

# Creating a Strategy for Effective Action

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## PECULIARITIES OF THE THINK TANK PHENOMENON

In this article I am going to focus on the issue of effectiveness. I will not dwell upon general questions concerning the role of think tanks. I will use the allegory of a lighthouse, which to my mind, is the most suitable in defining the role of think tanks. Given that think tanks do not exert a direct influence upon reform processes, but rather they employ in their work ideological, intellectual, public policy, scholarly and cultural measures. Their impact on public policy and civil processes is analogous to the role that a lighthouse plays in navigation. Standing on very solid and firm ideological and theoretical foundations, lighthouses guide all those who sail the sea. Not a single ship, regardless of the flag under which it is sailing, or the destination toward which it is heading, could do without them.

## TRADITIONAL FALLACIES

The effectiveness of think tanks depends entirely upon strategic planning and on the pertinence of further activities in regard to those strategic plans. Many think-tank people continue to believe that the effectiveness of an organization depends on financial resources. However, if the aim is to achieve a genuine, not ostensible effectiveness, one should start with abandoning traditional fallacies.

- Myth 1: If I had money, I would create both a strategy and an action plan and develop an effective activity.
- There is only one answer to such arguments: a horse has to be harnessed in front of a cart if it is to pull it effectively. Donors provide funding not for an organization but for the results it is going to achieve. Without a strategic plan and a supporting action plan, it is not possible to demonstrate for the donors the objectives for which their money has been used nor the effectiveness of the activities which have been undertaken to achieve the results.
- Myth 2: funding is provided for ideas
- This belief stems from a fallacious understanding of donors' interests. Donors, as a rule, finance not ideas or "ivory towers" but an effective implementation of ideas, or the results that are achieved by applying ideas. Therefore without a good strategy and a good action plan, it is impossible to convince donors of the effectiveness of one's ideas and actions. In this respect an organization and its effective operation are but a means to implement ideas.

Let's have a look at some other essential conditions for the effective operation of a think tank. They can be relatively divided into five categories: Ideas, Identity,

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Sustainability and Funding, Politics and Government, and Media. Let us discuss them one by one.

## IDEAS

Ideas, and their dissemination, are the driving force of think tanks (if we leave aside people who believe in, and have profound knowledge of their, ideas and do their best to promote and implement them.)

Let us assume that we have such people on our think-tank team. All we have to do is identify and define the problems that the implementation of our ideas might involve. This is essential if we want to be effective.

Free-market ideas are widely regarded as basic. Most economists, journalists, politicians and other interested people find free-market ideas and principles, regardless of their age (regardless of when these ideas and principles emerged or were developed), to be old and obsolete.

It is often argued that free-market ideas are “unscholarly” and differ from the theories of mathematical modeling, mathematical forecasting and statistics that are particularly popular nowadays. In addition, many politicians point to old and recent attempts to implement free-market ideas; and emphasize how ineffective they were. They take as examples, the privatization of the British railways or the liberalization of electricity supply and production in California. Examples like this illustrate an incomplete, distorted or ineffective implementation of free-market ideas. Reporters also follow and uphold such opinions, showing little interest in the free-market.

It should also be mentioned that in the countries with dominant social democratic ideology and policies and even in the countries that have chosen popular, so called, “the third way” ideology, promotion or even mentioning free market ideas has become almost a curse word in the public or political debate. In an environment like this only a strategic and innovative approach to think-tank activity can break the wall of mistrust and doubt and provide new incentives for promoting and disseminating free-market ideas.

## IDENTITY

So far we have talked about think tanks in general and have not divided them into generally accepted types of activity. However, if a think tank decides to develop an effective strategy, it must define precisely what type of activity it seeks to perform.

Think tanks can conditionally be split into educational, scientific, public policy or consultancy think tanks. There is nothing wrong if one think tank undertakes several types of activity and is able to ingeniously dovetail them. However, this needs to be a conscious choice if the aim is to achieve an effective operation.

It is also important in fundraising because, as the reality shows, the interests and convictions of donors tend to reflect upon one of the aforementioned types of activity. So in approaching donors it is much easier to guess what activity appeals to them. Likewise donors will find it much easier to choose what activity to support. People have a different understanding about how free-market ideas can best find their way

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into people's minds and hearts. We cannot say that one way or another is better than others because everything depends on the conditions, circumstances, culture and politics that are present in a given country and, undoubtedly, on how effective the think tank is. Identity is important not only in terms of the genuineness of the mission and strategy. Identity helps think-tank leaders choose the most suitable organizational and managerial structure, and to find professionals who will implement the organization's mission and strategy.

## SUSTAINABILITY AND FUNDING

I think we will not find a single think tank leader who has never dreamed of abundant and stable funding for his organization. There are also leaders who do not think anything can be done without sustainable funding. Unfortunately, practice shows that the sustainability of funding is possible only if a real, clear and solid connection has been established between an effective operation and donors. Donors are interested in results. In some respect donors are not even interested in, if only out of politeness, how your organization functions, because what most of them need is simply results. The better you can show the results and the better you can explain the connection between the results and the funding, the more tools donors will have to assess your effectiveness as they understand it. This in turn will stimulate them to provide additional resources for your organization.

The only criterion many donors use to assess effectiveness is the ratio of funding and results over time. Of course, donors differ, so if the aim is to find more donors who will want and be able to finance your organization, it is essential to diversify the sources of funding. It is not advisable to limit your fundraising to foundations or corporations only. If there is a possibility to create and to sell products and services, I believe they should be offered on the market in order to generate income. The more diverse funding is, the less risk your organization will face. It is equally important that your donors approve of your activity and strategy. If you are driven only by the narrow interests of your donors or if you are ready to accept money for any kind of work, you will soon lose your identity. In this respect it is essential that your funding strategy is an integral part of your long-term operational strategy. Clarity and transparency of funding plus donor accountability can prove to be strong incentives for donors to continue their funding. As a rule, institutional donors (foundations) and corporate donors (business enterprises) are accustomed to financial statements and audit reports, therefore if you provide such reports to your donors, you can be sure you talk to them in their language. This is the only way to maintain sustainable funding and effective operation.

## MEDIA

Communication with the media is the daily bread of think tanks. For many it is the only way to bring free-market ideas to people's minds and hearts. At the same time communication with reporters entails many difficulties. I am sure most think tanks have experienced on many occasions how difficult it is to communicate with reporters and how difficult it is to push one's way into their world and to have them use your words and your arguments. I cannot present all intricacies and practical examples of communicating with reporters here, so I will confine myself to several basic methods

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of relationships between think tanks and reporters that can enhance the effectiveness of your organization.

In communicating with reporters it is essential to maintain “business-to-business” relationships. Regardless of how good or personal relationships you have with one or another reporter or journalist, you have to bear in mind that every media person is a part of the media business and looks at think tanks as generators of news and information. In other words, you are a source and guarantor of their business success. The higher the quality of the information you provide and the more user-friendly methods you use in providing information, the more likelihood there is that you will become a constant source of information and opinion.

It is equally important to follow the principle of neutrality. This does not mean that you have to be neutral with regard to your ideas. Being ardent and devoted communicators of free market ideas, you have to make sure that no political or business interests underlie the information you provide. Otherwise this will undermine your reliability and credibility in the eyes of reporters. For the same reason and for the sake of consistency you should not pay much attention to, or comment on, scandals and politics, even though this is something that does attract reporters. It is essential that your work with reporters is as pro-active as possible. In the media world a big amount and a wide diversity of information competes every minute for space in newspapers and journals, on radio and TV, and in the internet. It is important to get ready for this type of competition in advance and to fire ready information missiles as intensely as possible. If possible, it is advisable to draw reporters’ attention to your future undertakings and by doing so to set the media agenda. Sometimes you have to abandon the copyright of your ideas, arguments or texts so that they could be articulated in the media by reporters. You will forego your copyright, but people will hear what you want to say.

## GOVERNMENT AND POLITICS

Many think tanks relate their effectiveness to their relationship with government. Although think tanks that are driven by free-market ideas have always considered government to be an inevitable evil, many of them treat politicians and executive authorities, not only the public, as their target audience. I dare not say which one is better, because it is my strong belief that much depends on specific conditions and situations. We have seen examples of outstanding results achieved through communication with politicians (there are quite a few examples in LFMI’s history as well). In spite of these success stories, I agree with Hayek that communication with the public is more meaningful and effective in the long run. Yet, how shall we act if we decide to work with politicians?

First of all, it is important not to yield to the influence of government and politics once we have decided to exert an ideological influence on them. The intricacy of the governmental apparatus, with its underlying force, is not an equal partner for any think tank. It is quite easy to lose one’s identity in communicating with government. Political goals and arguments and the logic of political compromises and decisions differ markedly from the argumentation and objectives that free-market think tanks foster. Therefore it is easy to lose one’s identity as well as the logic and strategy that underlie one’s activity. In any case your activities with politicians have to be

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government-focused but not government-driven. It is my firm conviction that it is essential to maintain political neutrality and to work with political forces of any orientation if they accept or are open to free-market ideas. Political practice and history show that very often right-wing parties, driven by political circumstances, pursue leftist policies, while leftist parties are frequently forced to follow and accept free-market ideas. For this reason your effectiveness does not necessarily have to depend on the prevailing political trends or circumstances. It invariably depends on the consistency of your activity. In communicating with government it is essential to maintain a “watchdog” distance so as to avoid getting too involved in the policy-making mechanism. It is also significant to be ready to criticize government decisions regardless of how much you supported them previously. Given that in most cases political decisions are based not on consistent ideological reforms, but on political compromises, think tanks have to avoid accusations of ineffective reforms, decisions or ideas supported them fully. You have to be equally cautious with regard to governmental funding. One day politicians may generously offer donations for think tanks, while at other times they may require you to support their ideology and abandon your principles. This kind of funding is always unstable because it depends on political trends, political likes and dislikes. It can ruin your identity and undermine your ideological consistency. No doubt, your other donors may dislike this and turn their back on you. For many think tanks, financial independence from the government is a big virtue or even an essential principle of financial strategy. In communicating with politicians, the aim should be to see free market ideas become a part of their political program. or a part of the government’s agenda. In such cases it is very likely that free market ideas will be more powerful than non-free market ideas, and consequently victorious, in ideological competition and political practice.

Here I have presented only several general principles of an effective operation of think tanks. All of these principles have been tested by LFMI. Of course, I could have given more practical examples based on the 15 year history of LFMI. However, my aim was to generalize, to relate, and to substantiate more profoundly the aforesaid principles; thus I have chosen a more general form of presenting them. Naturally, effectiveness of every individual think tank will depend on creative application of these principles in planning, fundraising, management and operation, and I am sure that all of these principles will help them to achieve results just as much as they have served the Lithuanian Free Market Institute.