Series Intro

This is the Invest in Results podcast. Mission-driven organizations dedicate their time, talent, and resources to improving lives and communities. Yet they are hindered by a system that too often measures process instead of progress and pays for outputs instead of outcomes. By sharing knowledge, investing in projects, and building networks, we can invest in results.

Episode Intro

In this episode, **Zia Khan, Vice President, Initiatives and Strategy at The Rockefeller Foundation**, highlights the need to recognize and understand rules and rituals in order to spur change, especially when it comes to achieving and measuring outcomes. Since recording this podcast, Zia has a new role: Senior Vice President for Innovation. This segment was recorded at the Federal Reserve Bank of New York on June 5, 2017.

Story

So just to start with an example, it's summertime now, and I along with many other people have an outcome that we aspire to, and for me, it's to lose some weight. When I think about losing weight, there's not that many choices: you eat less, eat differently, and you exercise more. So I can come up with some rules that I will trim down some of my after-work cocktails, I will eat more vegetables, and I'll go exercise to the gym. Not very complicated. Two months from now, I'll look pretty similar to many of you [audience laughs] and the reasons for that will be that summertime has a lot of rituals for me.

I have a lot of friends in Brooklyn who enjoy discovering negronis. We go sampling those. The barbecues on weekends; how can you turn down the barbecues? And then, going away on the weekends. Who wants to go to a gym and sit on a rowing machine in the basement during the summertime?

My point here is that there are strong underlying rituals that guide our behaviors and no matter how clever we are with coming up with rules that are meant to get us different outcomes, if we don't recognize those strong ritual, and factor them as we design these rules to drive change, then those rules probably will not work and we probably won't realize the outcomes that we want.

Now I'm tremendously excited about this idea of investing in results. It's truly powerful. It's truly innovative and it'll lead to a big paradigm shift; but the challenge is a lot of people who are working on this right now are pretty analytical and are thinking about the rules. And I just asked in this meeting, which led to me then writing a chapter, for people to think about the change aspect and the rituals under it. So, basically, the way I look at it, is every

system consists of both rules and rituals. Rules are the formal side of things, so the goals, or the strategies, the processes – usually the things that exist on paper and usually the kinds of things that people who go to business school or work in government policy shops are trained to think about. The rituals are those cultures, the values, the sources of pride, the influences of your social community that actually really drive behavior too – and they're hard to change. There's a well-known expression that "culture eats strategy for lunch." And that doesn't mean that change is impossible, but you just have to factor both sides of rules and rituals when you think about change. I've written a little about this in the chapter in the book. And it's something that I'd encourage everyone who's working on investing for results to think about when you're not only designing pilots, but particularly when you're driving towards the bigger scale change that needs to happen to realize the full potential of this idea. There are three suggestions that I'd ask you to keep in mind as you are thinking about balancing rules with rituals.

One is to always keep in mind the sources of pride that people have in the work that they do. A lot of times I think – myself included, I used to be a strategy consultant and I certainly thought this way – when you're trying to implement a change program that the reason change isn't happening is because people are resisting it, or people are rejecting new ideas, or people are stuck in their silos. Well, no one shows up to work thinking, "Today I am going to reject some ideas, I am going to stay in my silo, and I am going to ignore everything else." [audience laughs] People do things because they take pride in their work. And they may take pride in things that we may not realize or fully appreciate.

For example, imagine a government worker who takes real pride in the trust that they've developed with certain service providers over the years. Now, it's going to be a bit shocking to have an open RFP focus on outcomes that'll bring in a whole new community of service providers who may be more innovative and maybe are effective. That might be the right thing and the right outcome, but just remember that this person has taken real pride in the hard work that they've done for 10 or 20 years with community that they've built up. So, one aspect I ask for everyone to just think about what are the sources of pride that people take, and they don't have to be obstacles, but we just need to be aware of those forces that drive what people do on a day-to-day basis. That's one side of rituals that's important to factor.

A second aspect of rituals is to understand who are the key influencers and all the communities that need to change. When I started consulting, before I joined Rockefeller Foundation, one senior consultant told me about a project and he said was the smartest thing he'd ever done. It was a project where they were rolling out a new IT system. So he surveyed the tech support group and asked them, "Who do you go to for advice?" The same three names kept popping up. They were the names that you wouldn't identify by their title or their position on the org chart, but these were the go-to people. They were deeply respected because of what they knew, the fact that they were willing to help people, and that were able to solve problems. And they took great pride in their central role in this network. Now, what my colleague had done, was he asked them about how should we do this new technology change. How about we train you first and then you guys can roll it out to all your colleagues? The reason that was important is many times when we roll out new changes, we affect people's status because they are the expert in the old way of doing things and they are influential. They often will be people who will first-hand find fault with

the new way of doing things – not again because they're necessarily rejecting new ideas, but because they deeply, passionately, believe in the old way and that will cause disproportionate drama. But on the flip side, you can harness that energy by including them early. So as we think about communities of evaluators or people in governments, how can we find those key influencers who may not be the most important people according to an org chart, and start to involve them early? Because not only will they help with the change – they probably have very deep insights into how the organization works to help drive the change.

The last thing that I'll mention around what's really important, is to recognize that stories really matter. Everyone, fortunately, is usually in this line of work because they care about helping people. Now, what choices they make for helping people can vary, but stories are vital and stories can help motivate people and drive energy as you start to roll out programs. Stories also help build trust among people. When certain groups of people start sharing stories, they start to trust each other, and they start to see each other as a communal "we." Trust is critically important because one thing I can assure you of is that when you roll out a complicated program like Invest in Results or Pay for Performance, you're going to come up against some unplanned problems and it's impossible to design rules for unplanned problems, because you have to plan for those unplanned problems in order to generate those rules. So what's going to happen is people are going to improvise and they're going to draw on their own rituals and they're going to see how much they trust each other. But ifa community of people have been sharing stories about what has been working and what hasn't been working, they start to develop a similar language; they start to trust each other. That trust is going to be a critical asset to solve the inevitable problems that you'll run into downstream.

So, a few thoughts around keeping in mind people's sources of pride, finding those key influencers, sharing stories to build trust. Those are some ways that you can harness the rituals that are pretty hard to change so that the new rules you want to introduce lead to the big paradigm shift and powerful change. That, I think is one way we can achieve the real benefits of this, and it'd be a shame to not realize the full potential that I think is embedded in Investment Results if we don't factor those two aspects of rules and rituals together.

Thank you.

Outro

Thank you for listening to the Invest in Results podcast. Visit InvestInResults.org to learn more about this campaign and to download a free copy of the book that fueled this project, "What Matters: Investing in Results to Build Strong, Vibrant Communities." You can find Nonprofit Finance Fund at nff.org, tweet us @nff_news, or follow our work on LinkedIn. We'd love for you to join the conversation on social media by using the hashtag #InvestInResults. We'd like to thank the Federal Reserve Bank of San Francisco for their dedication and collaboration. Thank you for listening!