

# Doing well by doing good: A leader's guide

**Mary Brainerd, Jim Campbell, and Richard Davis**

Addressing community problems increasingly requires cooperation among the private, public, and not-for-profit sectors. Here, three executives explain how a civic alliance in America's Minneapolis–Saint Paul region may point toward an operating model.

**The vitality of our communities** has always required the involvement of the private sector, not just governments or not-for-profit organizations. Unfortunately, despite business leaders' best intentions, these collaborative efforts often founder, fueling skepticism about the private sector's ability to contribute meaningfully to civic advancement.

Changing this equation is in the interest of corporate leaders, for whom the ability to work across sectors is becoming a business necessity.<sup>1</sup> It's in the interest of their companies, which require talented employees attracted to vibrant communities. And it's in the interest of the world's cities, which are confronting unprecedented challenges at a time when many national governments' resources and support mechanisms are wobbling.

Our group, the Itasca Project, has been experimenting for more than a decade with fresh collaborative approaches aimed at boosting the economic and social health of the Minneapolis–Saint Paul region of the United States, America's 16th-largest metropolitan area, with about 3.4 million people. If you've been to any meeting of your local

<sup>1</sup>Dominic Barton, Andrew Grant, and Michelle Horn, "Leading in the 21st century," *McKinsey Quarterly*, 2012 Number 3, [mckinsey.com](http://mckinsey.com).

Chamber of Commerce or Growth Association, you may think you know what a civic alliance such as Itasca does. Ten years ago, we would have thought so, too, because we and our companies had long been trying to work productively with governments and not-for-profit groups in the Twin Cities. But we would have been wrong. Although other organizations play a critical role in communities, Itasca is different. It's an employer-led civic alliance with no individual members, no office, and no full-time staff. We are quite prepared to end Itasca the minute we feel it is no longer adding value. In fact, we debated that very issue—*should we continue?*—at our fifth birthday and again this year, at our tenth.

We keep going because of the opportunities we see to make a difference. In the past decade, Itasca has forged links between the business community and our region's biggest university. It has improved the financial fitness of the region through educational programs and cast a national spotlight on growing socioeconomic disparities. Today, Itasca is working to improve higher education and generating quality-job growth, as well as advancing efforts to address transportation issues comprehensively.

We don't claim to have cracked the code to successful trisector partnerships. But we do think our approach—how we've organized, focused our efforts, relied on hard facts, and involved, personally, our region's key leaders—is different enough to spark useful ideas for corporate leaders in other communities. This article outlines that approach, which has not only made a difference in Minneapolis and Saint Paul but also been extraordinarily rewarding for us as individuals. (For more, see the video where the authors discuss the civic alliance's impact on the Minneapolis–Saint Paul region and them personally, on [mckinsey.com](http://mckinsey.com).)

## Who we are

Understanding Itasca requires understanding its origins. After World War II, the state of Minnesota enjoyed dramatic economic growth, driven by locally based Fortune 500 companies such as General Mills, Minnesota Mining and Manufacturing (3M), and Northwest Airlines, as well as private, family-owned empires, including Cargill, Dayton, and Pillsbury. That lineup's not bad for a region that is, for many,

flyover country. We don't enjoy sunshine 300 days a year. We don't have beautiful mountains or gorgeous seashore. But for the four decades from the 1950s onward, our focus on those factors we could control—such as the quality of life, education, and the arts—made our state incredibly special and a place where people wanted to live.

As the new century approached, though, our competitive edge dulled. Between 1990 and 1999, Minnesota's share of the nation's initial public offerings and venture-capital investment fell. We began losing the battle for emerging high-technology businesses and slipped as a hub for research and development. By March 2000, David Kidwell, then the dean of the University of Minnesota's Carlson School of Management, delivered a speech titled "Has the Twin Cities economy lost its blue chip status?" Deep down, we all knew the answer. The question was what could be done about it.

Later that year, Mark Yudof, at the time the president of the University of Minnesota, convened 1,200 civic and business leaders to discuss regional competitiveness, and a task force of around 50 local leaders from all sectors was formed. It was a disaster. A group of that many people, representing diverging constituencies and priorities, barely agreed on the shape of the table let alone a path to revitalize our competitiveness.

Yet a fuse had been lit. Rip Rapson, then the president of the McKnight Foundation,<sup>2</sup> organized a breakfast meeting with a small group of business leaders who by now were convinced that something had to be done. Itasca eventually emerged from this, though its creation was far from a foregone conclusion in a region awash with groups ostensibly promoting economic growth and competitiveness.

To decide whether we could do anything worthwhile, we got in touch with leaders throughout the region and conducted interviews aimed at examining the Twin Cities' strengths and weaknesses and the degree to which those issues could be addressed collectively. What we found was room for a different kind of organization: one that was business led while demanding all other perspectives as well and that took a long-term view, peering decades into the future rather

<sup>2</sup>The Minnesota-based McKnight Foundation, created in 1953 by 3M president and CEO William McKnight and his wife, Maude, provided seed money for Itasca and continues to be a financial supporter.

than just to the next legislative session. Such an organization should prioritize regional vitality over business self-interest and be willing to take on issues that are inherently difficult to solve.

On September 12, 2003, Minnesota’s governor, the mayors of both Minneapolis and Saint Paul, and about 30 other business and civic leaders attended the first organizational meeting. Ten minutes had been set aside for introductions; this stretched to nearly half an hour as participants expressed their passion for the Twin Cities and their hope that the new organization could make a difference. We all believed that a group driven by private enterprises but including a broad set of stakeholders could play a constructive role in reviving the economic competitiveness of Minneapolis and Saint Paul.

When it came to a name, we were inspired by what many regard as the Twin Cities’ golden era of business-leader civic engagement. In the 1950s and 1960s, regional business leaders would assemble annually at a state park to discuss critical issues, setting aside rivalries between their companies to contribute to the state’s prosperity. The park’s name was Itasca.

## Our different approach

All regions are unique. All have strengths and weaknesses. And all have organizations that see their role as promoting economic vitality, business growth, and community well-being. On this basis, you could consider Itasca and the Minneapolis–Saint Paul region as entirely ordinary. Yet we like to think that our results have been extraordinary—and that they are a direct result of the conscious, deliberate ways we sought to think differently about how a civic alliance should operate. (For more, see sidebar, “How Itasca has made a difference,” on page 11.)

## Organize for action

In the case of Itasca, “organization” refers to how we operate, not what we are. We’re not an *organization*. We work virtually, without a formal office. There’s no full-time staff, but we have been fortunate to receive support<sup>3</sup> with operations and logistics—such as preparing

<sup>3</sup>Our support comes in the form of pro bono service from McKinsey & Company. However, potential sources of support include partnerships with universities, rotating personnel from member organizations serving in a full-time capacity for fixed periods, or both.

agendas and documents for meetings—as well as some of the fact-gathering, which is so critical to our work. We leverage personal relationships rather than sell memberships. We have no public-relations people or thirst for recognition. And our budget process comprises a single annual meeting where the total estimated expenses for the year ahead are presented. Invoices are then sent to member companies, with payment optional. We collectively spend some two hours each year worrying about funding.

We do have some external financial supporters.<sup>4</sup> However, we believe other civic alliances have the ability to adopt our overarching approach—all communities have smart people, companies, and institutions that can provide support—especially when the benefits of being freed from traditional organizational structures are so obvious. Being a virtual organization frees us to focus entirely on picking issues and driving for results. It's a collective effort; while working groups are responsible for individual issues, none of us will hesitate to pitch in if we believe we can make a difference. We don't expend time or energy perpetuating an organization for an organization's sake, and if the day comes when we find there are no issues to address, we will walk away and Itasca will be no more.

### Focus on specifics

Everyone learns from mistakes, and Itasca is no exception. When we first tried to determine which issues we wanted to be involved in, we wrote all of them on a white board, voted, and chose six. A shorter list would have been better.

It's difficult to overstate the importance of carefully selecting issues where you believe you actually *can* make a difference, rather than those where you would like to. The key is to select the pressure points of issues on which a group such as Itasca—driven by the private sector but working collaboratively with all—can have an impact. When we targeted higher education in 2011, for example, our principal task was to narrow down potential action areas. Our task-force, led by Cargill chairman and CEO Greg Page, included executives from major employers, such as Andersen Corporation, General Mills, Target, and Wells Fargo. It recommended four priority areas: training students to meet the needs of employers,

<sup>4</sup>Itasca receives funding from the Bush Foundation, the Greater Twin Cities United Way, the McKnight Foundation, the Minneapolis Foundation, and the Saint Paul Foundation.

fostering a private–public ecosystem of research and innovation, forming new collaborations among higher-education institutions to improve efficiency, and helping to increase the number of students who graduate.

We immediately decided not to address the final priority—that’s the responsibility of institutions themselves, with little role for the business community. But we knew Itasca could have an impact on the other three, and implementation teams have worked on each since late last year. Although the work is ongoing, early results are encouraging. To give just two examples: our state’s conversation around the issue of higher education has shifted from cutting spending to increasing investment. In fact, Minnesota’s 2013 legislative session was dubbed “the education session” for the way it prioritized investment. And the Minnesota State Colleges and Universities (MnSCU) system and Associated Colleges of the Twin Cities (ACTC) have been working in parallel on efficiencies. In fact, by adopting modern procurement practices, MnSCU has saved more than 30 percent on copier paper, and ACTC’s board is determining the business case for shared services.

The effort to bridge the gap between education and employment fits neatly with Itasca’s broader priorities. We view education, jobs, and transportation as a triangle, with socioeconomic disparities in the center, influenced by the other three. These centerpieces of *our* work have a critical factor in common: they are *local*. Education involves *our* children and students of all ages, as well as teachers. Jobs relate directly to *our* community and what we can do to increase opportunities and the region’s attractiveness. Transportation includes *our* roads, bridges, and infrastructure. And the degree of disparity among *our* residents is influenced by all three factors. The bottom line is that these are challenges where we believe Itasca can make a difference.

### Take a fact-based approach

Gathering the facts is critical to our success. While our working groups may be hypothesis driven, before any recommendation is contemplated they spend weeks or even months examining best practices in the United States and around the world, gathering data via interviews, surveys, and other approaches. Because every recommendation is firmly grounded in fact, this approach underpins our credibility

with partners and the broader community. They know that Itasca is—to the greatest extent possible—objective, nonpartisan, and driven only by the desire to improve our community.

Consider the issue that is central to all that we do: disparities. While the issue of socioeconomic inequality has taken center stage nationally in the past five years, Itasca prioritized it from our first formal meeting, in 2003. Even at that point, it was evident anecdotally that the Twin Cities were increasingly dividing into haves and have-nots, with all manner of deleterious effects on our community. Yet we weren't aware of any organization in our region tackling this issue, and, frankly, we were concerned that it couldn't be tackled—it was simply too big to be addressed, especially by a small, fledgling civic alliance.

Then we got lucky. We discovered that one of our primary supporters, the McKnight Foundation, was already working with the Brookings Institution's Metropolitan Policy Program to examine publicly available census data on several US cities and determine the types and impact of disparities. We immediately saw an opportunity to become involved, and the eventual report, *Mind the Gap*,<sup>5</sup> was sobering. Although our region is generally regarded as highly educated, with relatively low rates of poverty and unemployment, the report showed worrisome trends emerging. In particular, it showed that fewer people of color attended college, their household incomes were lower, and they tended to live farther from areas where jobs were.

What made the report, released in 2005, so powerful was that it was grounded in facts—in this case, publicly available data—and that the recommendations based on our analysis came from a unique business perspective. Because all of our member companies are major employers, the fact that we were expressing concern about growing socioeconomic disparities and their potential impact on the future vitality of our region carried significant weight. Some eight years later, we can't claim to have solved the disparities issue. But it is now squarely at the center of all conversations about what kind of community people want the Twin Cities to be and the initiatives that should be pursued to achieve this goal. That would never have happened

<sup>5</sup>For more, download the full report, *Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities*, Brookings Institution, October 2005, on [brookings.edu](http://brookings.edu).

without the credibility of Itasca as a messenger and the rigor of our approach to understanding and analyzing issues.

### Get leaders involved

When it comes to getting things done, there's no substitute for the direct involvement of those with authority. The members of Itasca who make up our working groups are private-sector chairmen and chief executives, the mayors of Minneapolis and Saint Paul, the governor of Minnesota, and presidents of universities and other institutions. There's no concern about miscommunication or making false promises that require the approval of others. We are all principals with decision-making authority, sitting in meetings as equal participants with equal voices.

Although this practice sounds like common sense, many civic alliances devolve into endless rounds of meetings attended by designated representatives who report back to others, adding layers of complexity and delays. Having principals at the table—principals whose time is precious and who are accustomed not only to making decisions but also to seeing tangible results—ensures our relevance and focuses our attention on what really matters. We all know that the work we do must be worth our time.

At one of our first meetings, for example, we discussed research and development undertaken by companies and public institutions in the Twin Cities. A vast amount of groundbreaking work was being done, yet there was little cooperation—research organizations worked in isolation and had done so for as long as anyone could remember. We all agreed this made little sense, and the then chairman and chief executive of 3M, Jim McNerney (who now holds the same roles at Boeing), immediately volunteered to chair a task force on the issue. Within seconds, another attendee, the president of the University of Minnesota, Bob Bruininks, piped up: "I'll co-chair." Six months later, the working group chaired by Jim and Bob had studied best practices, developed a deep fact base, formed recommendations, and pushed for changes that have transformed private–public sector collaboration across the state.

## Finding deeper meaning

The effort Jim and Bob spearheaded had obvious direct benefits for both of their organizations. Yet not all Itasca initiatives do, which raises the question: why bother? Why do so many leaders of companies, organizations, and institutions devote so much time and effort—our core working group typically meets weekly—to do work that, in many cases, may not bear fruit for years or perhaps decades? If you ask these leaders, the answer is universal and simple: it's incredibly meaningful. The personal return on investment from their Itasca involvement exceeds that of pretty much anything else they've done, including their corporate careers. It's that significant.

Itasca provides a couple of rare opportunities at a personal level. Members interact in a noncompetitive environment with fellow leaders, and they exercise different parts of their brains. While we like to think that managing a major corporation is all about influence, the fact is that it's often just management: leaders make decisions, and others fall into line. At Itasca, it's all about influence. Ideas survive and thrive on the ability of members to bring their colleagues along with them. It's also creative. Our members have risen to their current positions by being very skilled at specific tasks in specific industries. Yet at Itasca, they may be examining a problem they have little expertise in, which is itself exhilarating. Not only that, they also have permission to try more things and make more mistakes—a luxury that quickly disappears in their day jobs. Don't get us wrong; we are determined to reach the right answer to a given problem as quickly as possible. But there is leeway for experimentation and learning.

At a broader level, there's no doubting the significance and satisfaction from the altruistic element of civic work, as any executive involved in community groups can attest. We like to imagine it's more intense for participants in Itasca, who are at the front line of efforts to reinvigorate a region that is responsible for the livelihoods of millions of people, not to mention the well-being of the participants' companies. While the percentage of revenue that these companies derive from the Minneapolis–Saint Paul area has certainly declined in recent decades, the happiness and prosperity of our employees is linked as tightly as ever to the region's vitality. Knowing we are

working to improve it is incredibly gratifying, even if the full benefits may not be realized in our time at Itasca or even our lifetimes.

Finally, Itasca provides lessons that can be applied day-to-day. Some members learn from observing their peers, gaining insight into the way other chief executives think, solve problems, or interact. Others directly implement changes based on findings from our work; for example, our deep understanding of socioeconomic disparities has resulted in formal goals at HealthPartners—to reduce health-care disparities and increase the leadership team’s diversity— as well as changes to the company’s incentive plan to drive results. All members grow personally as a result of their involvement and relish the opportunity to be involved. We’ve never had to recruit participants; they welcome the opportunity to be part of something bigger than they could be elsewhere.



We’re obviously proud of our work at Itasca and believe the approach we’ve adopted can be implemented elsewhere. Yet we know none of this is easy. We have false starts when it comes to selecting issues. Some of our initiatives struggle to gain traction. And we have our share of executives who become consumed by their day jobs, letting Itasca fall by the wayside. However, while we are sometimes discouraged, we are never dissuaded. We know personally how meaningful it has been to try to improve the community in which we live and work. The way we see it, leaders spend decades acquiring influence that typically peaks when they reach the very top of their organizations. Wouldn’t it be wonderful to have the opportunity, at that point in your life, to engage with others in the same position and do something bigger than all of you? ○

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**Mary Brainerd**, president and CEO of HealthPartners, was chair of Itasca from 2008 to 2012. **Jim Campbell**, a retired chairman and CEO of Wells Fargo Bank Minnesota, was chair of Itasca from 2003 to 2008. **Richard Davis** is chairman, president, and CEO of US Bancorp and Itasca’s current chair.

## How Itasca has made a difference

### Improving the region's education system

Itasca supported the development of the Minneapolis Public Schools' strategic plan, which has played a leading role in increasing high-school graduation rates by five percentage points since 2006. With partners, Itasca showed that Minnesota needed to develop alternative programs for licensing teachers and to improve the state Department of Education's data systems—work that led to the passage of licensure reforms and to the creation of the Minnesota Statewide Longitudinal Education Data System project. Itasca also brought together the private sector and leaders of the state's three higher-education systems to set strategic priorities, including aligning the workforce with the economy's needs, increasing collaboration among the systems, and supporting research and innovation. Finally, thanks to the overall effort to link higher education with Minnesota's economic growth in an explicit way, the governor and state legislature prioritized higher-education funding after a decade of spending cuts.

### Generating growth in high-quality jobs

As part of a task force convened to address growth in high-quality jobs, Itasca identified gaps in the region's economic development. Three strategic priorities emerged, including a need to “develop a regional vision, strategy, and approach for economic development.”<sup>1</sup> To achieve this goal, Itasca subsequently created an independent entity called Greater MSP, a regional economic-development partnership that promotes job growth by providing regional marketing and assisting in business recruitment and expansion. In the first full year of operation, Greater MSP played a pivotal role in bringing more than 4,800 jobs and more than \$450 million in capital expenditures to the Minneapolis–Saint Paul area.

### Evolving the region's transportation system

Itasca served as an “honest broker,” providing a robust fact base to employers and policy makers so they could engage in a candid and constructive dialogue about additional public-transportation investments. These efforts led to publicity campaigns and to lobbying activity (in partnership with advocacy organizations) that made the funding of transportation a more visible issue. Stable funding for it was secured through the ratification of a constitutional amendment in 2006 and, two years later, through the passage of a transportation bill in the Minnesota legislature.

<sup>1</sup>For more, see *Charting a new course: Restoring job growth in the Minneapolis–St. Paul region*, [theitascaproject.com](http://theitascaproject.com), April 2010.