

Dangerous Vision

Social mission can't substitute for business basics

BY MARJORIE KELLY

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nal, discussing circulation—lists, offers, pricing, gross response, pay-up, renewal rates—all the various cats, you might say, and how they can be skinned. And I couldn't help noticing that in an hour's time, neither of us mentioned a single editorial idea—though that was the only thing my entrepreneur friend thought worth his attention. I hadn't said it earlier, but I hoped at that moment to find him and say: If you think you can "just hire someone" to run the business part of your company and then ignore it, you're making a huge mistake. It's not that editorial quality doesn't matter—it matters tremendously. But business matters just as much.

It's an easy mistake to make: wanting to focus on the things we love and ignore the rest, hoping that magically it will take care of itself. Because in the good old days of being an employee, most things did take care of themselves. All the pesky details of management—meeting payroll, filling out tax forms, fixing equipment, emptying trash—somehow just got done, and we only noticed when they didn't. I had no idea how well my former boss ran his company until I started my own. I'd always been very aware of his shortcomings as a manager, but I barely noticed his strengths. Because strengths in management, almost by definition, are invisible.

Management is the art of what doesn't happen: the checks that don't bounce, the orders that aren't shipped late, the lawsuits that are never filed.

Such things are rarely foremost in the mind of the new entrepreneur—particularly one with a social bent. Management is what boring bureaucrats do, we tell ourselves; we have a mission, we're funky—we don't need all that Man in the Gray Flannel Suit stuff.

Yet management is like life: It's what happens to entrepreneurs when we're busy making other plans. We set out to develop a wonderful product, to have an impact—and we find ourselves spending time less on changing the world than on getting the mail out at 3:00, and remembering to print our letterhead on recycled paper with that little recycling logo on the bottom of every sheet.

Of course, trying to tell all this to a new business owner is like telling a newlywed about the perils of long-term relationships ("Not in *my* marriage..."). But at the risk of being a Cassandra—issuing warnings that go unheeded—I'd like to share a few of the lessons I've learned over the years about the perils of social entrepreneurship. "How much can there be to it?" More things than you've ever dreamt, Horatio.

And so in true management-how-to style, I'd like to offer here a few of Marjorie's Maxims:

1. Social mission is not a substitute for business basics.

When I started this company, my goal was to make a difference. And I believed that if I put out a great magazine, and created the right esprit de corps, the rest would take care of itself. We were riding a wave of historic change; nothing could stop us. I still believe we're riding that wave—but I now realize it helps to have a good engine on your craft. And that engine is revenue.

My business partner, Miriam, and I use the phrase "being devoted to revenue." It's been like a conversion experience. Because it's clear to us that every day we face more tasks than we can possibly complete, we must constantly ask ourselves: Is this task revenue-generating? And we must ask as an organization: Are we simply spending money or are we investing in growth? Because spending \$500 to generate subscriptions is very different than spending \$500 on shelves for the library.

So that's one of the clear basics—revenue—but there are others. Like working conditions or employee relations. We ignore

"I used to think that only ideologies could save the world. But now the most important thing seems to be running things well."

Rolling Stone founder *Jann Wenner*, quoted in *Rolling Stone Magazine: The Uncensored History*, by *Robert Draper*.

HOW DOES IT HAPPEN, that what looks so easy can end up being so incredibly complicated? How is it that something so basic can be so invisible? What I'm talking about here is management, and how invisible the skills of management are—particularly to aspiring entrepreneurs, intent as they are on things more exalted than sick-leave policy or 1099 forms.

Take my friend Richard, for example. He's developed a pretty amazing new product—multi-dimensional graphing and plotting software that promises to revolutionize statistical analysis—and he wants to start selling it from his garage. "But I'm not going into business," he tells me. When I protest that he is indeed going into business, and is likely to run into more pitfalls than he can imagine, he brushes away my warnings with the wave of a hand. "How much can there be to it?" he says. "You hire somebody to answer the phones, you put the software in an envelope and mail it." I shake my head and wonder: Would he be so cavalier if it was a career as a saxophonist he was undertaking? "How much can there be to it? You put the horn in your mouth and blow."

It's an attitude that is dismayingly common among entrepreneurs. I met another fellow at a conference recently who, with a partner, is planning to start a new business magazine. Knowing that he was an editor, I inquired about his partner's background. "He's an editor too," I was told. "But who will do the business side?" I asked. "Oh, we'll hire people to do that. How many ways can there be to skin a cat in circulation?"

Interestingly enough, that same day I found myself in a long conversation with David Thorne, publisher of *New Age Jour-*

these at our peril, too. Jerry Gorde, founder of Vatec, said once that he had focused so much on lofty issues like company mission and employee ownership, he'd neglected things like job descriptions. "Forget taking ownership of the company," he said. "Take ownership of your job."

Nothing can substitute long for business basics.

2. Return on investment is a social responsibility.

Our mission says it quite nicely. When we started the magazine, our mission had two parts: to promote ethical business practices, and to serve those professionals trying to live and work in responsible ways. A few years down the road, we added a third part: to create a financially healthy company. Because it's pretty hard to make a difference if you don't make any money.

We use the phrase "financially healthy company," because it encompasses a lot: good wages (for employees), revenue growth (for the company), and return on investment (for investors). Employees we face every day, so their needs are obvious. And as entrepreneurs we own most of the company, so its needs are pretty clear to us. But when someone I hardly know, and will rarely see, hands me a personal check for \$75,000, it gets my attention. It becomes pretty clear, pretty fast, that "return on investment" is not an abstract concept. It's my personal obligation to a handful of people who have taken a risk on me, when they could have done any number of other things with their money. And return on investment, by the way, is also an obligation I have to myself.

3. The democratic workplace is not a leaderless workplace.

You can't pretend everyone's equal. This point was made best by Jim Autry, author of *Love & Profit*, who put it this way: As a manager you may not feel your power, but your subordinates do. Jim at the time was president of a \$600 million division of Meredith Corporation, but when a call came in from his CEO, he said, he jumped to take it. The power difference was always there.

This has been a hard lesson for me, coming as I do from a background in collectives and cooperatives, where there is a fierce distrust of hierarchy. And for a time I tried to run a completely egalitarian office. But "power sharing" didn't work, I discovered, for instead of creating welcome opportunity it sometimes left a confusing vacuum. When I finally stepped into that vacuum and claimed my role as a leader, there was a palpable sense of relief among the staff—



because now someone was in charge, now we could get somewhere.

The same lesson hit me again from a different angle. Like many entrepreneurs, I had the fantasy we were all in this together—like a group of friends pitching in on a project. And that worked with some employees, particularly those who came with experience in the industry and a high level of skill. But I was surprised to find that some employees considered this atmosphere irritating. Without close supervision, comprehensive training, and a clear definition of responsibilities, they felt cast adrift. They couldn't do good work. And they resented it. Claiming my power, it turned out, really meant claiming my responsibility.

4. Anarchy can be more oppressive than bureaucracy.

My old boss, Bill, would laugh if he heard this, but I've come to think of procedures as my friends.

Before I started this magazine, I worked for an entrepreneurial company that was quite young—I was the third full-time employee—and I hated how over the years the procedures multiplied. Where once we had written direct mail plans on

the back of menus, now there were endless forms to fill out. I put a bumper sticker on my car that said, "Break the Rules." And when I left to start my own company, Bill gave me a going-away present: a binder labeled, "Kelly Inc. Policies and Procedures." It was totally empty. We laughed about it, but I vowed that my company would never, never have so many rules.

The six years since, I humbly admit, have been spent filling up that binder—and these days I welcome new procedures with glee. For example, last week I bought an alphabetized accordion file for unpaid bills. I'm like a kid in a candy store with it. I take great joy in filing invoices tidily, and pulling them out knowing all the Federal Express bills will be in one place.

Instead of seeing procedure as oppressive, I now see it as an oasis: a welcome space where things run well, and I can make one decision instead of ten. When I envision the perfect workplace now, it is a hybrid of the best parts of both bureaucracy and anarchy: a humming, well-oiled, efficient organization but with an atmosphere that is comfortably human.

IT CAN BE DONE, I know. We can create organizations with all the panache and passion and fun of social entrepreneurship, and all the efficiency and financial acumen of traditional business. But we can't have the former without the latter.

At our office we have a lot of wonderful traditions, like office toys: cars that race down walls, wind-up walking monsters. We have a Big Blue Eraser we ceremoniously award to anyone who has made the latest Really Big Mistake, and we've been known to show up at staff meetings in plastic yellow Dick Tracy hats. We try to walk our talk however we can: letting staff bring kids to work, using recycled paper, seeing every job as promotable. I'm proud of these traditions, and they say a lot about who we are—but I've discovered over the years that they're really the icing on the cake. To do these things without having the business basics in place is like hanging elegant curtains in a room where the wind is whistling through holes in the walls.

I thought, when I started this company, that we were re-writing the rule book on business: throwing everything out, starting fresh. Since then I've put back most of the things I threw out. Because I've realized that social entrepreneurs aren't so much writing a new book as adding a chapter to the old one. We've made some improvements, I feel sure of that, but the old book, you know, it has a lot of good stuff. ☞