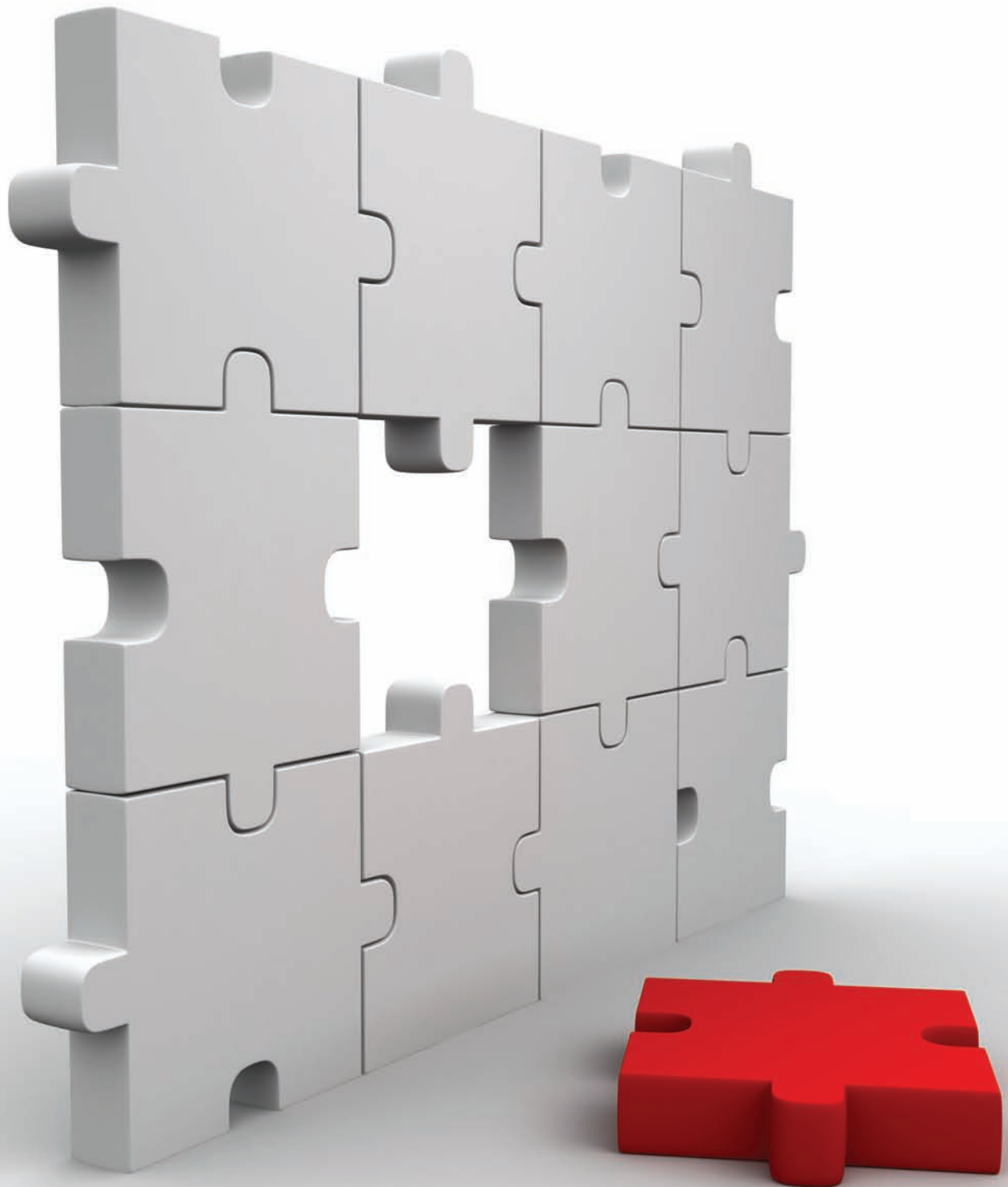


The **Missing** Middle – Strategic Alignment & Empowerment

By Paul Lambert and Simon Thane



Development-oriented, not-for-profit organizations are typically characterized by a strong founding mission that is centrally stewarded by their board and HQ staff. As these mission-led organizations grow, they often develop an extensive network of organizations and devolved communities across multiple countries. Here development takes place through the provision of basic resources, education and community development activity. As the organization develops in size and complexity, a gap can appear between the centrally held strategy and initiatives to deliver the mission and the innovation occurring in culturally aligned and tailored front-line activity. We call this the “Missing Middle” — the strategic leadership and alignment of operations.

This article shows how we used three core concepts with a large international development not-for-profit, ChildFund International (ChildFund), a member of the ChildFund Alliance, to address the Missing Middle. These concepts are centred on the requisite levels of strategic leadership, defining aligned success measures and clear delineation of what improvement should be locally or centrally driven. We believe these lessons are applicable and useful to other not-for-profit organizations and many commercial and governmental organizations.

The Missing Middle

Development NGOs¹ such as ChildFund are characterized by a strong foundation in a central mission and purpose. For ChildFund, this is to “help deprived, excluded and vulnerable children have the capacity to improve their lives and the opportunity to become young adults, parents and leaders who bring lasting and positive change to communities.” It is an important and noble mission held centrally and stewarded by their board and senior HQ staff in Richmond, Va. This powerful mission has led ChildFund to help more than 15 million deprived and vulnerable children and family members in its more than 70-year history.

ChildFund’s strong sense of purpose has driven the building of an extensive network of devolved and empowered local organizations and communities of people across 24 sponsorship countries on three continents: Asia, Africa and the Americas. They are devolved because they are so geographically spread, culturally varied and because local

determination is central to the development aims of ChildFund (as it is to most development NGOs). For example, Sierra Leone (a relatively small African country) has three distinct development areas, each with a 12-year development plan that builds regional democracy and delivers on-the-ground help in the form of sanitation, education and infrastructure in ways appropriate to the different regions. This local focus is further strengthened by the desire to focus financial and personnel resources on the front line to deliver quality-of-life benefits.

checkups) are integrated into development work (e.g., through sporting and educational days where letters are written as part of educational activity). This type of learning needs to be shared quickly and effectively.

Without somewhere to locate this coordination activity, there appears to be a Missing Middle² in the organization between the executive team (owning the purpose and mission) and the operational communities (delivering the development outcomes). The role is one of strategic leadership and align-

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In the tension between the strong, centrally held founding mission and the growth in quantity and diversity of local development organizations and communities lies a dilemma of success. Each region goes through a learning process about the most effective way to make real, sustainable difference to the lives of their children and families. The insights need to be shared and potentially transferred and built into more strategic approaches to development and sponsorship so that lessons don’t need to be regularly relearned. For instance, individual countries have innovated in the way that sponsorship activity (e.g., writing letters and physical

ment of operations. It is a role that is extremely hard to get right because it is not always clear what level in the organization should execute this function, what strategic improvement activity it should undertake and how it should be measured. Failure to properly address this role typically leads to ongoing internal debates between centralization and decentralization of activities.

Typically the results of getting this wrong are threefold:

1. **Inefficiency** – through duplication of activity at different levels and lack of sharing of best ways of operating

¹ Non-Governmental Organization

² The “Missing Middle” parallels ideas from Barry Oshry’s work on “Seeing Systems” and the role of those “In the Middle.” See <http://www.powerandsystems.com/home.html>.

EXHIBIT 1: ORGANIZATIONAL WORK LEVELS FOR CHILD SPONSORSHIP		
Organizational Work Level	Time	Purpose
D. Executive Direction	Occurs as five-year organizational strategic planning with annual operating plan	Setting whole organizational strategy , defining role of sponsorship within broader child development context
C. Cross-Organizational Sponsorship Leadership (“Missing Middle”)	Typically quarterly, half yearly and annual tracking foci	Strategic setting of FUTURE direction for sponsorship activity , including implementation of improvement initiatives for sponsorship. This includes all systemwide improvement.
B. Multinational Sponsorship Management	Monthly tracking	Tracking and improving CURRENT sponsorship operations to ensure efficient current operations
A. In-Country Sponsorship Operations	Day to day/weekly operations	Executing key sponsorship processes , including sponsor inquiries, tracking, child sponsorship activity, letter writing and relationship management

2. Donor disappointment – through a variable experience of the organization
3. Falling short of mission – not always being able to live up to the stated mission

So how can organizations, particularly developmental NGOs, address the Missing Middle?

Addressing the Missing Middle

Creating a midlevel in an organization that provides effective strategic leadership and operational alignment involves addressing at least three organizational levels:

1. **Structure** – ensuring that there is an organizational process at the Requisite Level³ of organization for strategic leadership with a clear purpose differentiated by time frame of decision making
2. **Measures** – for teams and staff that measure what is expected of the strategic leadership of the operational activity (child sponsorship in the case of ChildFund)
3. **Process differentiation** – being really clear about what is to be coordinated centrally as “strategic improvement” and what is to be rightfully encouraged as diverse “local improvement” activity

In the following three sections, we will look at how these three levers were used to address the issue of the Missing Middle in ChildFund.

A Requisite Strategic Leadership Level

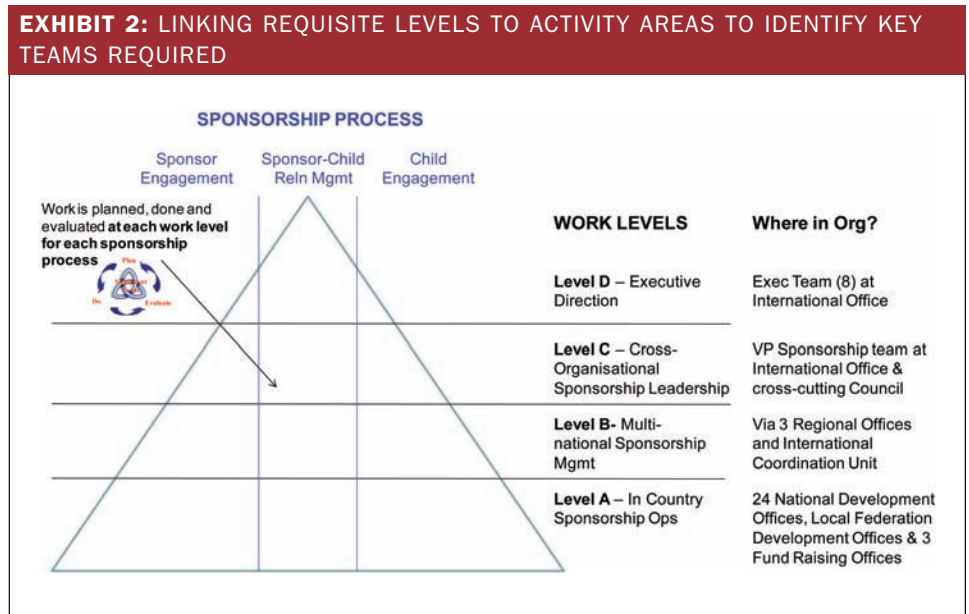
Professor Elliott Jacques, a Canadian organizational psychologist, developed the notion of requisite organizational work levels, differentiated by the time frame and complexity of decision making at each level. We adapted Jacques’ ideas for our work with ChildFund to map the requisite organizational levels and their key functions. This enabled us to specifically define the level of strategic leadership

of child sponsorship operations. Each level is characterized by the following:

1. A different purpose (e.g., operational management)
2. A process (or several linked processes) that require a cycle of plan-do-evaluate activity to deliver the purpose (such as operational delivery)
3. A different time frame of decision making (e.g., monthly)

Exhibit 1 shows this mapping for child sponsorship operations in ChildFund, particularly highlighting level C — Cross-Organizational Sponsorship Leadership — which was the Missing Middle organizational level that was muddled or missing in the existing structure.

By linking this concept of requisite levels to the key sponsorship process areas at each level, we were able to identify the key teams required at each level. In the case of ChildFund, three core processes to be delivered through the levels were 1) engaging and managing sponsors; 2) engaging children and families in developmental sponsorship; and 3) actively managing the development of the sponsor-child relationship. The resultant system is shown diagrammatically in Exhibit 2. The figure also shows where each



³ Requisite Levels are based on the work of Professor Elliott Jacques (1917 – 2003) — a Canadian organizational psychologist.

⁴ See 2010 HBR Column “You are what you measure” by Professor Dan Ariely (Professor of Behavioural Economics at Duke University) and author of Predictably Irrational

EXHIBIT 3: LEVELS OF IMPROVEMENT		
Level of Improvement	Type of Improvement	Description of Improvement
Local	1. Quick Hit	A simple, continuous improvement idea copied from someone else: “Just do it”
	2. Planned Local	A component level improvement requiring some planning or local pre-justification
Strategic	3. System level within current operating model	A significant, coordinated system-level improvement that can be implemented <i>without</i> the need of a change to the core sponsorship model
	4. System level that changes current operating model	A significant change to the basic sponsorship model requiring an International Office policy decision

level of activity was physically located in the organization with the Missing Middle (Level C) filled by a new vice president of sponsorship with a supporting team and potentially including a cross-cutting Sponsorship Council.

Measuring the Role of Strategic Leadership

The old adage “you get what you measure”⁴ is as true in not-for-profit organizations as for commercial organizations. Therefore, a second lever of success for filling the Missing Middle is definition and alignment of organizational success measures that link to the requisite levels and key process areas. There are two important sets of measures relating to the Missing Middle that can be illustrated from ChildFund.

Firstly, there are requisite level measures at the missing strategic leadership level for the key processes at that level. For ChildFund, the strategic leadership level had three key processes that needed to be planned, delivered and evaluated: sponsored child engagement; sponsor engagement/management; and child/sponsor relationship management. For example, a measure of the sponsor-child relationship for strategic leadership level was the Net Prompter Score — a measure of the likelihood of a sponsor recommending sponsorship to a friend or colleague.

Secondly, there are linking measures that are summary measures at the level above the Missing Middle (at the executive level) and more detailed measures feeding up from the level below (the operational level). These measures need to be in place to ensure that operational levels work effectively together, without duplication or missing activity. For

example, a summary measure of the operational level was the average sponsorship cost per child by region and country — this gives strategic leadership a summary measure of how efficient sponsorship operations are (the operational level below).


Defining Local and Strategic Improvement

The last insight ensuring strategic leadership is effective is clarity about what improvement activity only this level can coordinate and what activity can be performed at local level. What often happens in devolved organizations is the Missing Middle turns into Big Brother as this organizational level of management is built. This level can turn into an over-controlling central strategic group that feels it needs to control all change. This is avoided in two ways:

1. Define what can be done locally and give staff power to improve.
2. Create ways of identifying systemwide issues (e.g., through regional meetings of leads) and central/regional strategic function to drive change.

With our work with ChildFund, we defined four types of improvement idea — two that could be locally driven and two that required strategic coordination. These are shown in Exhibit 3. By providing a set of simple criteria to differentiate between these levels of improvement, it allowed local countries and regions to get on with their “Quick Hit” and “Planned Local” improvements. In addition, we provided a schedule of regional meetings and shared Internet workspaces where local improvements could be shared. This ensured ways of both identifying and coordinating local and strategic (systemwide) improvements.

Conclusion

In this article, we have examined how, as a purpose-driven organization (such as an NGO) grows through devolved operations in different countries, a gap between strategic aspiration and local delivery can develop. This is caused by a missing level covering strategic leadership and coordination of operations, which we have termed the Missing Middle. This article has presented three core concepts to address the Missing Middle. These concepts are centered on the requisite level of strategic leadership, defining aligned success measures and clear delineation of what improvement should be locally or centrally driven. We believe these lessons are applicable and useful to other not-for-profit organizations and many commercial and governmental organizations. 

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