateWorks Foundation)	Royal Dutch Shell
Bob Johnson	Chief Executive Officer	Conversant
Don Kennedy	Former Trustee	The David and Lucile Packard Foundation
Drew Kodjak	Chief Executive Officer	International Council on Clean Transportation
Jules Kortenhorst	Chief Executive Officer	Rocky Mountain Institute

Appendix A

Interview Participants

Larry Kramer	President	The William and Flora Hewlett Foundation
Ron Kroese	Former Program Director	The McKnight Foundation
Fred Krupp	President	Environmental Defense Fund
Carol Larson	President and Chief Executive Officer	The David and Lucile Packard Foundation
Tim Larson	Principal	Ross Strategic
Toni Lindau	Director of Brazil Office	EMBARQ
Clarisse Link	Director of Brazil Office	Institute for Transportation and Development Policy
Amy Luers	Director, Climate Change	Skoll Global Threats Fund
Jason Mark	Senior Vice President, Director of US Programs	Energy Foundation
Pam Matson	Dean, School of Earth, Energy, and Environmental Sciences	Stanford University
John McCall MacBain	Vice-Chair	European Climate Foundation
Brigid McCormack	Executive Director (former Vice President of External Relations, ClimateWorks Foundation)	Audubon California
Charlie McElwee	Vice President of Programs	ClimateWorks Foundation
Johannes Meier	Chief Executive Officer	European Climate Foundation
Surabi Menon	Advisory and Research Director	ClimateWorks Foundation
Andreas Merkl	President and Chief Executive Officer	Ocean Conservancy
Steve Neal	Member, Board of Directors	The William and Flora Hewlett Foundation
Michael Northrop	Program Director, Sustainable Development	Rockefeller Brothers Fund
Lynn Orr	Under Secretary for Science and Energy (former Member, Board of Directors, The David and Lucile Packard Foundation)	U.S. Department of Energy

Appendix A

Interview Participants

R.K. Pachauri	Director General	The Energy Resource Institute (TERI)
Kristian Parker	Trustee	Oak Foundation
Seema Paul	Managing Director (former Chief Executive Officer, Shakti Sustainable Energy Foundation)	The Nature Conservancy
Charlotte Pera	President and Chief Executive Officer	ClimateWorks Foundation
Walt Reid	Director, Conservation and Science Program	The David and Lucile Packard Foundation
Bill Reilly	Chairman Emeritus, Board of Directors	ClimateWorks Foundation
Joe Ryan	Vice President for Climate and Strategic Initiatives (former President for Latin America and Oil Campaign Director, ClimateWorks Foundation)	Audubon Society
Richard Sedano	Principal and US Programs Director	Regulatory Assistance Project (RAP)
Maria Amalia Souza	Executive Director	CASA Fund
Tom Steinbach	Program Director, Environment Program	The William and Flora Hewlett Foundation
Lee Wasserman	Director and Secretary	Rockefeller Family Fund
Kathleen Welch	Principal	Corridor Partners
Anna Williams	Director (former Senior Associate and Evaluator, Ross Strategic)	Perspectio
Jim Wolf	Independent Consultant	
Kate Wolford	President	The McKnight Foundation
Zhao Zhong	China Program Coordinator	Pacific Environment

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