

CEO Perspectives: Linda Rottenberg, Co-founder and CEO, Endeavor Global



Linda Rottenberg

This “Perspectives” features a conversation between Bridgespan Executive Search Partner Kathleen Yazbak and Linda Rottenberg, CEO and co-founder of Endeavor Global, a nonprofit that seeks to transform emerging countries by supporting high-impact entrepreneurs. Endeavor Global is headquartered in New York and has 15 affiliates throughout Latin America, Africa, the Middle East, and Southeast Asia. The 600 Endeavor Entrepreneurs selected to date, screened from more than 28,000 candidates, have created 150,000 high-wage jobs and generate annual revenues of \$4.5 billion.

Kathleen Yazbak: You’re an entrepreneur, leading a network of organizations led by entrepreneurs, each supporting entrepreneurs in their countries. How do you define ‘entrepreneur’ and has your definition changed over time?

Linda Rottenberg: Endeavor Global has always been *of, by, and for* entrepreneurs. Originally, we thought of “entrepreneurs” as those who create jobs and wealth and give back to Endeavor’s work with other entrepreneurs, creating that positive cycle. However, the term “entrepreneur” has become ubiquitous, and I think it has been devalued over time. At Endeavor, we now talk purposefully about ‘high-impact entrepreneurs,’ those who drive innovation and growth. Growth potential is now a more rigorous lens than it was. We now think of our entrepreneurs’ success as a multiplier effect and are now far more definitive about *growth* being the role model.

There have been distinct phases to your work at Endeavor, and thus your role and leadership. How do you categorize those phases?

Rottenberg: If I look at the phases, they’ve all been about the people. Phase one—roughly 1998 to 2003—was about getting top, local business leaders to pick us up. We found the movers and shakers and we told them, ‘We have a model, but you have to decide whether you want it, and you have to pay us for it.’ We put the onus on them, and we built local boards and partnerships to find and nurture the best entrepreneurs.

Phase two began in January 2004, when Edgar Bronfman, Jr. [the chairman of Warner Music Group] became our board chair. We went from being a founding board to developing into a board that had a

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focus on resources and strategy at its core. Edgar wanted to help make Endeavor important and pushed us to take on a goal of 25 countries by 2015. Our growth and expansion led us into South Africa, Turkey, and the Middle East.

Phase three, which occurred roughly three and a half years ago, is when Omidyar Network took a bet on us and gave us a challenge grant to build our leadership team and management and to build in retention, because we were finding that because we are private-sector driven, we were losing smart, young people to business school, as well as to hedge funds and private equity firms.

Phase four is now, with our [Endeavor 3.0 strategy](#). We have an operating plan to double in the next five years what it took us 14 years to do. Part of this phase is about unlocking our long-term sustainability.

During phase three you intentionally built in a retention effort to keep from losing talent. What actions did you take to do this?

Rottenberg: Retaining highly talented individuals is as important as recruiting them. We try to accomplish this goal in three ways.

First, Endeavor is proud to pay employees higher-than-average nonprofit wages. To compete effectively with the private sector, we make a point to offer performance-based and retention bonuses. It's always one of my pet peeves when people say, 'What's your overhead?' referring to employees. They're not overhead; they're people!

Second, we've also focused a lot on "psychic equity"—giving employees a real sense of ownership over the mission and direction of the organization. The result is an environment where everyone feels empowered to execute his or her creative ideas. As I've joked, in this era when private-sector bonuses and stock options are under siege, psychic equity is one benefit that can't be clawed back!

Lastly, we're intent on giving staff members the ability to receive relevant training and coaching, and participate in special programs including Endeavor Global events, such as Summits and International Selection Panels. As a recent example, we've just introduced an employee exchange program, which allows employees to spend time working and learning at an Endeavor office in another country.

What leadership strengths or skills played particularly well during each phase?

Rottenberg: Phase one was a pure passion play. I'd stalk people and they'd agree to join me to get a respite. It was about people buying into my vision. Phase two was learning how to juggle all of the other

people coming in. It was mainly about the board and making sure they could own that [vision], too. I also had to learn to lose arguments and to let people take things in their own direction. We attracted the *best* people, but we risked being atomized—having too many people doing too much of their own thing. Internally, during phase three, we were having our local managing directors leave after four or five years to be venture capitalists or to go to business school. We had to rethink the incentives, and I had to really figure out what people expected of me internally and externally. People wanted to be led by my vision and didn't want me to dictate, but we needed management. I feel now that we've come full circle. We're creating the platform by using the vision and passion to re-unify around the mission, and I'm released to be that external voice.

Were there strengths and/or skills you discovered you innately had and others you didn't?

Rottenberg: At one point I thought, 'I have to grow up. I have to be a manager.' But that doesn't play to my strengths. I'm best served if I can remind people of the bigger frame, and I needed to bring in someone who enjoys being a manager. [Good leaders] know what they're good at and then empower other people who do things well to actually do them. It's about finding people you trust and not feeling the obligation [to do something you aren't good at].

What do you look for when you hire? Are there specific questions or areas you systematically probe with candidates?

Rottenberg: We run a serious process for recruiting our entrepreneurs, so our internal hiring needs to be a rigorous process, too. How we hire depends a bit on the level. For young people, they need to have the right attitude because their job descriptions will change, and they need to be adaptive. There's a great spirit at Endeavor; we're dealing with emerging markets and everything moves quickly, so people need to be OK with change. I'm also obsessed with good writing and we give writing tests. I think the hardest thing to find is someone who is a simple, clear communicator.

With local managing directors, the big question is if the board and entrepreneurs will respect and trust that person. We look for entrepreneurially-driven, venture-capital types, not people out of government. We have only one economist. We're looking for people with 15 to 20 years of private-sector experience, but we don't want people who are retiring. They need to be hungry and to want to make a difference, as well as have entrepreneurial and corporate DNA.

You ran a critical search to find a president. How did you think about that role and that search?

Rottenberg: Several years ago, when Endeavor was doubling in size and it was clear we needed professional support, I decided to quickly hire a highly qualified COO from outside the organization. I assumed our local affiliate offices would be delighted with the new management structure, but I soon realized it was an unfortunate mismatch; the COO and I both realized that the offices wanted someone with a more entrepreneurial background. I had felt I needed to find someone from a big corporation because I was looking for someone with skills different from my own, but passion and entrepreneurial zeal matter at Endeavor.

I learned a lot from that episode. Last year, when I decided it was time to hire a president [formerly the COO role], I realized the need to consult local stakeholders and gain buy-in, and also to look internally. I ended up recruiting the superstar six-year managing director of our Mexico office, Fernando Fabre, who had ample experience on the ground. I'm proud that he's been welcomed with open arms [he started in New York in February 2011], and one of my biggest management obstacles turned into one of the best things that's happened to Endeavor.

As president, Fernando has taken on day-to-day management and HR issues, operational strategies, budgeting, accountability and performance metrics, and other internal organization areas. Fernando is also actively ensuring that all Endeavor countries fulfill their targets and goals, including participating in local board meetings and regularly presenting comparative performance data to the Endeavor affiliate offices around the world.

As CEO I continue to lead the organization but am now able to shift my focus externally, concentrating on fundraising, including leading the proposed new "worldwide capital campaign for growth and sustainability," VIP network recruitment, closing of new country board members and top partnerships, servicing top Endeavor entrepreneurs, and other outward-facing areas of the organization.

How did you help your new president transition effectively from a field "peer" role into a central role?

Rottenberg: Fernando spent one year in a shadow cabinet role, basically as the liaison between New York and the field. It was an incremental step into the position, without having to move his family a few thousand miles.

What he did to prepare was impressive. He met with global board members and called all country managing directors. He asked how they would feel about reporting to him. What he heard was, 'It's time and we trust you.' As we all know so many people can manage up but they don't manage sideways and down. Our president called his peers and those who would report to him. His process was more about successfully on-boarding than the recruiting process.

We also were very lucky to have his transition coincide with a strategic-planning process we completed with Bain & Company. It allowed us to really understand each other, and now we have developed a joint blueprint from which we're partnering.

Linda Rottenberg's Top Three Leadership Lessons

1. **Go big or go home.** In many emerging markets, entrepreneurs say what Endeavor helps them with most is “thinking big.” They’ll come in and proudly announce their plans to expand to 10 franchises, and we’ll say, ‘That’s wonderful, but why not 50... or 100?’ With that extra push, they’re ready to go big. But the other part of the saying, ‘go home,’ is even harder. Because, in reality, plans don’t always work out and whether it’s a botched product or misinformed strategy, it’s important to know when to cut your losses and move on.

I’ve learned this lesson myself many times, including when Endeavor expanded to India as the hot, emerging market. What we soon realized was that India already had venture capital and a culture of entrepreneurship, the very factors Endeavor seeks to foster. So I learned the importance of being pulled into a country, not pushing our way in. I learned once again the value of going home. [See the April 2011 *Harvard Business Review* “[Failure Chronicles](#)” for more on her experience.]

2. **Crazy is a compliment.** A Brazilian mentor once told me that being a pioneer is difficult—if it was easy, other people would have done it before you. By definition, pioneers are crazy. And I often say, if you’re not being called crazy, you’re not thinking big enough.

In fact, I’ve learned to use crazy to my advantage. Crazy made me focus more, helped me to better isolate the pain point, the opportunity. Some criticism is positive and can be incorporated to make ideas better; at other times you need to stick to your guns. The test of a pioneer is striking the right balance.

3. **Don’t be a one-man, or one-woman, band.** It’s easy to glamorize the lone visionary. But remember, Steve Jobs had Steve Wozniak. Bill Gates had Paul Allen. The best companies and ideas come out of an ethos of collaboration and shared credit. As Endeavor moves towards increasing our scale and reaching sustainability, I increasingly realize I can’t do it alone. Over the last few years in particular, we’ve moved from a “rock star” to a “rock band” mentality, including broadening our senior leadership team. It’s made all the difference. Innovation is anything but a solo sport.

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