

In her three years as CEO of the Girl Scouts of the USA, **Kathy Cloninger** has reimagined the camp-and-cookies operation as the world's best leadership development organization for girls. She is reinventing what it means to be a winning leader today.

How do you *transform* a 95-Year-Old Organization? Ask the Girls

By Polly LaBarre

It's a mild summer night in Upper Manhattan, and Melba's restaurant is hopping. Between bites of the hip Harlem eatery's soul food, Shayla Farmer is holding forth on her approach to investing. "You see money every day," she says. "You know what money is. But you can learn something new about it. Before, I thought money was about spending. Now I think it's about investing." Two seats down, Brittany Barnes jumps in to recount her plans to save every penny she earns until she has enough to buy a house in North Carolina.

The fiscal restraint on display is significant enough in a culture where people spend too much, borrow too heavily, and gamble too frequently with their money. But what's truly remarkable is the fact that Shayla is a 10-year-old in a green Girl Scout sash packed with badges, and Brittany is a saucy, bright-eyed 6-year-old in a Brownie uniform whose every penny is currently stored in two piggy banks at home.

Shayla and Brittany are just two of some 30 girls in uniform (from a handful of 5-year-olds in bright blue

Daisy jumpers to 16-year-olds in khaki vests and slacks) gathered to celebrate another year in the Girl Scouts of Riverside Park Community, Troop 3333. The room buzzes with energy and overlapping conversations about the past year's activities—from an investment seminar to a citywide emergency preparedness project to a Rosa Parks tribute—next year's goals, lessons learned, and friendships formed.

It's a completely refreshing scene and a surprising departure from the image of the Girl Scouts as a musty, uncool institution dedicated to purveying Thin Mints, doling out merit badges, and organizing quaint camping-and-crafts experiences. That disconnect is what spurred Kathy Cloninger, who took over as CEO of the Girl Scouts of the USA in 2003, to remake the organization into the world's best leadership development experience for girls. In the process, she and her team have generated instructive and inspiring insights on what it means to be a winning leader today—and constructed a compelling model for radical change in any organization.

Photography for 360° by Darryl Estrine

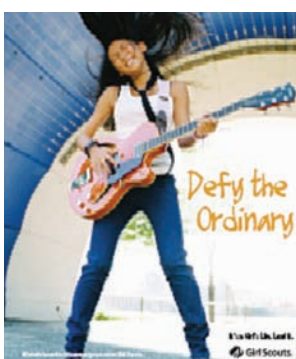


“Girl Scouts is one of the most recognized brands in the United States, but it’s probably the most misunderstood,” says Cloninger. “I can’t go anywhere without people seeing my Girl Scout pin and saying, ‘Do you have any cookies?’ Now, we love the Cookie Program, but we want to emphasize the incredible depth of economic literacy and business skills the girls get out of the experience. It’s not playlike. When the world thinks about Girl Scouts, we want them to think: future leaders, girls of strong character, courage, and confidence.”

Indeed, the Girl Scouts is already about much more than cookies and crafts. Founded in 1912 by Juliette Gordon Low, an intrepid advocate for girls, the Girl Scouts has grown from the original troop of 18 “brave, handy girls” to 2.7 million girl members (grades K through 12) and nearly 1 million adult members (primarily volunteers). More than 50 million American women have participated in the Girl Scouts—including nearly 70 percent of the women in Congress today. Alumnae include Laura Bush, Hillary Rodham Clinton, Sandra Day O’Connor, Madeleine Albright, Katie Couric, and the first woman space shuttle commander, Eileen Collins. Among the 218,335 Girl Scout troops and groups in more than 80 countries around the world, there are 40 dedicated to girls with mothers in prison, dozens made up of residents of juvenile detention centers and homeless shelters, and all-Muslim troops.

Today’s Girl Scouts participate in activities ranging from a solar science seminar created by NASA mentors to a week-long immersion program in deep-sea ecology to a stock market game in which girls manage an imaginary \$100,000 portfolio. Eight-year-olds earn the Land Patch badge for partnering with state and federal environmental agencies on a project. Teenagers compete for the coveted Gold and Silver Awards with ambitious projects like one winner’s program to provide free eye care to residents of a village in India. And those cookie sales? Not only do they generate an estimated \$455 million to \$700 million a year for the organization (which will account for as much as 40 percent of local operating budgets), they have become a serious entrepreneurial activity, complete with business cards and PowerPoint presentations.

The Girl Scouts faced a brewing crisis in 2003 when Cloninger arrived as CEO—actually, a “convergence of crises,” as Cloninger puts it. The issues included a dramatic shift in membership growth. Although total membership kept up a steady pace of modest 2 percent annual increases, membership in troops—the traditional delivery system of Girl Scout activities and the organization’s economic driver—declined between 1998 and 2003. At the same time, individual registration for a range of activities offered at the local level—from an in-school math



The most recognized brand in the United States is getting a radical makeover.

1910

1912

1920

1930

1940

1910: First Girl Scout Handbook, 1913.

1914: The trefoil design is patented for the Girl Scouts membership pin, February 10, 1914.

1920: In 1924 the “Buy a Brick” campaign helps to fund the purchase of the national headquarters in New York.

1930: The Curved Bar Award is instituted as the highest scouting honor, 1940.

1940: FDR receives a “check” for over 15 million hours of Girl Scout wartime service.

Other elements: The Girl Scouts Promise, Girls can help their country, SCOUTING for GIRLS, BUILD for AMERICAN GIRLHOOD, BUY A BRICK, Volunteering for Victory, and a photo of Juliette Gordon Low presenting the Golden Eaglet Award.

program to a weekend leadership clinic—surged by 70 percent. Though innovative, the buffet of new offerings and delivery mechanisms resulted in a fragmented system and an inconsistent experience for girls and volunteers.

At the same time, the world of girls and mothers had changed dramatically. Like any other customer group in the 21st century, they had become increasingly demanding as the range of choices competing for their time and attention exploded. Overscheduled girls would rather log on to MySpace than sign up for something as “uncool” as the Girl Scouts. Likewise, working mothers had diminishing patience for a rigid volunteer system.

What’s more, the Girl Scouts’ unique structure as a democratically governed movement mired the organization in inefficiencies, inconsistencies, constant debate, and agonizing decision making. The Girl Scouts national organization, a 400-person operation headquartered in New York, exists to serve some 312 local councils that deliver the Girl Scout program and recruit and train volunteers in specific geographic areas. These not-for-profit, largely autonomous units have their own local operating budgets, boards of directors, and staff; and before Cloninger’s arrival, they maintained a healthy skepticism of “headquarters.” Overall policy, programming, and organizational direction are determined by a national council of some 2,000 elected delegates who meet every three years at a convention to discuss and vote on issues.

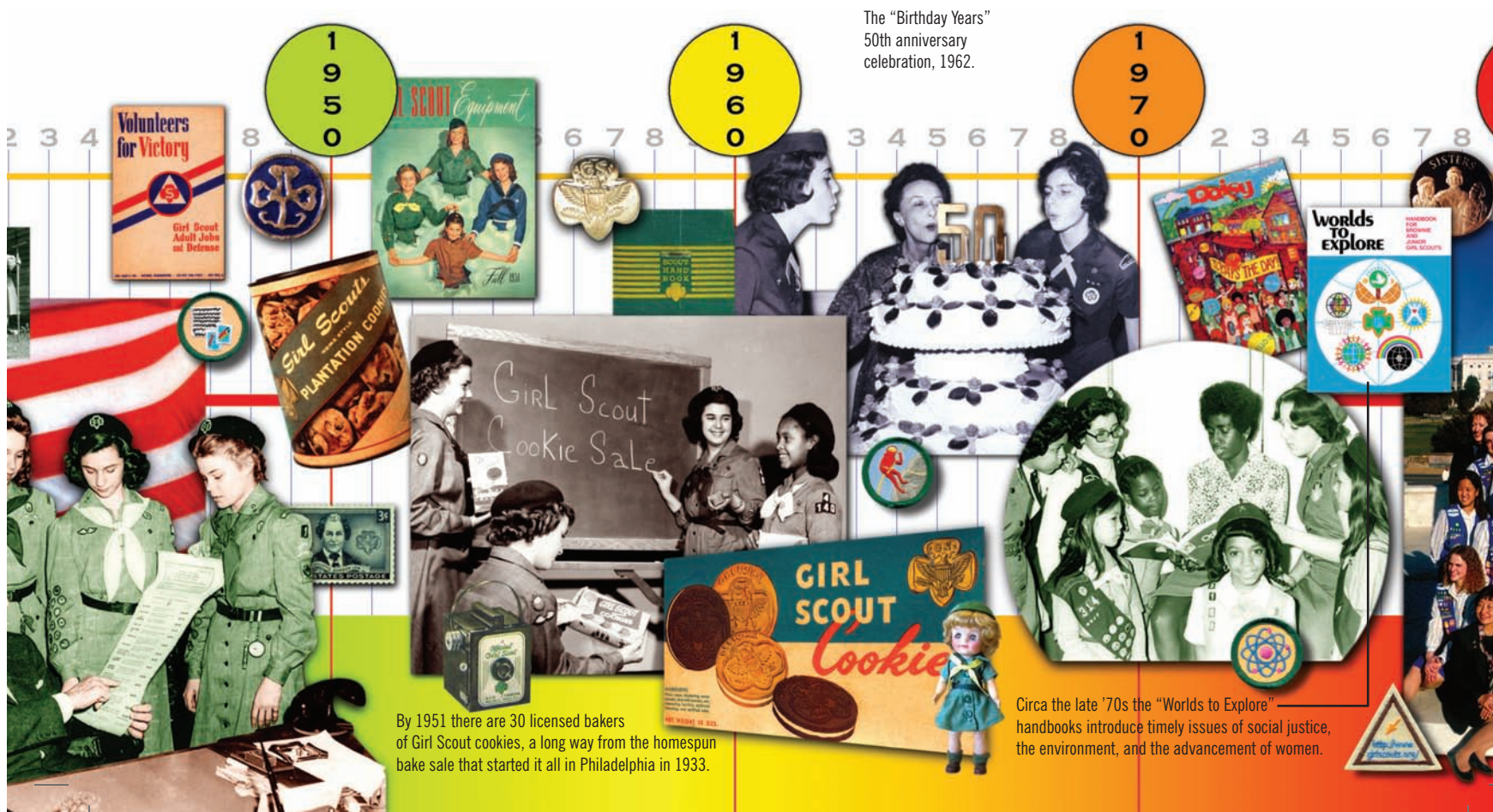
This litany of challenges would prove daunting to any CEO, but they looked more like opportunities to Kathy Cloninger, who was once a Girl Scout herself in her mother’s troop in Dallas and who has spent a lifetime advocating

on behalf of girls, first as an executive with the YWCA and then for more than two decades as CEO of Girl Scout councils from Colorado to Tennessee. In her decade as CEO of the Cumberland Valley Council in Nashville, she saw girl membership rise from 18,000 to more than 25,000.

Says Cloninger, “As local CEOs, we’ve met and talked and worried about a lot of this stuff for years, but we didn’t have much ability to act on it. So when I got the job, I literally felt like I was bringing the will of my colleagues. My job was to create a compelling and coherent strategy to seize the opportunities to transform this movement so that we’re as strong 90 years from now as we were in the first 90 years.”

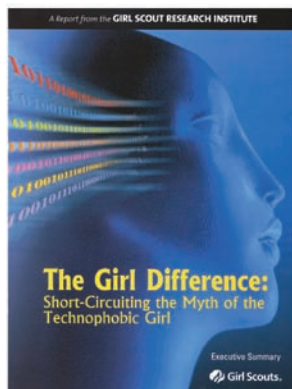
“When the world thinks about Girl Scouts, we want them to think future leaders.”

The new Girl Scout mission statement is crisp and engaging: “Girl Scouting builds girls of courage, confidence, and character, who make the world a better place.” The key strategic priorities fall in line: Build the world’s best integrated personal and leadership development program model; develop a state-of-the-art “hi-tech, hi-touch” volunteer system with an emphasis on diversity; create a contemporary and compelling brand; shift the funding emphasis to prioritize philanthropic contribution; and simplify the governance system and streamline the corporate structure.



Getting a clean structure can be messy work. Cloninger says, “I knew that I was not going to be able to design a strategy with a small group of people and then go proclaim, ‘This is the plan.’ And I didn’t want to. That wouldn’t be fun for me. Because I’ve worked so much at the local level, I know that the passion of our membership is dramatic. I wanted their contribution. But I also knew that if we wanted to get it done in my lifetime, I couldn’t personally talk to 4 million people. I wanted the process to involve enough people so that the voices of the girls and the volunteers in our movement really came through, but not so many that it would get in the way of our decisiveness.”

A case in point: her approach to assembling the 26-person core strategy team, the group charged with developing the new mission statement and drafting the transformation plan between June and December 2004. Eileen Doyle, a former social worker and junior staffer at the time, recalls, “Kathy selected a truly cross-functional and non-hierarchical group of headquarters staff, volunteers, council CEOs, and board members who represented the wider organization. This is so core to her leadership philosophy. She didn’t just reach out to the usual suspects—all the VPs and top players. She actively recruited line staff, like I was at the time, to participate from the beginning.”



Research has helped the Girl Scouts better serve girls’ changing needs.

Doyle went on to lead one of six “Gap” teams (even more diverse in makeup) charged with spending a year jump-starting progress on each of the key strategic priorities.

As the work of the Gap teams proceeded through 2005, Cloninger’s real work began. While the 26-person strategy team had spent significant time discussing the direction with the local councils, now it was critical to mobilize broad-based commitment to the new mission and strategy. There was a nonnegotiable deadline: the Girl Scouts’ 50th Convention, which was scheduled for October 2005. There, some 15,000 girls, parents, volunteers, and staff would meet, and the 2,000 elected delegates on the national council would officially vote on whether to amend the Girl Scout constitution to reflect the new mission and program strategy.

Cloninger launched a communication binge in early 2005. From constant email updates sent to various groups, to conference calls with hundreds of delegates at a time, to one-on-one meetings and troop visits, to a widely distributed CD-ROM outlining the strategy, to an off-site summit with council CEOs, Cloninger touched every corner of the organization. She also recruited a cadre of “strategy champions” to actively spread the word and relay feedback to the strategy team.

The aggressive engagement campaign paid off. At the

1980

1990

2000

2010

1987, U.S. Postal Service issues Girl Scout commemorative stamps.

2001, The Macy's 75th Anniversary celebration

"Defy the Stereotype" ad campaign, 2006.

Olympic gold medalist Janet Evans' fitness video, 1993.

National Convention in Atlanta, the new mission and strategy sailed through with very little wrangling on the floor. (The convention itself was a model of inclusive participation and open conversation: Key forums included “Strategy Cafés” hosted by each of the Gap teams; one of the largest ever “Open Space” dialogues convened around the question of governance; and a Girl Congress took the floor to pose tough questions on the girl membership’s behalf.) Julie Murphy, who is charged with the ongoing integration of efforts on the core business strategy as senior director of strategy, says, “That was the tipping point. It wasn’t clear that it would pass. But when we got to the actual vote, an overwhelming majority supported it with no language changed. That’s amazing. We’d gotten 4 million people who had a lot to say and very strong feelings about our traditions to agree on a really dramatic set of changes.”

But still, both Cloninger and Murphy fault themselves for not pushing more information deeper into the organization earlier in the process. “When I look back on all the engagement work we did,” says Cloninger, “I see that we should have involved more volunteers in a more active way at the local level. We communicated really well with the council CEOs and board chairs from Day 1, but it took us a lot longer to figure out, How do you get input from a million volunteers? And if you can’t actually talk to a million people, what do you do?”

The launch of a comprehensive strategy website, the Strategy Cafés, and a series of focus groups and outreach efforts by the Program Model and Pathways Gap Team provided the beginnings of an answer. But it’s still not enough, insists Murphy. “Our population demands a whole lot of information, and our volunteers are very vocal. I’ve actually been frustrated by how slowly we’ve been getting information out.”

That’s why Cloninger continues to be relentlessly creative when it comes to devising mechanisms for participation and new modes of communication. She doesn’t just get people to agree; she transfers ownership of the process to the broadest base of people at every turn. For example, right after the National Convention, Cloninger introduced the prospect of a radical restructuring of the headquarters organization in order to shift its focus from dictating policy to serving the councils and girls in accordance with the new mission. Before proposing a concrete plan, she put out a call for restructuring plans and

approaches to everyone on staff—and gave them 30 days to get back to her.

They did. Some hundred staffers sent emails, essays on management philosophy, PowerPoint presentations, and charts. Cloninger immediately got to work organizing the feedback into themes (and hired two management graduate students to do the same, to ensure objectivity). Within just a few months, says Cloninger, “we took the whole 400-plus staff structure here and pretty much dismantled and rebuilt it.” What’s even more remarkable is that the majority of the changes, from job descriptions to the creation of new departments, had their genesis in employee suggestions.

To minimize the inevitable disruption, Cloninger invited each floor in the headquarters building (representing two or three different departments) to elect a representative to meet on an almost weekly basis with her, senior vice president of human resources Michael Watson, and the new chief of staff. “Instead of picking a group of people to come meet with me,” says Cloninger, “I let them choose their ‘eyes and ears.’ And then we invited them to bring up anything, tell us what they were hearing, ask us questions, and then go report back to their floors with the direct scoop.”

That level of transparency and inclusion went far in moving the organization through an even more disruptive change: the realignment of the local councils. The proposal on the table in February 2006 was to consolidate 312 councils with wildly different performance records and resources into just over 100 “high-capacity” councils. With some 60 councils on the brink of failure, the largest 20 percent of councils serving 50 percent of the organization’s membership, and the smallest 20 percent serving just 5 percent, the system was broken. Yet the move was so radical—involving cutting two-thirds of the organization’s corporate structures, performing multiple mergers, and eliminating hundreds of CEO positions—that no national CEO had ever broached the subject. Cloninger not only broached it, she invited every council executive to submit plans for redistricting. She encountered virtually no resistance. At a meeting to hear the recommendations of two outside demographers, the plan even received a standing ovation—from the very CEOs whose jobs were in peril! Phase 1 of the council realignment, a pilot program including more than 40 councils, is already under way.

How do you explain this level of

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Illustration and timeline for 360° by John Craig



selflessness and flexibility among the very people most rocked by radical change? It's simple, says Julie Murphy. "Everyone is focused on ensuring that the movement survives to make even more of an impact on girls."

Indeed, this is the true secret of the Girl Scouts' success where even the most "professional" organizations fear to tread: the depth of conviction at every level. A clear and compelling "why" cuts through much of the inevitable—and very human—resistance to change. "People work here because they want to make a difference in the lives of girls," says Michael Watson. "And whether you work directly with girls or develop program materials or create technology infrastructure, you're touching the lives of millions of girls. The better the experience we

create for girls, the greater our chance of developing a generation of people who will make important contributions to society."

The ultimate reward of that kind of commitment to purpose is that it makes leaders out of everyone in the organization. "We're busting the myth of top-down leadership," says Cloninger. "Not everyone has to aspire to become the president of the United States or a CEO. It's not about positional leadership. It's about the leader within all of us and how you lead your life every day."

That approach to leadership has already yielded serious results. In just two years, Cloninger and her team have introduced a staggering amount of change—from the new mission statement to the headquarters and council restructuring to a new program model and volunteer system—that they continue to roll out. As Cloninger puts it, "It sounds lovely, but it's very messy. It can't but impact the culture, and some people leave and new people are coming in, so it's pretty chaotic. But you can't get sidetracked by angst over the fact that things aren't perfect. This isn't a two-year plan with a finish line—it's a transforming strategy. It's going to be hard and we'll make mistakes, but we're in it for the long haul."

So are the girls of Troop 3333 in Harlem, most of whom have just signed up for their fifth, sixth, or seventh year as Girl Scouts. Thirteen-year-old Jade Randolph, an eight-year veteran, is clear on the value of the experience. "We learn to lead other people," she says. "But I also think it's about making decisions on my own: leading myself. It's about who I choose to hang out with at school. Some people don't like to be seen in uniform at school. But I'm fine with it. I'm proud of myself. It's nice to know that you're helping out other people, especially in your community."



The Girl Scouts Laws of Leadership

The ongoing transformation of the Girl Scouts into a leadership development organization suggests a new set of guiding principles about leadership in the 21st century. Are you prepared to lead like a Girl Scout?

Do you have a distinctive and emotionally compelling sense of purpose?

The new Girl Scouts mission statement ("Girl Scouting builds girls of courage, confidence, and character, who make the world a better place") sets an agenda that seeks to shape the future of youth development and reshape the sense of what's possible for girls (the organization's customers), employees, and the wider world. What are *you* fighting for? What's your original blueprint for where your industry and organization can and should be going? It's nearly impossible to muster the creativity, energy, and commitment to do great things in a brutally competitive environment if you haven't answered those questions.

What's your strategic vocabulary?

If you're thinking about your business differently, it follows that you talk about it differently. The most compelling leaders and organizations almost always describe their strategies and practices in ways that sound unique, authentic, even a bit strange. Listen closely inside the Girl Scouts and you hear the sounds of its unique culture. It's not an organization, it's a "movement." In the process of developing a new mission statement, CEO Kathy Cloninger emphasized the importance of sticking to the organization's original vocabulary by gathering the mission statements of every youth-focused organization she could find and looking at them next to the Girl Scout Law. "We saw lots of words like 'self-potential' and 'empowerment.' Those weren't for us. The words we crafted were unique to the Girl Scouts," she says.

Do you know where great ideas come from?

(Hint: It's not from the boss.)

The old definition of the leader as the smartest guy (yes, he usually was a guy) in the room is gone forever. Competitors are too numerous, markets too unpredictable, and problems too intractable for any individual leader—any one smart person—to think of everything. No matter how hard the leader thinks, no matter how many topflight consultants he hires, he'll never outthink the collective intelligence of the people in the organization, his customers, and even the wider world. His—or her—job now is to invite the maximum contribution from the broadest mix of people.

When it comes to devising mechanisms for participation, communication, and feedback, Cloninger's policy is simple: "I'll try anything." From Strategy Cafés to floor communicators to calls for proposals, she seeks input from every corner and uses it. Want proof? Every detail of the core business strategy and its progress is charted at girlscouts.org/strategy.

Everyone turns to you for advice.

Who do you turn to?



Jennifer Fish Wilson
Merrill Lynch Financial Advisor

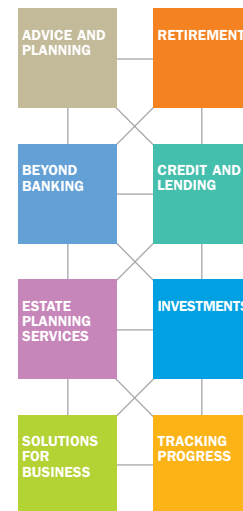
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