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News that Inspires

Avoiding the I'll-Give-Back-Later Trap
by Knowledge@Wharton

Steve Davis is president and CEO of PATH, an international nonprofit whose goal is to help communities break longstanding cycles of poor health. The cross-sectoral skills he has accumulated during his earlier work in other organizations, he says, are crucial when it comes to adapting innovations to the places that need them most. In an interview with Wharton management professor Michael Useem during the World Economic Forum in Davos, he talks about his approach to leadership, the importance of strategic partnerships, the effort to eradicate malaria in northern Africa and how to avoid the ‘I’m-going-to-give-back-later [to society]‘ trap.

An edited transcript of the conversation follows.

Mike Useem: Steve, I’m going to ask you just a little bit about your career, and then we’re going to turn to questions on innovative ideas in the health field. You began with an interest in human rights. You were trained as a lawyer. You spent a good bit of time in China. You focused on intellectual property [IP]. You were with [digital image company] Corbis. You were with McKinsey on the social sector/social innovation terrain. Which of these experiences, along with PATH, where you are right now, stand out in terms of helping you become the kind of person you are?

Steve Davis: A formative set of activities for me was very early on after I graduated from Princeton when I found myself on a fellowship in Asia. I think part of that was the time in life. But part of it was being deeply immersed in another culture and environment, and having to learn another language. I think that helps me as much as anything because it provides a fair amount of empathy in the way I think about issues and the work. I am quite adept at cross-cultural work, and I’ve done that my entire career. Sometimes that’s literally geographical or language culture. Sometimes it’s cross-sectoral business, and a lot of my time here at Davos has been spent working. One minute I’m talking to pharmaceutical CEOs. The next I’m talking to ministers of health. And the next I’m talking with the heads of the biggest NGOs in the world.

Useem: Give us an example of what you picked up in the past that now seems to guide you and what you’re doing with PATH in particular.

Davis: I’m a big believer in the opportunity to make change happen. What excites me about my varied career is the thing that connects it — the idea of social innovation. Even at Corbis, which is very much a for-profit business, it was about innovating a new approach, for instance a new way we would engage with visual material.

[There are] a couple of lessons that I always think about, which may not be surprising as I have spent some time with McKinsey. Strategy really matters. I work a lot in the complicated social sector; we’re often lurching from idea to idea. I believe that ultimately you have to play a fairly flexible game of chess; you're trying to move [while] keeping an eye on a goal. Even at PATH, we are homing in on what can make the biggest impact with the resources, and being very strategic in the alliances we make and the partnerships we build.

Another lesson, I think, is the concept that leadership is showing up. I know that's kind of overstated and a bit clichéd, but I really believe that to build great teams, you've got to dedicate a lot of extra time to listening, being present. You've got to sit with teams. You've got to sit with clients. You've got to sit with customers. You've got to sit with partners and not just rely on memos. I play that out every day in my work.

Useem: I'm going to describe PATH as you've described it here for the WEF. You said PATH is an international, nonprofit organization that seeks to create sustainable, culturally-relevant solutions enabling worldwide communities to break longstanding cycles of poor health. You're active in some 70 countries. Picking up on your role now at PATH as chief executive, talk us through your first 90 or 100 days.

Davis: A couple of things might make this a bit different from other new executive roles. First, I'd been on the board of PATH so I knew it. I knew it from that vantage point, and I had actually taken some time off from my McKinsey role to go help PATH in a difficult situation in India. I'd overseen their India operation for a bit. So I wasn't a complete stranger to the people or the agenda. But it's interesting. Coming in as CEO and thinking about the same challenges through that lens made me approach them quite differently. I did the normal sort of 100 days of listening, learning, reading, strategy reviews — all the things to try to get myself up to speed as fast as I could, both on the business side of the work and the operations side. We have a very large set of programs and products around the world.

But it became very apparent to me — both through the interview process but also in those first few months — that we needed to step back. We had grown a lot over the past 10 years. The world had changed a lot. There are new external forces affecting global health: Development and fiscal austerity, geopolitical shifts, more of a demand-driven marketplace as opposed to a typical supply-driven market of creating ideas and throwing them over the fence to some country. With those changes, I felt it was important to step back and actually do a fairly thorough strategic review of where we were going. That's been quite useful and successful. Now we're in the [phase of] how do you syndicate that, how do you implement it, how do you make sure the change management happens. We are having to do that while we're keeping a lot of trains running very fast. And we are still growing as an organization, doing great work on interventions and health and development around the world.

Useem: You are a nonprofit, so the traditional way of thinking about competitive strategy doesn't quite prevail here. Having said that, you do look over your shoulder at for-profits and nonprofits. In the space you're in, talk a bit about other organizations that are doing something similar or could be a threat to what you're doing or could in some way affect the impact you're having on the world you're in.

Davis: That's a great question. In the emerging social entrepreneur/social enterprise space, we don't like to talk about competitors. We have real competitors. That said, not unlike business, often our competitors in one [area] are also our partners in others. We as an organization tend to work with almost every single one of our interventions. To give some illustrations, we're developing the most advanced clinical trial in malaria for a vaccine. We've done diagnostics for HIV. We've introduced the Uniject [an auto-disable injection system], which is a way to shift the task of injecting to a worker with less training. So we do a variety of things.

But when we start thinking through the change management involved, we have to look at a lot of partners. Most of what we do is with the private sector. So we actually engage very deeply with diagnostic companies, drug companies, biotech companies, often taking their IP, some of their work. In very complex deals, we have lots of IP lawyers working to say how we can take that idea and adapt it or get it at a cost that would make it relevant to a low-resource. Most of our partners are quite interested in that. They see it as potentially a market opportunity. Most often they see it also as a social good. We're really focused on how to get those innovations to scale in the places that need them most. So we have to work on regulatory affairs and commercialization.

Then there is a competitive lens. If someone is actually going to create a lower-cost device or drug in that space, maybe we should be smart to either partner with them or stay out of their way.

On the flip side is the implementation space as we get further downstream. We're not interested in running clinics. So we work with a lot of large NGOs, governments and bilaterals. There again though, we have a fair number of very competent, qualified — sometimes nonprofit, sometimes for-profit organizations doing similar work. So we have a variety of large NGOs that we compete with. I think people are getting smarter about how to bring this work together. That's probably the biggest opportunity for real change in the world. And it's probably our biggest competitive threat.

Useem: In the countries where you have some of your innovative programs underway, what are some of the most innovative things you have brought to fruition since you joined PATH as chief executive?

Davis: Probably the most important story — and it's just a great untold story — is an effort in the northern part of Africa in what's called the meningitis belt. It's sub-Sahara; every year there's been an enormous epidemic of meningitis. It debilitates kids. It doesn't kill huge numbers. It creates a lot of economic challenges because people have to take care of these kids who are pretty disabled afterward.

We have a vaccine to prevent meningitis. It's a slightly different strain. So about 10 years ago, the World Health Organization (WHO), the Bill and Melinda Gates Foundation, UNICEF and PATH — and PATH was the main intermediary — came together and said: "There's no excuse for a meningitis epidemic in northern Africa every year. And it's such a horrible disease, when we in the rich world have something." But it took a lot of work. It took a collaborative effort with an Indian manufacturer, a Dutch IP owner, an Italian biotech and UNICEF to put it all together. The most important thing we did was set a target that the vaccine had to cost less than 50 cents a dose. That's the game changer, when you start going into this work and think about price as an absolute component of the product. And that was driven by African leadership. That wasn't us saying it. It was the customer saying it.

A year-and-a-half ago, we delivered the vaccine. One hundred million kids have been vaccinated in the last year. None of those kids has had meningitis after this last field season. So it's a great story. And it was truly a cross-collaborative effort.

Useem: With meningitis being as widespread and with the vaccine being available, why was that niche where you ended up having such an enormous impact not already filled by somebody else?

Davis: We usually act — and this is why we're an NGO — where the market has failed otherwise. Market failure is a real thing in the global health space, because you need a lot of market pull to make the kinds of investments in R&D to accomplish a lot of the work we do. So there are many evolving vehicles. I've been in engagement here in Davos about innovative financing techniques, advanced market commitments, and other ways to try to create that pull. But in this instance, there simply wasn't a pharma company that was going to invest on its own. That's true in others — malaria, a real poor-world disease.

Secondly, the WHO and UNICEF are mainly focused on global funding on the ground, implementation and change. We need to emerge with new models for health work.

Useem: Your career has been non-linear, with many different pieces, different stages. For a person age 20 in college, or an MBA student average age around 28 or 29, or for a mid-career manager who would like to do something that is innovative and with great social impact, what career advice do you have?

Davis: First, avoid the 'I'm-going-to-give-back-later [to society]' trap. I find it offensive. I hope people haven't spent the first part of their lives just taking. So the first advice is: Think about this as an integrated model. You don't have to be quite as diverse as my career, but don't wait to get involved in your community, to get involved in the world.

Second point, if you are in a place where you're ready to make a really deeper transition to actually moving toward this work in mid-career, the first thing you should do — and I'm asked for advice on this a lot because of the roles I've had — is make sure that you spend some time volunteering, engaging, figuring out where your passion is. Because, at the end of the day, this is work, a lot of work — hard, complex work — and you don't get rewarded as much; you get different kinds of rewards. It is important to tie to a passion or a skill because that's what's going to drive you forward.

The third, to the younger folks in their 20s, I would say remember that we are in a world where cross-sectoral work is vital. We need people who not only have good intentions about the government or public or nonprofit or private sector, we also need people who've actually experienced working in more than one sector because you have to come in to bust some myths about the way people behave. You have to come in understanding incentives and intentions. This could actually create great careers.

Useem: We've been here at Davos for four days. What really stays with you at the end?

Davis: I would say there are two themes — and I'm picking up on my last comment. First is the importance and inevitability of cross-sectoral work. What continued to impress me, having come from the private sector, was how many times I was told by world leaders and CEOs of large organizations that we need to do these things more together. And I think there are really commitments.

The other thing that was probably the most exciting to me was to spend time understanding and listening to the hackers. I mean that sort of broadly. I don't mean just the pure hackers, but the movements in the world. We've seen the big ones around the Arab Spring or the India rape. But even on a small basis, the crowd sourcing, the voice — bringing that forward, institutionalizing that. To me that is the game changer in this decade. It’s going to be bringing another generation into world business — it’s a business phenomenon, it’s an activism phenomena, it’s a political phenomena.