8 SERVANT LEADERSHIP

The servant-leader is servant first.... It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions.... The leader-first and the servant-first are two extreme types. Between them there are shadings and blends that are part of the infinite variety of human nature.

The difference manifests itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and difficult to administer, is: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?

-Robert K. Greenleaf1

The term *servant leadership* challenges our traditional beliefs about leadership. How can a leader do both: influence and serve? The traditional image of a leader does not seem to include the possibility that leaders may be servants (Northouse, 2016). However, servant leadership offers a unique and useful perspective. Servant leadership was developed based on the seminal work of Greenleaf (1970, 1972, 1991). Since then, most of the academic and nonacademic writing on the topic has described how servant leadership ought to be, rather than how it actually is in practice (van Dierendonck, 2011). Servant leaders place the good of their followers over their own self-interest and emphasize follower development (Hale & Fields, 2007). In other words, servant leaders put their followers *first*, empower them, and help them develop their full personal capacities. Furthermore, servant leaders are ethical and lead in ways that serve the greater good of the organization, community, and society at large. Anyone can learn how to be a servant leader (Spears, 2010). In this chapter, we treat servant leadership as a behavior, not a trait.

Spears and Lawrence (2002) identified 10 characteristics in Greenleaf's writings that are central to servant leadership.

 Listening. Servant leaders communicate by listening and acknowledging the point of view of followers.

¹Greenleaf (1991, pp. 13–14)

- 2. Empathy. Servant leaders understand what followers are thinking and feeling, and demonstrate this empathy.
- Healing. Servant leaders care about and help improve the personal well-being of their followers.
- 4. Awareness. Servant leaders are attentive and responsive to their surroundings.
- Persuasion. Servant leaders are able to convince others to change, not by using positional authority to force compliance but rather by using gentle nonjudgmental arguments.
- Conceptualization. Servant leaders are able to see the big picture in an organization.
 This allows them to be visionary, provide direction, and solve complex organizational problems.
- Foresight. Servant leaders anticipate the future and the consequences of their behaviors.
- 8. Stewardship. Servant leaders take responsibility for their role and manage the people and organization, carefully considering the greater good of society.
- Commitment to the growth of people. Servant leaders are committed to helping each of their followers to grow personally and professionally.
- Building community. Servant leaders build community in organizations by making people feel safe and connected with others while still being able to express their own individuality.

Moving beyond a list of characteristics, Liden and his colleagues (Liden, Panaccio, Hu, & Meuser, 2012; Liden, Wayne, Zhao, & Henderson, 2008) developed a model of servant leadership, which has three main components: antecedent conditions, servant leader behaviors, and leadership outcomes. The antecedent conditions to servant leadership are context and culture, leadership attributes, and follower receptivity. These conditions represent some factors that are likely to influence the servant leadership process.

Context and Culture. Because servant leadership does not occur in a vacuum, it is impacted by both organizational context and national culture. Servant leadership is expected to differ across contexts and cultures with different norms and expectations.

Leader Attributes. Individuals differ on various attributes, such as moral development, emotional intelligence, and self-determinedness. These traits are likely to impact individuals' ability to engage in servant leadership.

Follower Receptivity. The receptivity of followers is a factor that influences the impact of servant leadership on outcomes such as personal and organizational job performance. Those who are more receptive to servant leadership will have better outcomes.

In addition to antecedents, the model comprises behaviors. Servant leader behaviors include conceptualizing, emotional healing, putting followers first, helping followers grow and succeed, behaving ethically, empowering, and creating value for the community.

Conceptualizing refers to the servant leader's thorough understanding of the organization. This ability allows servant leaders to address complex organizational problems while meeting the goals of the organization.

Emotional healing involves being sensitive to the personal concerns and well-being of others, being aware and sensitive to the problems of others, and being supportive.

Putting followers first is the defining characteristic of servant leadership. Putting followers first means demonstrating to followers that their concerns are a priority by often placing followers' interests and success ahead of those of the leader.

Helping followers grow and succeed refers to knowing followers' professional or personal goals and helping them to accomplish those objectives. To accomplish this, servant leaders may participate in mentoring and other support activities to help individuals achieve their full potential.

Behaving ethically means doing the right thing in the right way. Servant leaders have high ethical standards and do not compromise these standards to achieve success.

Empowering means to allow followers the freedom to be independent, make decisions on their own, and be self-sufficient. It is a way for leaders to share power with followers.

Creating value for the community means to purposely give back to the community. This may include volunteering and encouraging their followers to also be engaged in community service.

Although servant leadership focuses primarily on leader behaviors, it also considers the potential outcomes of these behaviors. The outcomes of servant leadership are follower performance and growth, organizational performance, and societal impact.

Follower Performance and Growth. As a result of servant leadership, followers achieve greater self-actualization and realize their full capabilities. Another outcome of servant leadership is that subordinates become more effective at accomplishing their jobs (Meuser, Liden, Wayne, & Henderson, 2011). Finally, another expected result of servant leadership is that followers themselves may become servant leaders.

Organizational Performance. Several studies have found a positive relationship between servant leadership and organizational citizenship behaviors, which are subordinate behaviors that go beyond the basic requirements of their duties and help the overall functioning of the organization (DuBrin, 2013; Liden et al., 2008). Servant leadership has also been found to enhance team effectiveness by increasing the members' shared confidence, improving group process and clarity (Hu & Liden, 2011).

Societal Impact. Another outcome of servant leadership is that it is likely to have a positive impact on society. This is likely to be an indirect impact in which servant leaders have a positive impact on their followers and the organization, and these healthier organizations, in turn, benefit society in the long run.

HOW DOES SERVANT LEADERSHIP WORK?

The servant leadership approach works differently than many of the other theories we have discussed in this book (Daft, 2015; DuBrin, 2013; Northouse, 2016; Yukl, 2013). Servant leadership focuses on the behaviors leaders should exhibit to put followers first and to support followers' personal development. Servant leadership begins when leaders commit themselves to putting their subordinates first, being honest with them, and treating them fairly. Servant leaders develop strong long-term relationships with their followers, which allow leaders to understand the abilities, needs, and goals of followers. These behaviors allow these subordinates to achieve their full potential. Servant leadership works best when leaders are selfless and are truly interested in helping others. In addition, for servant leadership to be successful, it is important that followers are receptive to this leadership style. Finally, ideally, servant leadership results in community and societal change over the long run.

CRITICISMS AND OBSERVATIONS ABOUT SERVANT LEADERSHIP

There are several criticisms that need to be noted regarding servant leadership. First, the name itself is paradoxical and whimsical. What does it mean to be a servant and a leader simultaneously? Second, what are the dimensions of servant leadership? Third, the prescriptive tones of most of the material written about servant leadership make it seem altruistic with a utopian nature. Finally, why is conceptualizing a central characteristic of servant leadership (Northouse, 2016)?

Many elements of servant leadership have been used by such organizations as AT&T, Southwest Airlines, Starbucks, and Vanguard Group. It is more widely used than leader—member exchange (Chapter 6) and authentic leadership (Chapter 9), especially over the last 30 or so years. If one's philosophical framework includes caring for others, servant leadership prescribes a set of behaviors that can be engaged in to practically do so. These behaviors are easily comprehended and can be applied in many leadership situations (Northouse, 2016).

THE CASES

Case 8.1 Veja: Sneakers With a Conscience

Veja is the world's first eco-sneaker company. In September 2010, the five-year-old venture was a leader in ethical fashion and an inspiration for other eco-fashion start-ups. Like-minded large companies were approaching the two founders with acquisition in mind, but they were not yet ready to sell. Sébastien Kopp and François-Ghislain Morillion were still working toward a holistic offering that engages employees, consumers, suppliers, partners, and even artists. Kopp and Morillion wondered if the movement would be better served by large organizations that can get emerging brands such as Veja into the mainstream or by ventures such as Veja.

Case 8.2 St. John the Compassionate Mission: Organizational Culture and Leadership

In May 2013, the founder and executive director of the St. John the Compassionate Mission, a faith-based, nonprofit social service organization located in Toronto, Ontario, Canada,

needed to plan for his retirement. He had been the driving force behind the organization for the past 27 years, and it reflected his vision that meaningful work helps people get off welfare, attaining dignity and a sense of personal value in the process. To that end, the Mission provides opportunities for everyone in the community to work through employment in one of its two social enterprises—a thrift store and a bakery—or through volunteer opportunities. Because its organizational culture emphasizes collaboration and consultation not only with its staff leadership council and board of directors but also with all members of the community, its decision making has been fluid and in response to perceived needs rather than forward planning. Now, he needs to ensure an effective succession that protects the organization's culture, values, and beliefs, and ensures the safety of a vulnerable population.

THE READING

Reading 8.1 Learning From Ghandi on His Birthday

In helping to liberate one fifth of the world's population from colonial rule, Gandhi became a paragon of visionary leadership. Yet despite hundreds of biographies, the man remains an enigma. In fact, his greatest achievements as a leader might be waiting to be discovered. This article looks to dispel myths about Gandhi in order to reclaim him as a human being and draw leadership lessons from his successes and failures. It shows how Gandhi's life offers many great leadership lessons. For example, not all people share the same values, so leaders must understand their own and others' values and intentions. It is not always wise to be good to a fault; discretion can be the better part of valor. Moderation is a hallmark of wisdom. Leaders do not do what they like to do; they do what needs to be done. Ultimately, while Gandhi was indeed great, his greatness lies not only in what he accomplished but in what he did despite his human failings.

CASE 8.1

VEJA: SNEAKERS WITH A CONSCIENCE

Kim Poldner and Oana Branzei

Kim Poldner wrote this case under the supervision of Professor Oana Branzei solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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THE FIRST FIVE YEARS

Sébastien Kopp and François-Ghislain Morillion (see Exhibit 1), recent business graduates in their twenties,

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had traveled the planet looking for a cool way to do business.¹ In 2005, they settled in Brazil, where they founded Veja,² the first ethical sneaker company in the world. The Veja sneakers were made from wild latex sourced from the Amazon River area (Amazonia) to mitigate rubber tree deforestation, from Brazilian organic cotton to enhance biodiversity and from vegetable-tanned leather to prevent water pollution. These sneakers not only made consumers look good but also prompted them to take a closer look at bigger issues, such as the use of pesticides, genetically modified crops and fair-trade labor practices.

Kopp and Morillion had designed and produced several sneaker collections, had launched brand extensions (e.g. Veja Baby and Veja Kids), had opened offices in London and had established a distinctive presence online (see Exhibit 2). In 2005, the company started off aiming to sell its sneakers—with a conscience—in conventional stores, right next to iconic brands such as Nike. By 2010, Veja was selling more than 100,000 pairs annually, in 200 stores worldwide, including 80 in France. Customers included singer Lilly Allen and actress Angelina Jolie, whose baby had been recently photographed wearing Veja running shoes. 3 Veja sneakers had been on display at the Ethical Fashion Show (EFS) in Paris, the biggest eco-fashion event that brought together 100 brands from around the world. Perhaps even more impressive. Veia had created, from scratch, a global chain that emphasized solidarity and the environment and linked small producers in Brazil to the European catwalks.

HOLD OR FOLD?

Kopp and Morillion had been at the forefront of a rapidly changing industry. Large companies wanted a share of the rapidly increasing market that valued ecologically and socially responsible fashion. Small ethical fashion brands such as Veja were hot buys. Since 2007, several small eco-fashion pioneers had been taken over by bigger brands. These deals enjoyed great media coverage and stirred vivid debates on the future of fashion.

New ethical fashion brands were popping up in attempts to copy Veja's successful business model.⁴ For example, France-based Loic Pollet, the founder of Sébola,⁵ who had launched his first collection in the fall of 2008, commented "Looking at success stories like Veja, we felt inspired to start our own brand." Since 2009, Canada-based Tal Dehtiar, founder of Oliberté, had begun working

with producers in Ethiopia to launch a competing eco-sneaker.⁶ In March 2010, the sneaker brand Sawa shoes launched its first collection, made in Cameroon.⁷ Ethical fashion companies such as Simple Shoes⁸ and Patagonia⁹ had also added eco-sneakers to their offerings. Multinationals such as Nike and Adidas¹⁰ had also recently launched their own limited editions. For example, Nike's Trash Talk sneaker, co-developed with Phoenix Suns basketball star Steve Nash, was made from factories' leftover materials.¹¹ Veja faced even greater competition for its accessories, such as Veja's newly launched bags (see Exhibit 2). The competitors were keenly watching Veja's next move.

ETHICAL FASHION DEALS

On December 4, 2006, Timberland acquired Howies Limited (Howies), an active sports brand created less than a decade ago to serve as "a voice and mechanism for communicating a core environmental and social conscience, to ask a different question and show the world that there is another way to do business."12 Jeffrey Swartz, Timberland's president and chief executive officer (CEO) welcomed Howies to the familv: "I want people to believe in the power of the marketplace to make things better." 13 Swartz also pledged that "Together we will leverage our complementary strengths to bring our brands to new consumers and new markets."14 Timberland's media release commended the ethical fashion brand for innovation. authenticity and integrity. The co-founders of Howies, David and Claire Hieatt, had built a company they were proud of. They would stay onboard to help the Howies brand grow within Timberland, citing their commitment to "make better and lower impact products, to give a better service and to do more good as we go about our business. Those are our rainbows to chase. They always will be."15

On May 18, 2009, "the world's largest luxury conglomerate [the Louis Vuitton Group], paid an undisclosed amount to secure a minority stake in Edun, a prominent ethical fashion line" founded just four years earlier by Ali Hewson and her husband, Bono, U2's lead singer and a political activist, with designer Rogan Gregory. Edun had used "star power and edgy designs to bring worldwide attention to important ethical fashion principles." Although critics wondered whether the acquisition could "green" the conglomerate, Louis Vuitton soon created a special bag for Edun (which sold for US\$4,900) and agreed to donate all proceeds

from the bag sales to the Conservation Cotton Initiative—an organization advocating for the development of eco-friendly, organic cotton farming to improve incomes and increase economic growth.¹⁸ The bag was adorned with charms—distinctive bunches of ebony and bone spikes—that were produced in co-operation with Made,¹⁹ a fairtrade brand of jewelry and accessories expertly finished by craftspeople in Kenya; these bag charms were Louis Vuitton's very first "made in Africa" product.²⁰ In exchange, Bono and his wife appeared in the latest Louis Vuitton campaign.²¹

On September 10, 2009, the Vivarte Group (known for such brands as Naf Naf and Kookaï) partnered with Les Fées des Bengales; Vivarte's share remained undisclosed. The ethical fashion brand Les Fées des Bengales had been founded in 2006 by two sisters, Sophie and Camille Dupuy, and their friend Elodie le Derf, after a voyage in poverty-stricken yet beautiful rural India. Sophie Dupuy recalled the trip as having been a revelation. She was captivated by the brightly colored saris and equally struck by the trying work conditions and the know-how she observed in the traditional workshops. Les Fées de Bengales was mainly set up to work with women in India.²² Seventy per cent of its output was produced in India but the company had. recently acquired new partners in Portugal, Tunisia and France to grow its output. Post-partnership, both design and production remained in the hands of the founders: "We are continuing with our strategy and now we even guarantee the eco-friendly production line."23

THE ETHICAL FASHION INDUSTRY

The global apparel, accessories and luxury goods market generated total revenues of \$1,334.1 billion in 2008. All In 2005, the industry employed approximately 26 million people and contributed to 7 per cent of world exports. Fierce competition and lack of supply chain transparency kept driving costs down—at a high social and environmental burden that included the use of child labor, unfair practices and disruption of natural ecosystems.

Ethical fashion was booming. Some predicted that, by 2015, certain practices, such as the use of organic cotton, would become mainstream. Rearly every big label, including H&M, Guess and Banana Republic, had developed a "green" line. Nike

and Adidas had integrated ethical principles into their core business, and leading retailers, such as Wal-Mart and Marks & Spencer, had made ethical sourcing a centerpiece of their new strategy.²⁷ For example, Wal-Mart had become the biggest buyer of organic cotton in the world. Although the quantity of organic cotton produced was still minuscule—in 2009, 175,113 metric tonnes of organic cotton were grown, representing 0.76 per cent of the cotton production²⁸—the organic cotton segment was growing at an impressive 20 per cent per year.

Several established fashion brands were working together with non-governmental organizations (NGOs) to add organic fibers to their collections. For example, Vivienne Westwood²⁹ used her catwalk shows as platforms to campaign for less consumption and a more sustainable lifestyle. Since 2005, eco-fashion designs had been shown during New York Fashion Week by such fashion brands as Versace, Martin Margiela and Donna Karan. Instead of using traditional fabrics, such as silk and cashmere, many fashion designers now preferred to use fabrics such as sasawashi (a Japanese fabric made from paper and herbs), hemp and peace silk (a silk produced in such a way that silk worms lived out their full life cycle).

In 2003, the Ethical Fashion Show (EFS) was launched in Paris. It was the first and biggest event to focus exclusively on ecological, socially responsible and environmentally friendly garment production. In 2008, EFS began expanding to other cities, from Milan to Rio de Janeiro. In April 2010, the Messe Frankfurt (also known as the Frankfurt Trade Fair)—the world's market leader in trade shows, which hosted 31 textile fairs around the world—took over the EFS. The acquisition meant that Messe Frankfurt, the combined fair and exhibition company, now covered the world's entire supply chain in the sector of textile fairs.

As the ethical fashion movement picked up, 30 it brought together like-minded stylists, activists, models, journalists, stores, celebrities and events. Eco boutiques on the web encouraged online shopping and drove change in the retail industry. Fashion schools stimulated their students to consider this issue through the introduction of special topics within the curriculum. Governments played their part by regulating destructive practices and transforming the mindset of consumers. NGOs developed systems

to trace each item back to its origins. Others campaigned and lobbied to create more general awareness on ethical fashion and to help create eco-fashion brands that could become successful examples of public-private partnerships.

The main actors in the ethical fashion movement, however, were the small eco-fashion brands, many of which had been born less than four years earlier. By 2010, more than 500 ethical fashion brands were in business around the globe. In the majority of the brands, the founder (and the founder's small team) worked directly with people in developing countries to source and produce socially and environmentally responsible fashion items. These ventures were no longer just designing an item to wear; they were crafting stories that signaled how individuals felt about big issues, such as poverty and deforestation. Wearing eco-fashions made a statement all right, but it was no longer just about the clothes—or shoes.

Eco-fashion was still in its infancy. Despite the financial crisis, sales of organic and ethical fashion were shooting up, growing by 50 per cent each year.31 Although the industry was small eco-fashion represented just 1 per cent of the sales in the broader fashion industry—it was growing momentum. Eco-fashion was particularly popular among a segment known as "cultural creatives,"32 who were highly educated consumers who had an interest in spirituality, actively participated in society through voluntary work, advocated a conscious lifestyle and were motivated by a high need to strive for a better world. More than 50 million cultural creatives spent \$230 billion on everything from yoga gear to organic apples to hybrid cars. This trend was evident not only in fashion-forward countries, such as France, the United Kingdom, Germany and the United States, but also in BRIC countries, such as Brazil, which were characterized by increasing numbers of customers seeking a green lifestyle.33 Awareness for eco-fashion brands was growing rapidly: 18 per cent of consumers had heard of eco-fashion brands, three times the number four years earlier.34

BUSINESS MODEL

Kopp and Morillion started their company without a clue about the fashion industry. After graduating from Paris business schools, Kopp and Morillion

took off for a one-year journey around the world. They visited and studied sustainable development projects in different industries, from Chinese factories to South African mines to the Amazon rainforest, witnessing first-hand problems such as deforestation, exhaustion of natural resources and labor exploitation. When they returned to France. they knew they needed to act and to act now. They first tried consulting and recommended to companies such as supermarket Carrefour: "Stop charity, but instead have a close look within your company at what is wrong in the countries where you work and try to do something positive about it."35 Then they realized they had to do something themselves: "Let's pick a product and try to put as much sustainable development in it as we can."36

Both Kopp and Morillion were sneaker addicts. They knew from the start what they wanted to create: good-looking shoes that had a positive impact on both the planet and society, as opposed to the negative impacts that characterized the big sneaker manufacturers. The two friends took the path of fair trade because they felt it would be the most effective way to integrate environment and dignity into everyday products. They set out to "invent new methods of work." Veja was built on three main values: using ecological inputs, using fair trade cotton and latex and respecting workers' dignity.

GETTING STARTED

Kopp and Morillion's journey around the world had opened their eyes to the rich variety of countries and cultures. They chose to operate in Brazil. Kopp and Morillion loved Brazil, its climate, its language and culture, and they imagined themselves living in Brazil. Here, they had met many people from NGOs and social movements working collaboratively to protect the sensitive Amazonian eco-system; connecting with these players, they felt, would help them scaffold the entire value chain.

After calculating the budget needed to produce their first sneaker collection, Kopp and Morillion were able to negotiate a bank loan. They then moved to Brazil, set up their company and began producing the collection. They presented their first sneaker collection at a conventional trade fair in Paris. "Who's next?" always had extra space available to feature new designers, and Kopp and

Morillion managed to secure a spot to showcase their new sneakers. They learned on the go:

I remember running out of the tradeshow to buy some paper on which we could write down the orders people placed. But then you talk to your neighbours and you pick up quickly how it works.³⁹

It was a Cinderella story. Kopp and Morillion identified the stores where they wanted to place their sneakers and then invited those buyers to see their collection. People came, loved the product and started buying. Their product was so successful that the first collection sold out, and Veja was able to pay back its bank loan within a year. Veja had enough money to produce a second collection. Since then, the company grew ten-fold by following the same approach: they took little risk, produced small quantities and focused on the product. Morillion commented:

We had a plan for the first year, then we had a plan until we presented the shoe and after that we discovered a whole world we didn't know about. We basically went learning by doing, making many mistakes.⁴⁰

Morillion was in charge of production and finances, and Kopp ran the commercial side of the company, but they did most of the work together. "We fight every day," [Morillion] confessed. In the first few years

... every day there was a new problem because we really had no clue about the shoe business. It was definitely the biggest challenge in building Veja, to learn how to make proper shoes.

Kopp and Morillion initially spent half of the year in Brazil. Then they hired a shoemaker who had all the expertise they needed and who later became the manager of the Veja team co-located in Porto Alegre, the eleventh most populous municipality in Brazil, the centre of Brazil's fourth largest metropolitan area and the capital city of the southernmost Brazilian state of Rio Grande do Sul. The Brazil-based team took care of quality, administration, logistics (e.g. shipping) and the entire raw material process of buying and paying for the

cotton, rubber and leather. The founders were in touch with the Brazilian team daily, via Skype, and traveled to Brazil four or five times a year to meet with their Brazilian co-workers. In addition, the team manager traveled to Paris twice a year to see the new stores where the sneakers were sold and to meet customers and colleagues in the headquarters in Paris.

DISTRIBUTION CHAIN

Since the beginning, Veja had aimed to place its product in trendy sneaker boutiques next to other (non-ethical) brands. Veja did not see the need to promote its ethical approach to customers who were already convinced about the importance of purchasing ethical products. Instead, the company wanted to inspire customers who were accustomed to buying trendy sneakers. Veja sneakers sold in premium venues, such as the Galeries Lafayette in Paris and Rien à Cacher in Montreal. Veja sneakers were available in selected shops across Europe and Canada, but most sneakers were sold in France, Spain and the United Kingdom.

In France, Veja collaborated with the Atelier Sans Frontières association (ASF), which facilitated work for socially marginalized people, 42 by helping them to build a new life and by promoting their social, professional and personal development. Since the founding of Veja, ASF had received all the finished sneakers from Brazil, stored them and prepared all the orders, which were dispatched to the retail stores where Veja sneakers were sold. ASF logisticians had recently started managing the functional portion of Veja's online store, the Veja Store. 43 ASF was in charge of printing, preparing, packing and sending all online orders.

PRODUCTION

Veja sneakers were manufactured in a factory close to Porto Alegre. Most of the employees traced their roots to a community of German descendants who had arrived in Brazil at the end of the 19th century. All employees owned houses with running water and electricity, and 80 per cent were union members. Sixty per cent of the workers lived in the towns and villages surrounding the factory (the farthest being located 47 km away), while the remaining 40 per cent lived near the factory. The factory pre-arranged coach services

ensure all employees could travel safely and comfortably to work.

Veja complied with the core International Labour Organization (ILO) labor standards but felt more was needed to guarantee dignity at work. For example, Veja cared about workers' freedom to gather and uphold their rights, their standard of living and purchasing power, their social benefits and their rights of free speech. The average wage of the factory workers was approximately €238 each month, 16 per cent higher than Brazil's legal minimum wage for the shoe industry of €205 each month. In addition, Veja paid overtime and an annual bonus. The factory employees were entitled to four weeks of paid holiday, and they did not work on bank holidays. During the peak season, each employee worked a maximum of two hours extra per day, on average. Each employee contributed seven to 11 per cent of their salary to INSS (Instituto Nacional do Seguro Social, Brazil's governmental pension scheme), which provided an additional safety net for the employees.

When Kopp and Morillion were in business school, they had taken internships in investment banking and consultancy companies, where they learned about hard work and earning a lot of money. Morillion commented: "In these places, we saw how people were stressed and didn't like their jobs, but just came home happy because of the money. This is definitely not our culture."44 At Veja, employees started their work at 9:30 in the morning and left the office before 7 p.m. On Friday afternoons, everyone went home at 4:30 p.m., and the founders themselves often went out of town for the weekend. Keeping the balance between work and private life was at the core of Veja's approach of creating a company that cared about the employees.

Each year, each new member of the Veja team was given the opportunity to travel to Brazil to meet the producers. For the founders, involving their employees in the entire Veja story was essential, instead of simply letting them work in an office in the center of Paris. Morillion explained:

We travel a lot and meet many different people, but our employees don't get that chance. If we don't involve them in the whole process, they will get bored and might want to leave the company. [We created] different experiences for our employees and they loved it 45

Certification

As part of the fair trade certification process, the main shoe factory in Porto Alegre underwent two social audits. The different departments of the factory and the fabrication workshops (which housed the cutting, sewing, soles, assembling processes) were audited in 2008 and 2009, in accordance with the Fairtrade Labelling Organization–Certification (FLO-Cert) standard requirements. The auditor raised 52 noncompliances in May 2008 and 16 non-compliances in February 2009; in April 2009, the certification of the factory was officially confirmed.

While the fair trade certification was increasingly important to consumers, for it was a means to a greater end, a starting point in Kopp and Morillion's path to improve the bigger picture. Veja sought to establish higher standards and strive toward loftier social and environmental objectives. To help the farmers gain additional credibility, Kopp and Morillion supported the cooperatives in the process of obtaining certification, but their personal relationships with the farmers extended beyond certification. The founders cared about social equity, and saw their venture as one means to improve farmers' lives by supporting traditional livelihoods.

Supply Chain

Kopp and Morillion created a supply chain that was based on sustainable relationships (see Exhibit 3). They viewed the company's connection to its producers as one not just of trade but of cultural exchange. Whereas the fashion industry was accustomed to contracting new parties as soon as a factory could deliver on time or cut costs, Veja tried to improve living conditions and to work cooperatively with supply chains to jointly develop the best product they could imagine. Veja bought raw materials directly from producers. The company paid a fixed price, which, though higher than the market price, was calculated by the farmers and allowed them to live in dignity. Veja was happy to pay extra. Kopp and Morillion viewed fair wages as a means of re-establishing social justice.

Cotton

The canvas for the Veja sneakers was organic cotton. With help from Esplar, 46 an NGO that had been collaborating with Brazilian farmers for 30 years, Veja started working with 150 families to grow cotton under agro-ecological principles (i.e. without the use of agro-chemicals or pesticides); Veja now sourced cotton from 400 families in the state of Ceará in northeastern Brazil.

Veja purchased 90 per cent of the organic cotton it used from ADEC, a new association of rural farmers who followed agro-ecological principles. The strong interdependence made Veja vulnerable. Changes in weather and natural disasters, such as insect plagues and violent rains, could deplete the supply of organic cotton. Production needed to adapt to the availability of organic cotton, which still varied considerably. Depending on the extent of the harvest, Veja sometimes needed to reduce the quantities of sneakers ordered by retailers.

Rubber

The Amazon was the only place on earth where rubber trees still grew in the wild. The survival of the Amazonian rainforest depended on sustainable management of its resources, including the latex extracted from rubber trees. Since the 1960s, the increasing use of synthetic rubber derived from petroleum had lowered both the demand and price for natural rubber. Thus, the inhabitants of the Amazon forest had moved from rubber tapping to more profitable activities, such as cattle-raising and wood extraction, which both required the clearing of land. As a consequence of deforestation, the soils were no longer protected by the cover of vegetation, leaving them vulnerable to accelerated erosion and desertification.

Inside the Chico Mendès Extractive Reserve, located in the Brazilian state of Acre, Veja worked with Amopreab⁴⁷ (Associação de Moradores e Produtores da Reserva Extrativista Chico Mendes de Assis Brasil), an association of seringueiros, or rubber tappers (see Exhibit 3). Beatriz Saldanha, who had lived and worked with the seringueiros for 10 years, helped Veja to make the connection. By 2010, Veja was working with 35 rubber tapper families. Paying a fairer price paid for latex not only guaranteed a better income for the rubber tappers

but also provided an incentive for conserving the rubber trees.

Leather

After two seasons of relying on organic cotton and rubber, Veja started researching the qualities of leather and its impact on the environment. The typical tanning process used heavy metals, such as chrome, making leather one of the least sustainable raw materials. Chrome allowed for quick tanning, but was a dangerous product and accounted for three problems: 1) it affected the people who tanned the leather, 2) it polluted the water and 3) it was not biodegradable. Sustainable processes, however, were available. In Italy, for example, factories often used vegetal tanning techniques and worked with companies such as Gucci and Chanel. Veja searched for companies that worked with alternative tanning processes, eventually locating a factory that tanned leather the way it was done 100 years ago. At that time, tanners did not work with chrome, so going back to basics helped to overcome the problem. Veja collaborated with this traditional factory to produce only eco-tanned leather created from a vegetable extract such as acacia. To obtain a consistent color without staining, Veja used conventional dying approved by Eco-Label.48 To continuously improve the quality of the natural dyes, Veja undertook a collaboration with a Brazilian specialist in the field of vegetable and non-polluting color pigments.

Cost Structure

Veja's fabrication costs were seven to eight times higher than other footwear brands because its shoes and bags were produced in a principled way. Veja's price for organic cotton was twice the world market price. In 2009, Veja bought Brazilian wild rubber (produced according to FDL—folha desfumada liquida, or liquid smoked sheet) at \in 2.33 per kg. The price of planted natural rubber from São Paulo varied between \in 1.60 per kg to \in 1.90 per kg. The price of synthetic rubber, determined by the oil price, ranged between \in 1 per kg and \in 1.2 per kg.

A large part of Veja's current profits funded research and development (R&D), such as developing new applications to work with organic cotton, rubber and leather. Veja also invested in collaborations with a Brazilian dyeing specialist to help

improve the vegetal tanning techniques. Veja had just started collaborating with other French-Brazilian brands, such as Envão and Tudo Bom, to work together on improving the supply chain and jointly sourcing raw material to be able to meet the quantity criteria. The Veja founders welcomed other small brands interested in sourcing from Brazil because Kopp and Morillion felt "it makes them stronger and reduces the risk for both them and their producers."

Zero Ads

Generally, 70 per cent of the cost of sneakers was dedicated to marketing. Veja, however, had a "no advertising" policy. Regardless, the company's products had been endorsed by the media and appreciated by the public since the company's creation. Veja benefitted widely from media coverage, blogs, forums and word of mouth. Morillion commented:

That is really the most rewarding thing in running this company, to see people walking down the streets on our sneakers. Last week I saw someone with a Veja bag, which is a very new product just in stores. He was not even a friend of us, but a complete stranger who had already picked up this product!50

Zero Stock

The popularity of Veja's products paid off: most outlets had fewer Veja sneakers than they could sell. Veja did not produce extra; it produced only according to orders placed six months in advance. Veja was not about large volume but about profitability—with a conscience.

ENVIRONMENTAL FOOTPRINT

CO Emissions

Veja looked at every aspect of its supply chain and adjusted the company's methods of transportation, organization, production and distribution. All Veja shoes were transported by boat from Porto Alegre, Brazil, to Le Havre in France. Upon arrival in Le Havre, the shoes traveled in barges along the canals to the Parisian suburbs. Veja's packaging was made from recycled and recyclable cardboard, and it used shoe boxes that were sized down to optimize efficiency.

Finally, Veja's headquarters used Enercoop (a green electricity cooperative) instead of sourcing electricity from Électricité de France (EDF, the French national nuclear energy supplier).

Limitations

Veja was open, both about its limitations and its work to overcome them. Kopp and Morillion were open about the remaining shortcomings of Veja's production processes and explained how they kept working to become more sustainable. For example, because production was still low, Veja did not need many pairs of shoelaces and could thus not afford to create the laces from organic cotton. The moss used to maintain the ankle was a synthetic, oil-based product. The shoes' sole contains between 30 per cent and 40 per cent of rubber, whereas the insole contained only 5 per cent of rubber. The insole also had technical properties (i.e. comfort and resistance), which required additional components, such as synthetic rubber. The eyelets in the shoes did not contain nickel but were composed of metal whose origin was not controlled. The sneakers were shipped by boat from Brazil to France, but American and Asian stores and clients continued to be serviced by plane. Veja also aimed to recycle the sneakers, thereby further increasing their lifespan.

Message

Since day one, Veja had produced more than sneakers. It also crafted art events as a way of connecting to customers and inspiring its own employees. The company's communication team reached out, and Veja sponsored art installations made by local artists they befriended in the French and Brazilian urban art scenes. 51 For example, for the 2006 Fashion Fair "Who's next?" Veja invited the art collective Favela Chic to perform. In an example of Veja's own creativity, São Paulo's 2006 ban on advertising inspired Veja to create an installation in the window display of the Parisian store French Trotters. 52

The most recent exhibition (in October 2009), suggestively titled "São Paulo, Mon Amour," showcased the vision of São Paulo artists on their city.⁵³ The pieces conveyed messages about social

inequality and pollution in Brazil's capital (Brasilia) and raised awareness about these issues. The exhibition, which was held in a public space in Paris, attracted 3,000 people in two weeks' time and was jointly sponsored by the Brazilian Ministry of Culture and the Municipality of Paris. Veja chose a discreet approach to promote the event by inviting the company's contacts, who would thus associate the brand with an interesting and beautiful exhibition.

Art was also a driver in the various special collections Veja developed in collaboration with other companies and organizations. For example, in 2007, the company launched a collection designed by the young French fashion designer Christine Phung.⁵⁴ In July 2009, the Veja Kids, a line of sneakers for children, landed exclusively in Bonpoint stores around the world.⁵⁵ Using the motto "Sell your car, get a bike," the company launched the Cyclope collection in the Cyclope shop in Paris in November 2009.⁵⁶ In January 2010, the Veja + Merci became exclusively available in the Merci store, a lifestyle and fashion emporium in Paris. All proceeds from the Cyclope collection were donated to charity.⁵⁷

THE DECISION

When Veja had started, Kopp and Morillion were in their mid-twenties. They had never worked for anyone else, commented Morillion:

By now I don't think we can ever work for another company, since Veja allows us so much freedom to do what we want and to strive for our dreams.⁵⁸

They had many ideas, but took things step by step and try to take as little risk as possible. At the moment they were focusing on their first range of accessories, like bags, wallets and computer cases. In another five to 10 years, they could save enough to open their own flagship store.

We're always thinking about the next project, but not really about the one after. It comes as it goes.⁵⁹

Kopp and Morillion's social change ambitions held strong. Veja's website portrayed the company as one drop in the ocean, offering the following call to action:

Day after day, prophets of all kind are pulling the emergency cord, the entire economy is turning green and sustainable-developementising speeches are spreading around.

Actions remain scarce but words abound.

Beyond movies about the environment, beyond multinational companies building green windows to hide disasters, beyond the Copenhagen speeches filled with words and political promise.

And despite this green-fronted economy, let's try to offer a different vision which combines fair trade and ecology and links together economy, social initiatives and the environment.

A vision that proposes cultural change. 60

Kopp and Morillion's vision for social change had already extended beyond their company. Kopp and Morillion coached new eco-fashion brands, which then started men's collections; they tried to give them direction:

Many people call us and we meet them and give them advice. What is lacking in the ethical fashion field, is strong men's brands and this is where Veja tries to make a difference.⁶¹

Kopp and Morillion also aimed to influence existing brands to convert to organic and fair-trade practices. Sometimes they felt it might be easier to change existing brands because they had already created the style that people wanted to wear, whereas ethical fashion brands often lacked the right aesthetics.

I think the ethical fashion world is still missing a bit of fashion and that's why it doesn't grow as fast as we all hope. Our product came at the right time at the right place. If we would have done the same product without the fair-trade and organic

[angle], it might have brought us the same success. It's sad, but I think it is true.

They had a lot of work ahead: "Right now I still haven't found cool ethical T-shirts and jeans and I just hope that I can wear only ethical one day." 42

EXHIBIT 1 ■ Veja Founders



François-Ghislain Morillion	Sébastien Kopp		
Production & Finances	Sales & Marketing		
Born July 25, 1978	Born July 16, 1978		
MSc HEC Paris, 2002	MSc DESS, 2002		
Passion: electronic music	Passion: writing		

Source: Prepared by the case writer on the basis of company documents and interviews. Photo credits: Veja, used with permission.

	2010: Bags, Veja+ Merci			2010	Messe Frankfurt acquires EFS	
	2009: SP, MA			2009	EFS taunches in other cities like Milan	Launch NY Greenshows and TheKey.to Berlin
	2008: The Grid	C	Š	2008	5th EFS in Paris	
	2007: Grama	7		2007	Organic Exchange turns 5 years old ¹	
Veja Collections	2006: Tauá		IILESTONES	2006	1st Esthetica in London	
EXHIBIT 2 ■ V	2005: Volley	VEJA MILESTONES	ETHICAL FASHION MIL	2005	Ethical Fashion Forum is founded in the UK	Launch of Made-By

Source: Prepared by the case writer on the basis of company documents and interviews.

EXHIBIT 3 Veja's Sourcing of Cotton, Rubber, and Leather



The state of Ceará in northeast Brazil has vast wealth inequalities. fragile soils and a tendency toward drought. It also works with a producers' cooperative in Paraná, a relatively more productive area located in the center of Brazil. In contrast to the predominant monoculture farming system, a group of small producers grow cotton and food plants as rotational crops. For these small-scale farmers (one hectare of land on average), farming development goes hand-in-hand with environmental protection. But there were setbacks. After a caterpillar attack, producers panicked and decided to spray pesticide to protect their harvest. Veja had committed itself to purchase the harvest and could not ask the producers to lose their entire harvest. Therefore, these 12 tons of "infected" organic and ethical cotton were used to make the shoes' lining and as a double layer for the Projet Numero Deux accessories (see http:// www.veja.fr/#/projets/Coton-15 for the process). The photo at left shows the Porto Alegre team manager checking the cotton.

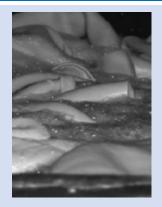




Seringueiros (derived from the word seringueira, or the rubber plant) extract natural latex directly from the trunk of the rubber tree (Hevea brasiliensis), by making small cuts in the bark. At least five hours are needed to fill a tiny container with latex, and two years must pass before new cuts can be made on the same tree. To process the liquid rubber into sheets that can be used to make rubber soles, the seringueiros use a new technology developed by Professor Floriano Pastore of the University of Brasilia, called FDL (folha desfumada liquida, or liquid smoked sheet). FDL allows the rubber tappers to transform latex into rubber sheets without any industrial intermediary processes. Once extracted, filtered and purified, the latex is stretched and "spread" in six layers onto canvas of organic cotton, and then subjected to a curing process in the open air, which allows it to dry and results in a high-quality product. To produce a pair of slabs, the seringueiros must first tap into material extracted from at least 10 rubber plants. The FDL technology permits the seringueiros to sell semi-finished products and receive a higher income. The sheets of rubber are directly sent to the factory and shaped into soles for the Veja shoes. Not only does the production of vegetable rubber represent an instrument for environmental protection, but it also provides an economic alternative for seringueiros, who wander the heart of the Amazon forest during six months a year engaged in the extraction and processing of this material. This practice safeguards the culture and traditions of autochthonous populations, who are the true guardians of the forest (see http://www.tyresonfire.com/ amazonlife.com/index.php? id=60 for a clip of seringueiros at work). The photos at left show a seringueiro and Beatriz Saldanha, the woman who connected Veja with the seringueiros.

(Continued)

EXHIBIT 3 ■ (Continued)



Leather is typically not made under fair trade principles because it is difficult to work directly with leather producers, and it is often difficult to confirm the leather's origin and the cattle's treatment. The breeding of cattle also requires vast fields and the relevant financial inputs. Veja chose not to marginalize leather producers but instead sought to make a positive change within this specific industry. Veja ensured that the leather it sourced did originate from the cattle from the Amazon, where cattle breeding remains a main contributor to deforestation. The company's main objective was to be knowledgeable and in control of the entire leather supply chain, from the cows' nurturing and living conditions to the tanning and dyeing process of the leather. Veja used only ecotanned leather created with vegetable extracts such as acacia. Unlike modern tanning procedures (which use chromium and other heavy metals), ecological tanning decreases pollution in the water surrounding the tannery plant.

(See http://www.veja.fr/#/projets/Cuir-14 for a video clip of the process). The photo at left shows one step in the leather veggietanning process.

Source: Prepared by the case writer on the basis of company documents and interviews; photos used with permission.

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CASE 8.2

ST. JOHN THE COMPASSIONATE MISSION: ORGANIZATIONAL CULTURE AND LEADERSHIP

Colleen Sharen

Colleen Sharen wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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In late May 2013, Father Roberto Ubertino, the founder and executive director of the St. John the Compassionate Mission (SJCM or the Mission), a faith-based social service organization located in Toronto, Ontario, Canada, sat down to plan for his next board retreat scheduled to occur in early July.

As the founder of SJCM, Father Roberto had been the driving force behind the Mission for the past 27 years. Now it was time to plan for his retirement. Recently, two similar organizations had experienced crises when their leaders and founders unexpectedly left, leaving vulnerable people at risk. Father Roberto reflected that good leaders, as stewards of their organizations, must prepare for leadership succession.

He needed to engage the SJCM community in developing a plan that ensured the transition of leadership, stability of the Mission, maintenance of its culture and protection of its vulnerable members. At the same time, the community was wrestling with three strategic issues that would be faced by the new executive director. The next board meeting was an ideal time to start this conversation.

ST. JOHN THE COMPASSIONATE MISSION

The Mission was a diocesan apostolate of the Carpatho-Russian Orthodox Diocese of the Ecumenical Patriarchate of Constantinople. An incorporated non-profit organization that issued charitable tax receipts, the Mission served anyone in need, no matter what their faith. The Mission was inspired by St. John the Compassionate, whose vision differed from the contemporary Western view that poor people were to be helped and pitied by others; rather, it believed that we can learn from the poor.

The Mission believed that poverty reinforced an isolation from community that created a separate culture. The extensive Canadian social service and welfare system, while well-meaning, made it difficult for people to escape the poverty trap. These traditional services focused on what people in poverty didn't have, while SJCM preferred to help people build on the gifts that they did have, allowing people perceived as having no place in society to create a place where they had dignity and could contribute to their community. These beliefs were expressed in the Mission's vision and mission statements.

SJCM Vision

The most fundamental need of people is something that most people take for granted—a meaningful place in a healthy community, a sense of belonging. Without it, drug rehab, improved housing or employment programs have little effect. Without it, people remain trapped in a lifestyle that is difficult to escape. When people do not feel like they belong, they just cannot seem to recover.

SJCM Mission

Our purpose is to be and to build an inclusive community through the gifts and needs each of us brings. This community of

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love is a place of healing and nourishment occurring through awakening of the Godgiven dignity and value of each person, while responding to each person's human needs.

History

Roberto Ubertino worked for the City of Toronto as a public health nurse in a poor neighbourhood called the Pocket. In 1985, with a number of like-minded volunteers, he founded the St. John the Compassionate Mission. By 1986, he had received a promise of \$500 per month from a local Orthodox priest to open a permanent location. But there was a misunderstanding: the priest had expected the grant to be one time only, not a monthly commitment. Ubertino had only enough money for the first month's rent. He opened the mission anyway, in a strip mall store with no power or water. Volunteers brought buckets of water and thermoses of tea from home. Candles provided light. One table and a few donated chairs were the only furniture.

Over time, the Mission became more financially stable, and the lights and water were turned on. In addition to running the Mission, Ubertino continued to work for the city as a nurse. During this period, he decided to enter the priesthood, becoming Father Roberto.

Stories of the Mission's history illustrate the entrepreneurial risk-taking culture that evolved. At one point, the volunteer bookkeeper told Father Roberto that the Mission was down to its last \$100, not enough to pay the rent or keep the lights on. So the community decided to use that money to buy a kite and have a picnic in the local park. The next day, a cheque for \$10,000 unexpectedly arrived. Father Roberto believed that if the Mission looked after the people, God would look after the money.

By the mid 1990s, the Pocket was overrun with drugs and violence. The decision was made to move to another location in the west end of Toronto. However, the new location did not materialize, and the Mission was homeless for a year. Volunteers and community members met in parks and brought food from home to support it. In 1995, the Mission moved to a new building located in South Riverdale, several blocks from its old location in the Pocket. The new building boasted a chapel, community dining hall, kitchen and office space, reflecting the culture and beliefs of the Mission. It was decorated with religious icons and art.

Neighbourhood and People

The South Riverdale neighbourhood was a 10-minute drive east of Toronto's downtown financial district. Historically, it had been populated by many vulnerable people with substance abuse problems, poverty, mental or physical disabilities and psychological problems, as well as by recent immigrants to Canada.

In the past 10 years, the neighbourhood had begun to gentrify. Census data showed that high income families had moved in, accounting for 28.9 per cent of families in 2005, up from 11.6 per cent in 2000. Low income families had increased from 22.5 per cent in 2000 to 26.9 per cent in 2005, slightly higher than the city-wide average of 21 per cent. The neighbourhood was becoming both poorer and wealthier at the same time.

MISSION INITIATIVES

The Mission's initiatives could be broadly categorized as eat, pray and work. They developed organically: a member of the community might identify a need and then be tasked with doing something about it. For example, Joanna Smith, who along with her children participated in Mission programs, noticed that men staying in shelters were unceremoniously evicted at 6 a.m. into the brutally cold winter weather. She asked Father Roberto if the Mission could run a breakfast program to give the men shelter from the cold. He responded by handing Smith the key to the building. She had been running the breakfast program for nine years, epitomizing the SJCM belief that everyone in the community both gave and received.

Eat: Creating Community Through Hospitality

The Mission believed that communities were more than neighbourhoods. People lived in neighbourhoods but were members of a community. Communities took care of each other, supported each other and believed in each other. Hospitality created connection through welcoming guests, taking care of them, sitting with them, making them feel welcomed and connecting with them as sincerely and compassionately as possible. The activities of the Mission were designed to create a sense of membership, true community, actually knowing your neighbours; in other words, they were about hospitality.

The community room contained large round tables for coffee, meals and gatherings. Every day,

the Mission offered coffee, tea and cookies to the public at 10 a.m. and 2 p.m. Deacon Pawel, a staff member and Prefect of the Lived Theology School, called it the sacrament of coffee:

It is a sacrament of fellowship, belonging and healing. It is a vital means to an end. From the moment we sit down with someone to share in a coffee, we begin to talk and listen to each other sharing news, ideas, worries, joys, jokes and stories. This is the beauty of the Mission, to be with the other person. Two souls in communion with each other, open to giving and receiving the presence of each other. That is the beauty of true fellowship.²

The Mission believed that communal meals were the foundation of a community and so offered lunch every day. Served family-style by a team of volunteers and paid staff, members of the community shared conversation, food and society around the table. The small kitchen, run primarily by volunteers, churned out 3,000 meals every month. The team often had to creatively use whatever food donations arrived in the morning to make lunch. Sunday evening supper along with special occasion meals during major holidays were also common. Every week, some kind of celebration of life's milestones happened at SJCM, including weddings, funerals and homecomings.

The Mission ran a number of family programs, including an alternative food program, cooking classes, a weekly "Kids Klub," summer youth camps and weekly teen movie nights. St. Xenia's House, another Mission program, supported a small community of six residents in a single home in downtown Toronto. For many residents, this was the first time they experienced interdependence with others, sharing meals and life as a functioning community. The Mission also offered "in from the cold" programs in the winter and shelter from the heat in the summer.

Prav

The Mission was a hybrid place of worship and social service agency. St. Silouan the Athonite Mission Parish, was a Carpatho-Russian Orthodox parish started as an initiative of the Mission. It was one of two Orthodox churches in the Toronto area that

conducted services in English. Located on the main floor of the Mission, the church's focus on prayer and reflection provided emotional, psychological and spiritual support not often found in traditional secular social service agencies. The congregation consisted of worshippers from across Toronto. The parish never actively proselvtized or converted the poor. If anything, the members of the Mission community taught parish members what it meant to be marginalized. The presence of the parish as one initiative of the Mission "is an inversion of the contemporary viewpoint that we can save the poor. The community is of the poor for the poor."3 Services were held daily in the Chapel at 11:30 a.m. The leadership council prayed together every day, along with any community members who wished to participate. Each meal was preceded by a blessing by either Father Roberto or one of the Deacons. While prayer was an explicit part of the daily activities of the Mission, no one was pressured in any way to participate in the religious aspect of the community.

In addition to the parish, the organization also ran the Lived Theology School for young Orthodox Christian women and men to spend a year in academic and spiritual study, prayer and community work. Lay missionaries in this program lived together in a community house and participated in the work of the Mission, gradually taking on leadership roles within the community.

SJCM offered two additional programs. The St. Mary of Egypt Refuge, located two and a half hours from Toronto near a large provincial park, offered a "home away from home" for people who needed a break from city life to pray, reflect and relax. St. Macrina Counselling Services offered geared-to-income counselling for people experiencing emotional difficulties.

Work

The Mission believed that meaningful work helped people get off welfare, attaining dignity and a sense of personal value in the process. To that end, it provided opportunities for everyone in the community to work through employment in one of its two social enterprises or through volunteer opportunities. The Thrift Store provided community members opportunities to volunteer, work and buy affordable used clothing and goods.

The St. John's Bakery (the Bakery) began in the late 1980s, a result of happenstance. When the Mission first opened in the Pocket, the owner of a bakery two doors down, Joe Links, showed up with a tray of donuts. Over the years, he continued to deliver gifts of bread and bakery sweets. Unfortunately, Links fell ill, lost his business and his family, ending up on the street. He decided to bake again at the Mission drop-in centre, selling bread in the neighbourhood, which resulted in personal transformation. He died two years later, leaving his equipment to the Mission.

Eventually the Bakery scaled up into a full commercial business featuring a busy retail storefront. The enterprise was a place "where people of varying capabilities and social backgrounds come together to do something constructive and creative." While it made some money, the Bakery was not expected to be profitable; its purpose was to create opportunities for meaningful work in the community. Its vision expressed the Mission's view of work and community:

St John's Bakery wants to be a part of a new economy that puts relationship first. To make bread with love and the bottom line. Put in as much as we can afford, not as little as you can get away with. Not to squeeze the people we buy or sell to, to innovate to make things better, not cheaper. We believe that learning how to bake is a craft. The reward is in the doing. We will try to shorten the distance between the maker and user. We believe we should grow as a business for our own reasons, not just for growth sake. We are committed to create an appetite for better bread. We commit to give people who suffered in life a chance to be successful in work.

The Bakery employed professional bakers, people on government support and students. Many volunteered to work at the Bakery in an informal apprenticeship program, learning both the theory and practice of baking under the supervision of a lead baker for six months. Apprentices were evaluated regularly. If their performance was rated unsatisfactory, they could be asked to continue on probation, required to repeat a process or could be terminated. Participants often struggled to adjust to the expectations of working life. "It's not stable," says Father Roberto. "People have crises more often. Their lives are not as secure, and we've had quite a lot of turnover. It's quite exhausting."

Operating the Bakery was an ongoing challenge. While it contributed to the overall mission, it took more than its share of management attention. In addition to the full-time bakery administrator, the SJCM leadership team spent a lot of time on Bakery issues.

Initiative Outcomes

The Mission held a holistic view of people. It helped people see the value in themselves through connection with others. In contrast, traditional secular social service agencies were created to deal with problems, "move in the client, diagnose the problem, find the solution, implement or fix, move them out of the repair bay and move someone else in." Funders of these agencies required evidence of program effectiveness, so it was important to collect information and evaluate success. How many people were fed? Who got jobs? How much did it cost?

While the Mission could count the number of meals it served, it was far more difficult, and some would argue irrelevant, to measure its effectiveness. How did you measure connection or an individual's self- worth? Yet a sense of self-worth was often a prerequisite to an individual's decision to stay clean of drugs and alcohol, to go back to school, to get a job or to seek treatment. SJCM's choice to be more holistically driven meant that many sources of funding, including government programs, were not available to it.

Governance

SJCM was an incorporated non-profit charity registered to issue charitable tax receipts. As such, it was required by law to issue financial statements and to have a board of directors elected by its membership. Eight board members were responsible for the big picture—vision, mission and strategy as well as financial control. Some board members engaged in operational functions such as human resources, financial management or fundraising when needed. The staff leadership council, including Father Roberto, were non-voting members of the board. Two additional non-voting members represented the Mission advisory board and the parish.

In addition to the legal board, the Mission also hosted an advisory board composed of members of the community. It functioned as both a consultative body that provided advice about the needs of the community and as an incubator of leaders for the organization. It

gave voice to many of the members of the community who had never experienced leadership.

The Orthodox Church held a philosophy of leadership called *sobornost*, asking individuals to give up self-benefit for the needs of the community. The philosophy emphasized the values that the community shared, rather than its differences, thus encouraging collaboration. The board and leadership council would meet to wrestle with the issues facing the Mission. As a result of this messy approach, they discovered problems and solutions, helping each other to understand existing issues and identify new issues by listening to one another.

Organizational Structure and Policies

The staff leadership council, known as the *sobor*, a council of laity and priests chosen after careful reflection comprised Father Roberto, Deacon Pawel and Presbytera Maria Drossos, in her volunteer role as board chair. Decisions were taken by the executive director in consultation with the council. This leadership council ensured that the tone of the Mission was faithful to its purpose, identity and vision. The leadership council's role was to realize the SJCM vision by conducting its day-to-day activities, keeping the board abreast of the Mission's activities and programs.

The Mission had 13 full-time staff, eight of whom were managers, and 26 part-time staff. In addition, there were numerous volunteers from the community. Many students completed unpaid placements or internships in community development, social work and hospitality. The organizational structure was flat, decentralized, with very low levels of formality. There was some specialization, as staff managed groups of loosely linked programs, although there was no formal organization chart.

The Mission's heritage as a small, nimble, innovative, entrepreneurial organization meant that it had few policies or procedures. It was a "just do it" kind of place. As growth began to place pressure on employees and volunteers, some policies had been developed; however, it was more of a patchwork than a consistent set of policies.

ORGANIZATIONAL REVIEW⁸

In 2011, Father Roberto engaged a consultant to conduct an organizational evaluation of the Mission. The consultant summarized the culture of the Mission

as "visionary, powerful charisma, responsive, committed, engaged, loving acceptance, dedication, authentic, overpowering, exhausting, chaotic and precarious." The report concluded that SJCM was a "busy, successful, meaningful and coherent example of compassion in action." It identified six areas of tension: (1) the non-traditional blending of religious and social service organization, (2) a heavy dependence on the founder, (3) significant use of volunteers for program delivery, (4) its informal nature, (5) its significant growth and (6) minimal government funding.

Non-traditional Blending of a Social Service and Religious Organization

The unique blending of faith, spirituality and social service mission gave SJCM's programs a depth and richness not found in secular social service agencies, creating long-term stability for the community. However, the leadership of both the parish and the Mission was challenging. Demands on Father Roberto, who occupied the roles of both executive director of the Mission and pastoral leader, were substantial. The choices that were appropriate for one role were sometimes in conflict with those of the other. As growth continued, these conflicts were bound to intensify.

A Heavy Dependence on the Founder

Father Roberto's long tenure gave the Mission stability and consistency and created a unique organizational culture. He established and fostered long-term relationships that sustained the organization. Under his leadership, SJCM implemented a wide range of programs that were seen as best practice to serve homeless and marginalized people.

However, with the growth of SJCM, the Mission had become too reliant on Father Roberto and his multiple roles of priest, pastoral care provider, leader, social services administrator and chief fundraiser. The lack of organizational structure and clarity meant that Father Roberto had a neverending line of people following him around the Mission looking for answers.

Significant Use of Volunteers to Deliver Programs

SJCM believed that meaningful work contributed to a sense of dignity, self-worth and motivation, which

might create a richer, happier life. Everyone was equal. a member of the community, contributing to shared goals. Roles at SJCM were very fluid. Some members of the parish volunteered, but many did not. Some volunteers came from the larger community. Community members often participated in some programs while volunteering to deliver other programs. Many of the volunteers lived in poverty and dealt with physical or mental illness or addiction, "Helpers and helped are kind of interchangeable."11 Often new volunteers struggled with the culture of the Mission. Father Roberto referred to them as "Kurtz." a character from Joseph Conrad's novel. Heart of Darkness. In the novel. Kurtz. the leader of a trading post in Africa, presented himself to the village as a demi-god. When volunteers became Kurtz types at the Mission, they became authoritarian and bossy. The Mission operated in an egalitarian way, promoting creative ideas, creative control and testing and learning from mistakes. The team appreciated individual strengths and accepted weaknesses. They engaged the whole community in decision-making. Some volunteers found this approach chaotic or needed to assert personal authority. This created management challenges for the leadership council.

While high levels of volunteer engagement led to rapid growth of programs, it also led to lack of order. Often volunteers were assigned to tasks for which they did not possess the right skills. The current pool of volunteers lacked managerial and professional expertise. In addition, the lack of clarity around volunteer roles was problematic:

Those interviewed described the sense that volunteers don't know exactly what they're supposed to be doing, or too many are doing the same things in varying styles, effectiveness, rushed inappropriately [sic]. There isn't always the time or management arrangement to allocate people to tasks that suit them or to organize a schedule that avoids days where there are too many bodies versus times when there are not enough.¹²

The Informal Nature of the Mission

The informal, relaxed, non-judging and welcoming feeling of the Mission provided community members with a sense of belonging. Every person, experience and activity was given equal importance and merit. This resulted in an almost constant level of urgency and activity, adding to the disorder.

Significant Growth

SJCM experienced unplanned entrepreneurial growth over the years. Virtually all programs started when someone noticed a need. Volunteers would jump in, and the initiative would take off. This approach resulted in innovation and risk-taking. This need-driven growth was central and unique to the Mission's culture.

While new initiatives had been important to serve the needs of the community, they resulted in staff burn-out and ineffective program delivery. Often the skills and abilities of the staff were not well-aligned with new initiatives. Growth demanded more fundraising, a constant challenge for most grassroots community organizations.

Finally, the Mission building was bursting at the seams. Not a single corner remained unused. The space wasn't as clean or organized as it needed to be, and the furniture, equipment and building all experienced unsustainable wear and tear.

Minimal Government Funding

Just more than 7 per cent of SJCM's funding came from government sources, a relatively low proportion for a Canadian social service agency. Thus, the Mission relied on a broad array of smaller funders and supporters, as well as two social enterprises, for funding. Many small businesses regularly donated food or services in kind. This funding model gave the Mission the freedom to deliver on its vision independent of the expectations of government funders. It was also not susceptible to government funding cuts. As the accounting manager put it, "St. John's is healthy, not wealthy."13 As the organization grew, fundraising became a greater focus of paid staff and the board. Fundraising was not formally assigned to any one staff member, and no one had fundraising expertise.

Result of the Operational Review— Two New Leadership Team Members

As a result of the consultant's report, the board approved the hiring of a director of operations, who joined the leadership council in 2011. Presbytera Maria resigned her volunteer position as board chair to assume the paid position of director of operations. She took charge of day-to-day operations, including scheduling, program delivery and volunteer management. She worked closely with the rest of the leadership council to make management decisions,

design and implement programs, prepare grant and fundraising requests, develop a budget and provide day-to-day financial oversight. Around the same time, Deacon Theodore took a newly created staff position as director of community.

STRATEGIC ISSUES

While the Mission was stable in terms of leadership, assets and funding, it faced three pressing strategic issues. The new executive director, in consultation with the leadership team and the board, would need to address these issues.

The Bakery was an ongoing challenge, carrying considerable financial risk. Father Roberto often wondered whether it was a distraction from the Mission's main purpose. Should the Mission consider spinning off the Bakery? In the short term, the Bakery's retail location was too small; there wasn't enough room or the right equipment for production of both artisan bread and sweet goods. While it was making do in the current situation, it was clear that the Mission would have to either move the Bakery or find a second location for it.

Continued growth meant ongoing issues for the Mission, especially an increased need for fundraising and volunteer management. While the new director of operations had reduced the chaos on a day-to-day basis, the organization clearly needed formal policies, processes and systems to manage these key functions. However, formalizing the organization was inconsistent with the Mission's culture. Father Roberto worried that more structure would lead to a bureaucratized, itemized and analyzed culture—completely opposite to the Mission's values.

At the same time, Father Roberto had identified a need for service in the inner city suburb of Scarborough. Eight of the city's 13 priority neighbourhoods were located there. 14 Should SJCM consider expanding into Scarborough? Expanding would involve wrenching change as Scarborough was different from South Riverdale—it was suburban, sprawling and car-oriented, with a different mix of ethnicities, cultures and beliefs. Yet the Mission was founded on passion, love and risk-taking. The role of the board and the leadership council was to ensure that the vision of the Mission did not become old and repetitive and that it evolved to meet the needs of the greater community, not just South Riverdale.

THE DECISION

SJCM wasn't the kind of place where a neat and tidy plan could be delivered to the board for approval. The very nature of *sobornost* required debate, discussion, collaboration and contemplation. But still, Father Roberto needed to think about the direction of the conversation. What would a successful succession look like? Should the organizational structure change? How would they identify an appropriate person to fill his shoes? How would the community articulate, maintain and foster its culture? How would it prepare to deal with the big strategic questions facing the Mission? These were questions of both philosophical and practical importance.

What Father Roberto, the leadership council and the board did know is that they didn't want to end up

Becoming just another social service agency with a vague whiff of religiousness... Becoming an organization where every initiative has to have a plan that is driven by metrics that are approved and scrutinized by committees and approved by boards. Becoming a place so protective of its established place in the world that [it] is afraid to change itself. Becoming a place that is run entirely by professionals where the community can no longer take a real role in its day-to-day operations because the stakes are seemingly too high.¹⁵

Notes

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READING 8.1

LEARNING FROM GANDHI ON HIS BIRTHDAY

Satinder Dhiman

Satinder Dhiman wrote this article solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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As John Quincy Adams put it, "If your actions inspire others to dream more, learn more, do more and become more, you are a leader." By this standard,

Mahatma Gandhi clearly emerges as one of the most remarkable leaders of all time.

In 1930, Gandhi was named *Time* magazine's Man of the Year. Seven decades later, he was second only to Albert Einstein for Person of the Century. On the occasion of Gandhi's 75th birthday, of course, Einstein paid tribute to Gandhi by noting, "Generations to come will scarce believe that such a one as this ever in flesh and blood walked upon this earth."

Why? Gandhi was essentially the archetypical moral force whose appeal to humanity is both universal and lasting. Originally a timid and taciturn soul, he grew into a paragon of visionary leadership, helping to secure the liberation of a fifth of the world's population from the rule of the largest empire on earth. As Martin Luther King, Jr., wrote in 1958, "Gandhi was probably the first person in history to lift the love ethic of Jesus above mere interaction between individuals to a powerful and effective social force on a large scale."

Simply put, Gandhi's legacy became the harbinger of freedom for many countries in Southeast Asia and the rest of the world. In addition to

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Dr. King, he inspired exemplary leadership in other historic figures, ranging from Nelson Mandela and Aung San Suu Kyi to U.S. President Barack Obama. While receiving the Nobel Peace Prize in 1989, the Dalai Lama accepted it as a tribute to "the man who founded the modern tradition of non-violent action for change, Mahatma Gandhi, whose life taught and inspired me."

But despite the more than 400 biographies that describe his life, not to mention 100 volumes of Gandhi's own collected works, the man remains an enigma. "No one so well-known is so little known," notes Gandhi's grandson and biographer Rajmohan Gandhi. In fact, if truth be told, what we think we know about the man may not be all true. When describing Gandhi, for example, American historian Will Durant wrote, "We have the astonishing phenomenon of a revolution led by a saint." And that was simply not the case.

In Gandhi: A Life, biographer Yogesh Chadha provides a glimpse of how Gandhi was seen by the British public when he describes a scene from 1931. While in London pleading for India's independence, Gandhi was approached by a small girl looking for an autograph. But before he signed his name, she drew back, suddenly uncertain about his historic worthiness. Looking at what she saw as a strange little dhoti-clad man—with cheap wire-framed spectacles and a roughly mended shawl—she looked up at her mother and asked, "Mummy, is he really great?"

That's a good question. Gandhi's critics call him idealistic, impractical and politically naïve. But much of what they write often reveals more about themselves than the man. After all, despite his flaws, or perhaps because of them, the man still has much to teach us 146 years after his birthday (October 2, 1869). As for his devoted fans, well, they complicate matters by spreading misinformation. As things stand, too many myths surround him. And as a result, I believe Gandhi's greatest achievements as a leader are still waiting to be fully discovered.

In my recent book Gandhi and Leadership, I explore the spiritual and moral anchorage of Gandhi's leadership, outlining seven Gandhian values that are most relevant in the contemporary workplace: authenticity/personal integrity, harmlessness (ahimsā), truthfulness (satyāgraha or truth-force), transparency, humility, self-discipline

and selfless service. Based on that work, this article looks to dispel two major myths about Gandhi in order to reclaim him as a human being and draw key leadership lessons from his successes and failures as a fallible individual who achieved great things.

Myth One: Gandhi's actual name was Mohandas Karamchand Gandhi (Karamchand being his father's name). Mahatma, which means a "great soul," was an honorific given to him by Sir Rabindranath Tagore, India's Nobel laureate poet. But despite the perceived greatness of his soul, Gandhi was no saint. This myth requires some active dispelling because it is one of the most common and dangerous misconceptions about Gandhi.

In his autobiography, Gandhi noted that the title "Mahatma" often pained him deeply because the term was too sacred to be applied to a simple seeker of truth. He insisted he wasn't a "saint trying to be a politician," but rather a "politician trying to be a saint." And we should take his word for it because calling him a saint makes his virtues too lofty to be emulated and his vices too glorified to be instructive. "If we label Gandhi a perfected being," observed Mark Shepard in his book Mahatma Gandhi and His Myths, "we lose our chance to view his life and career critically and to learn from his mistakes."

Myth Two: According to some versions of history, Gandhi singlehandedly wrought the miracle of India's independence. But the struggle for independence had been progressing for three decades before Gandhi arrived on the political scene, and it very likely would have borne tangible results of its own accord. Furthermore, while the extraordinary manner in which India's independence was achieved can be pointedly ascribed to Gandhi, one of the great ironies of history is that the country that he peacefully led to freedom ended up divided, amid great violence, into India and Pakistan on August 15, 1947.

Gandhi did not want the "two-part independence" that India achieved. It pained him deeply to see 32 years of his selfless work come to an inglorious end. Without his influence, as Rajmohan Gandhi notes in *Gandhi: The Man, His People, and Empire*, "The violence would have been even greater, the parts more than two, and the future unity, pluralism, and democracy of the Indian part far more

vulnerable." And yet, it is important to recognize that he made mistakes.

It is possible that Gandhi underestimated the toxicity of warring religious factions, not to mention let idealism and optimism get the better of him. It is possible that his constant use of Hindu symbolism alienated Muslims irrevocably. Perhaps he pushed his dietary practices and his experiments with celibacy beyond reasonable limits. Perhaps humanity was not sufficiently evolved to genuinely embrace Gandhi's creed of love and non-violence.

Whatever the case, it is no wonder that none of Gandhi's civil disobedience campaigns initially won over his adversaries, at least not directly.

There are some great leadership lessons here. Consider:

- Not all people share the same values, so leaders need to understand their own and others' values and intentions.
- It is not always wise to be good to a fault; discretion is indeed the better part of valor.
- When dealing with racial diversity, it is not prudent to overplay some ethnic themes.
- Knowing when enough is enough is a hallmark of wisdom, so one needs to be moderate about moderation.

Gandhi's most important lesson for leaders is that no power on earth can make a person act against his or her will. And self-control, meaning the ability to discipline oneself, delivers us the strength to shape the environment in which we exist. But there are many more valuable lessons that can be extracted from Gandhi's life and thought. Here is a short list:

- 1. Leadership is about serving and sacrifice, not personal ambition.
- Effective leaders embrace challenges instead of avoiding them. Met squarely, challenges bring strength and build character.
- 3. Leadership is an internal affair with all battles won or lost within the mind.

- Effective leaders are peaceful warriors bereft of attachment and personal likes and dislikes. They do not do what they like to do. They do what needs to be done.
- Effective leaders relinquish self-interest and egotism because their strength resides in the richness of their being, not in the multitude of their possessions.
- Effective leaders master their senses instead of letting their senses master them because they find joy in self-mastery.
- Effective leaders know that self-awareness is the key to leading others effectively, and they convert unfavourable circumstances into opportunities for self-development (Sisyphus was not wasting his time; he was developing his muscles).
- Effective leaders know that selfish desire obscures self-awareness, which requires patient cultivation and ultimately depends on self-knowledge.
- Effective leaders place the right means above desired ends. The right ends follow exalted means.
- Effective leaders understand that everybody is flawed, but nature does not give us the ability to see our flaws as others see them.
- Effective leaders know that the right thing to do and the hard thing to do are usually the same.

As *Time* declared in its millennium issue, no myth-making can rob Gandhi of "his moral force or diminish the remarkable importance of this scrawny little man." The following three stories illustrate why this is true.

Story One: A mother once brought her son to Gandhi looking for help in getting the boy to stop eating sugar. Gandhi looked at the kid for a long time, then told the mother to bring her son back in two weeks. The mother did not understand the rationale for the delay, but she did as instructed. Fourteen days later, Gandhi looked deeply into the boy's eyes and said, "Stop

eating sugar." The mother was grateful, but puzzled. "Why didn't you tell my son to stop eating sugar two weeks ago?" she asked. Gandhi replied, "Two weeks ago, I was eating sugar."

Story Two: Gandhi once lost one of his sandals as he was boarding a train. With no time to retrieve it, he immediately removed his other sandal and tossed it to the ground along the track. When asked by an astonished fellow passenger why he did this, Gandhi replied, "Now the poor man who finds it will have a pair he can use."

Story Three: According to Narayan Desai's My Gandhi, five months before his death Gandhi gave the following advice to a fellow truth seeker: Whenever in doubt, recall the poorest and weakest person you know or have seen and ask yourself if whatever it is that you are contemplating will be of any use to this person. Do that, and you will find your doubts and yourself melt away.

Gandhi was indeed great. But his greatness does not only lie in what he accomplished. It also lies in what he did *despite* his human failings. He struggled to always practice what he preached, renouncing the trappings of title, authority and position as he relentlessly strived to help others in an utterly self-less manner. His greatness lies in his stirring of the conscience of humanity, in his demonstrating the power of spirit over material things, in his turning of his moral searchlight inward, and in his extending the gospel of love and peace from a personal level to the social arena.

It is not without significance that Gandhi subtitled his autobiography *The Story of My Experiments with Truth*. His whole life was one long series of experiments. But it also serves as a sermon on how to lead. In all that he achieved, he was passionately guided by the twin principles of truth and non-violence. These values are as old as humanity itself, but Gandhi's devotion to them—which required an equally impressive amount of sacrifice, strength, courage and self-control—was on a massive scale. And that is worth remembering on the birthday of "this little brown man in loincloth" who brought the mightiest empire on earth to its knees.