Prof. Battilana: Now importantly, let's turn to the case for today. The first thing I'd like to do is introduce you to our very special guest. It's a pleasure and honor for me to have the opportunity to welcome Sridhar Tayur to class. Sridhar, we're very grateful. Thank you so much for being here with us today.

Sridhar Tayur: Thank you.

[applause]

Prof. Battilana: Sridhar knows the drill. We're going to really have this conversation pretending he's not in the room. Then he will have a chance to give you an update in terms of what he's been up to with OrganJet and GuardianWings. You will have the opportunity to ask him questions at the end of the class. Now, before we do that, what did we do yesterday? We spent some time debriefing the StarPower simulation. We had a chance to talk about the creation and reproduction of power hierarchies in society.

With this case, we're transitioning to the rest of this module on power and influence in society. What we need to talk about now is, what does it take to bring about change that diverges from the status quo in society? What does it take to challenge the existing power hierarchies? We need to better understand the unique challenges that we may be be facing in trying to implement this kind of social change, and we need to understand again the key factors of success. What does it take to succeed? What is it that we can do if we want to be more effective in terms of advancing our impact to try and implement social change?

With this case, OrganJet, GuardianWings, we have a chance to foreshadow a lot of the challenges, questions, concepts we're going to be discussing and covering for the rest of the semester. Think of it as the first case in a series of cases in which we're going to go deep into each of those factors of success when it comes to implementing change in society.

The first thing I'd like us to do is, spend some time doing something that we haven't really done so far, but that I hope it's to clear everyone we really need to do if we want to understand change in society, which is try and understand the environment, the institutional environment. My first question to you is going to be about the US transplant system. I know it's a complex system, I know that some of you may be thinking, "Why did you force us into this deep dive?"

It's such a complex system, so foreign to a number of you, but I picked this system because, A, it's really important. It's healthcare, and healthcare systems all over the world are quite deeply ingrained. We talked about that with the Frances Conley case, and we should all care obviously about healthcare systems and how to improve them and what it takes to change them. That's why I picked this case to actually start our conversation.

How effective would you say that the US transplant system was at the time Sridhar started thinking about OrganJet. Go back to 2010, how effective would you say it was? Erica? What's your take on it? How effective would you say it was? Please tell us about the criteria you're using and then walk us through your analysis.

Erica: Of course. I would say that a first point is around accessibility. I would say I would not give a great grade along the accessibility dimension in the sense that a private insurance coverage is needed in order to even access the list, the waiting list for a transplant. This means that since you need to take some drugs forever after the transplant, and basically the Medicare insurance doesn't cover those medication after the first three years, you are actually cut out from this waiting list.

Prof. Battilana: Insurance is needed-

Erica: Private insurance is needed.

Prof. Battilana: -and it's not only the waiting list we see, but there are a bunch of people who cannot even make that waiting list.

Erica: Exactly. An estimated 50% of the people who actually need it are not even on the waiting list. This is an extreme problem of accessibility. Another drawback is actually how the list is managed. We have seen throughout the years there has been an improvement from a super localized approach to a little bit of a more centralized database to manage those waiting lists. At the same time, organs cannot really travel and so this creates very long waiting lists because in some areas, the waiting list, it's very high.

Prof. Battilana: What's the issue, then, that you're touching on here? You're saying organs cannot travel. Then what's the implication?

Erica: An implication is that there are people who can register only in a specific local waiting list that will wait for a long time. On the other hand, there are some people who can, because they have the means, personally, they can register in more than one list-

Prof. Battilana: Through multiple listing?

Erica: -to game the system in a certain way in order to-- If the waiting is going to be short in another place, if they have the resources privately, they can go in this other place and sort of cut the lines in a way.

Prof. Battilana: What's the issue, is it geographic inequality or is it socio-economic inequality?

Erica: It's socio-economic inequality because if you have the means, you can actually bridge the gap, the regulation institute from a geographical perspective.

Prof. Battilana: Okay. Do you have anything positive at all to say about this system?

Erica: I think there has been an improvement along the timeline. Initially everything was managed locally, now that they have this, there is much more visibility in our unique database over who is actually in need for this transplant. I think this is an upside.

Prof. Battilana: Okay. At least there is a database. If we use our usual scale from 1 to 10, think about the effectiveness, I just want to make sure we know where you are, so that then people can react and see whether or not they agree with you.

Erica: I come from a country where the healthcare system is deeply different from this one. I come with a little bit of a bias.

Prof. Battilana: Can you let everyone know what country so that people can then-

Erica: Sure, I come from Italy. Italy and France have very good healthcare system because, again, there is a great access for people-

Prof. Battilana: They have different systems-

Erica: Different systems.

Prof. Battilana: -with stronger welfare states-

Erica: Exactly.

Prof. Battilana: -in which everyone has access to the universal coverage.

Erica: I come in with a little bit of this welfare bias, and so I would say this is a three.

Prof. Battilana: A three? Okay. What do you think? We have Erica's analysis with her criteria. She's thinking now overall this is a three. Do you agree? Do you have a different perspective? What's your take on this? Bruno?

Bruno: I agree there is socio-economic inequality, but I think the biggest piece of inequality here is geographical inequality, because they mentioned in the regions where the waiting listing is not very long, people can be picky about which organs they pick. Sometimes they don't even extract the organs if they think it's not going to be used.

Prof. Battilana: What's the issue for you there, then?

Bruno: The issue for me is that that creates waste for organs that could be perfectly well used in other geographic regions.

Prof. Battilana: You're saying it's geographic inequality and add to that waste that you find to be be most problematic about the system. Any other criteria that we have not used yet that you think are important to take into account to assess the system? What's your assessment? Do you think it's a three? Is it less than a three? More?

Bruno: I think three's hard because of the sheer cost of doing this. I think the effectiveness for me is pretty similar to Erica, very low because of all the inequality, geographical and socio-economic. I don't think that three is a big piece of it because it's so expensive to have a transplant and have this medication for life. My assessment is pretty low because of those inequalities.

Prof. Battilana: Okay. Other perspectives? Where are you in terms of the effectiveness and are there missing criteria that we should take into account. Lily?

Lily: I am actually in agreement with the level, but I do want to add one criteria which is quality. Whenever you're talking about healthcare, access is a key piece but then quality of care is also another piece. I might bring some things that weren't explicitly

stated in the case but the post-transplant survival is quite good in the US, and that has not always been the case. Through metrics, incentivized through regulations, that band has really tightened.

That, of course, creates other perverse incentives for transplant centers to keep up this good performance and select organs that would allow them to continue to achieve that high survival rate. At least in terms of the quality of people who are getting it, it's pretty good, but then that begs the question of what about the people who are not getting it.

Prof. Battilana: Yes. If we think about the effectiveness of the system, yes, certainly you're right to say a huge medical progress. That's a huge improvement. If we look at the data and you go back to the 1990s, in the US, when it comes to the number of transplants that were performed every year, we were at the level of approximately, 15,000 per year. If you look at the numbers today, you'll see that more than 30,000 transplants are performed every year in the country.

Now, that being said, the issue is that we currently have more than a 100,000 people on the waiting list. Add to that, the point that you were making, Erica and Bruno, what you said, which is there's this issue of socio-economic inequality. We're talking about 100,000 people on the waiting list. We also have all the people on the shadow list who cannot even make it to the waiting list. In addition to the socio-economic inequality is we have all these geographic inequalities you mentioned, Bruno, and the issue of race related to it.

It's not an optimal system. We can save more lives than we used to, and we should celebrate that, but there are so many more lives that need to be saved and so there's no way we can look at the situation and say it's satisfactory, of course. It's not optimal. Now, if it's not optimal, why is it that the system hasn't changed? What do you think? Why has it not changed? Yes, Brendan.

Brendan: One of the reasons that hasn't changed is because there's so many different stakeholders and different incentives. I think that was brought up earlier. You have the transplant centers. I think it was a quote in the case that it's not-

Prof. Battilana: The transplant centers-- What do we need to know about these transplant centers?

Brendan: Since they receive money or get revenue from the number of transplants that they perform, those with long wait lists are probably not, they really don't like the multiple listing option, because essentially, it takes away patients in their pipeline, and they go to other geographies with that shorter wait list.

Prof. Battilana: Okay. You're not seeing them as having any incentives to change the system then?

Brendan: Yes. I think that's one of the big problems. I also think that given that our founder here is new into this area, like building some of the respect in the industry and coming in from that perspective, I think it's hard when you're an outsider coming in. I think that the business model and coming up with an innovative solution is great.

I think it's just getting some buy-in from people and other stakeholders, it's going to be another big issue that you just have to work on, I think.

Prof. Battilana: Okay. You're thinking about Sridhar as the outsider. You're saying when it comes to the stakeholders and the incentives, you worry about the transplant center is not being incentivized to implement the change.

Brendan: True. I think that from the stakeholder perspective, there's just a lot that it would be good to do an analysis to understand where people lie in that.

Prof. Battilana: You're totally right. Following Brendan's suggestion, can we run this whole analysis? Can we go through all the key stakeholders? He's starting with the transplant centers, and highlighted for us the reason why he thinks that they're not incentivized to change. Can we go through all the key stakeholders and think about the extent to which they have an incentive to change, so that we get to better understand why this status quo is reproduced. Come on, guys. Don't make me call on someone. I usually always have 30 hands up in the air. Thank you, Yuheng.

Yuheng: I want to talk about the areas or TSCs with a shorter wait list. I think the case is specifically he mentioned that they also didn't have any incentives because they didn't want the locals to know that they're sharing their resources with all centers. They want to keep it as a secret.

Prof. Battilana: As a secret. Well, he said people don't have to wait as much. I think locally, people may not want to see the organs go to different places. Then you're thinking that people may also want their organs to remain in the local area?

Yuheng: Right. Another thing is, in terms of the higher survival rate, I think certainly for a doctor, I want to maintain my good record. I might want to use the organs that I can see having a higher successful rate, so that creates self-selective process that might cause waste in the system.

Prof. Battilana: Doctors obviously care about their patients, but you're saying they also care about not doing anything that would be too risky because otherwise, they could lose some of the money that they would be getting. Any other stakeholders? Yes, Maigread?

Maigread: Throughout this whole case, I kept thinking about the patients and also the people providing the organs. Can you imagine, somebody dies and you are the person who has to make that decision about the organs, there's got to be a lot of things going through your mind and they talk about that in-

Prof. Battilana: The next of kin.

Maigread: The next of kin. Thank you. Then the patients, I'm guessing patients also in a very stressful situation, not having the information and not even understanding how the system works, and I'm assuming a lot of these in both cases, there's time urgency. There's an impact on the quality of the organs for the next of kin, so that decision has to be made quickly and thinking about potentially being in that situation how difficult that would be to even have that conversation. You see why it could be

very local, likely based on the doctors and the medical professionals around both the patients and the next of kin.

Prof. Battilana: You're right. This is such a difficult conversation to have in such dramatic circumstances and it's a really sensitive issue.

Maigread: Very sensitive.

Prof. Battilana: Plus, people have to decide really quickly, so that these things reinforces [sic] the local components. At least if that could be local, do you think that it actually makes it easier for people to know that the organs are going to be used locally?

Maigread: Absolutely. I would also think it's very reliant on who they're talking to in both cases, the doctor that's local, and also the medical professionals that are around the next of kin. That would feel like there's a lot of local decision makers and influencers involved.

Prof. Battilana: Other key dimensions? Yes, Sakshi?

Sakshi: Two things here. I think one just in terms of context, this is a highly-emotional experience for patients and families involved. If you want to bring any change, it's really hard because people are not necessarily thinking rationally or thinking about what can we do for the greater good. They're thinking about their own individual situation. It's very emotionally charged to even touch topics related to the situation.

Prof. Battilana: It's overwhelming enough for the patients, they're dealing with their life. They may have an incentive to change the system, but it's complicated to have the bandwidth to think as a changemaker at that point.

Sakshi: Correct. The second thing I want to add is, I think this was legislation that was passed in the '80s and there have been amendments and stuff. I think in order to change it, you have to go through a political process depending on which states or which constituencies have shorter wait times versus longer wait times, there might be different incentives for different senators or different political constituencies.

Prof. Battilana: You're thinking about the politicians.

Sakshi: Correct.

Prof. Battilana: You're thinking that they are not really incentivized to make change happen, especially if they are in areas with shorter wait times.

Sakshi: A state with shorter wait times. Exactly.

Prof. Battilana: It's sort of legislation and politicians who could be changing-

Sakshi: Correct.

Prof. Battilana: You're worried that they're not incentivized to make that change happen.

Sakshi: Correct.

Prof. Battilana: Any core stakeholders constituencies missing that you think we're really have to pay attention to? Faraz?

Faraz: I think we have the payers left here. The private insurance and public insurance.

Prof. Battilana: Absolutely. The insurance companies and Medicare or Medicaid.

Faraz: That's I think where the incentive misalignment is the most obvious, because these patients, and I'm not sure what the alternative costs are. If you actually lose a kidney, you have to do dialysis. The cost of that versus going through the transplant and covering all the medication, these insurance companies actually run the analysis on which one's a higher cost, so there could be a complete inherent misalignment of incentive.

Prof. Battilana: Do you think there's such misalignment? If we think in terms of cost, could it be that having a different approach could be less costly to them?

Faraz: Well, I think, yes, that's true. I think actually you can see that across healthcare in general, that is it better to deal with costs now or is it better to have some upfront costs and make the patient more healthy, so that they're less costly over time? It's a bit of a difficult analysis in general for them as well, because, again, you're comparing two different paths to treatment. One is that, you're going to be on this chronic treatment for life versus-- Basically you have to guess, unfortunately, in these forecasts, how long this patient even has, how many years they have to live, and versus do I pay for this, whatever, half a million dollars in cost and get this transplant, and the chances are 50% they'll live. Then they have to run that math. I think there is inherent misalignment. There is for sure.

Prof. Battilana: What do you think about that? Because this is a critical point that Faraz is raising in terms of, yes, we had not yet talked about the payers, insurance companies as well as Medicare or Medicaid. Do you think that they could have an incentive to change the system? Are you pessimistic about that? Christina.

Christina: I think there's definitely incentive to change the system because having a patient on a wait list is very costly for them. To be able to reduce that waiting time would be a benefit to the insurance company.

Prof. Battilana: Why do you say it's costly for them?

Christina: When you're on the wait list, you have to have monthly checkups, you have to do all kinds of tests, medicine-

Prof. Battilana: Dialysis if it's for kidney.

Christina: -dialysis, which obviously goes to the insurance company. Being able to reduce that wait time is crucial for an insurance company.

Prof. Battilana: Okay. You're saying, "Yes, the cost is going to be critical, but maybe there will be some opportunity for change." If we think about the question I was

asking you, which is, why is it that the system is reproduced if the system is suboptimal, you were right, Brendan to say, "Well, we have to get deep into the analysis of the stakeholders and think about their incentives.

Although obviously, patients have a strong incentive to see the system improve, in reality, I'm with all of you to say it's really complicated. Yes, we've seen patients launch movements, think about AIDS, think about certain forms of cancer. Now, that being said, you cannot put that on patients and their families to say it's going to be up to them to try and change the system.

They are going to be part of the stakeholders, and they may find the strength and have the resources to make change happen, but we have to think about all the other stakeholders. As we look at this situation, we're thinking, "Well, yes, the payers may have some incentives for change if we can demonstrate that the costs are going to be reduced for them." As we look at the other stakeholders, they also obviously care about the patients, but the incentives are such at the moment that they are not really thinking about challenging the system.

Add to that, that when it comes to understanding how the system works, it's really complicated. In writing the case, I had the chance to interview doctors who were in need of a transplant and didn't really even know about multiple listing. It's really complicated to navigate the system even when you are a professional in this system. Add to that the emotional dimension and how sensitive the issue is and so no surprise that the system is getting reproduced.

I'm going to add one critical dimension that comes from research that I've done and other people have done. When it comes to understanding the conditions under which change is more likely to happen.

A critical dimension to take into account is the extent to which the system is fragmented. Are there other alternative solutions that people have been playing with that they're discussing? Think about it at that time, 2010. Not really.

People were there trying to improve the system, refining it but you didn't really have people saying, "Hey, here is what the alternative system could be." It's really complicated because it's also about fairness. We've been talking to socio-economic inequality, geographic inequality, at the end of the day, what's critical for all of us as a society is what's a fair system.

How to deal with that database and the waiting list in a really fair way. In this context, that was not conducive to change, Sridhar Tayur decided to create OrganJet and GuardianWings. That was his idea. I'm going to create OrganJet and GuardianWings, and you have all the explanations in the case. How did you react to that? Is this a good idea? Is it effective? Nivi. It's a good way to solve the problem he's trying to solve?

Nivi: I think on the face of it, I don't think it's a great way to solve the problems, but I think it's a good step to raise awareness of the problem.

Prof. Battilana: Say more about that. Why is it not a great way to solve the problem and a good way to raise awareness?

Nivi: Because I think anyone who's looking at this will think, "Wait, shouldn't it be super easy to actually just move the organ to the place where the patients wanted?" That seems to be the first thing, it's not let me spend 15 or $20,000 flying this patient from one geography to the other, so they can get the transplant. For me, the first thing is, why are we investing in private jets to do this? It makes no sense at the face of-

Prof. Battilana: A ridiculous solution. We're going to fly patients to organs.

Nivi: In reality, it's because of the context that we've just discussed, that it's so difficult to get people to change if you just went out and said, "Hey, why don't we move these organs?" Doctors are going to be like, "I don't want to deal with this." If you start to try to solve the problem in a suboptimal way, at least you're raising awareness of what the problem is. Then maybe you can agitate for more change in a more rational way.

Prof. Battilana: Do you agree with Nivi? Do you share the same, Lauren, analysis?

Lauren: I do agree, I think when we think about healthcare as a system, it's slow and hesitant to change because of some of the unintended consequences that could arise from even well-intended decisions, like shipping organs. What's maybe an example of an unintended consequence, you could try to ship in organ and for whatever reason, someone might not do something exactly right along the way-

Prof. Battilana: Of course, people's lives are at stake.

Lauren: Yes, that's right. Obviously, lives are at stake, but lives are certainly at stake as well with shipping critically ill and unstable situation, people across the country in some cases. When you look at those things on balance, you say, "What's the more likely outcome of where a patient will suffer?"

Maybe a cross country flight is actually worse. Until that's actually a reality that you have to consider on balance and OrganJet allows for that reality. I think that that's not really a question that had been brought to bear until that point.

Prof. Battilana: Aren't you worried about the implications, though? Because now you're flying patients. It's kind of this band-aid on the system. Isn't the risk that you're going to help further reproduce the system?

Lauren: I think there are risks in really anything you could try to do with this. I mean, the status quo, you run the risk that people don't get life-saving transplants that they needed. You're moving towards a system where more people have access and maybe you're spreading access across a broader swath of the population. It's not without risk, but that doesn't mean don't do it.

Prof. Battilana: You're saying anyway, as you're doing it, you're also going to save lives, you're spreading access and that's critical. If anything, it's worth then saving these lives in the meantime. What do you think, Thiago?

Thiago: I think that without a change legislation, this is the only way you have to equalize the distribution you see in exhibit one because then you make it accessible to a whole bunch of people to do multiple listing. Then if this initiative really ramps up

in the future, legislators are going to see that it doesn't make sense to be flying people around to get the organs, and they should ship organs instead.

Maybe this is like one of the only ways you can think of to go beyond the incentives you have on each one of those stakeholders to try to solve the problems.

Prof. Battilana: I just want to make sure we fully-- If we go to exhibit one, you're saying, we're all looking at exhibit one. What's the first step that you see these organs regarding a solution enabling you to do?

Thiago: If a person is listed in Hawaii, which has like 70 months of waiting time in line, then he can be listed in Wisconsin, which has 10 months and then the person can get an organ much sooner.

Prof. Battilana: Assuming you can get there on time depending on the organ you need?

Thiago: Yes. Over time, what you're going to be looking at is a more equal distribution of waiting time across different geographies.

Prof. Battilana: Geography, okay. Catherine?

Catherine: I disagree, in part, because I don't think that the geographical distribution is the real fairness question here. I think it's the socio-economic considerations and what this business model is going to do. Although it's nice to say GuardianWings, at some point is going to be the beneficiary of some of the profits of the business, is take wealthy people in Hawaii and get them organs in Wisconsin.

For people who are less economically well off, even if they might have private insurance, not give them the opportunity to access those same organs. It's going to create further disparity in access to organs. I think that that's a real problem. A more fundamental problem than the problem of geography.

Prof. Battilana: You're saying no. You're not spreading access, you're thinking you're doing that geographically but you think the main issue is socio-economic?

Catherine: If you look at the gross margin, he's thinking about a 33% gross margin, I think that's barely enough to cover his SGNA costs in addition to that. It doesn't strike me that there's going to be a lot of money left over for GuardianWings.

Prof. Battilana: You don't really believe in the model, this hybrid model, and him being able to fly people through GuardianWings.

Catherine: No, it's $15,000 per flight or $10,000 at just a unit cost. That seems really expensive and unlikely. One other piece of it is there's only 2,600 kidneys that are not being used right now and his business model is flying 2,000 people through OrganJet itself. That seems problematic, too. You're going to take all the excess kidneys for the rich people and leave none for the people who are going to be there for the kidneys.

Prof. Battilana: We have two very different perspectives there. You're spreading access and you're reducing these geographic inequalities and this is important, and

you do that, and anyways you're doing it, you're saving lives, versus you're reinforcing the socio-economic inequalities, and you have doubt that this hybrid system can work in that case because you may not generate enough revenues to fly the people you need to fly through GuardianWings. Anyway back to what Erica was saying, there are also all these people who are not even listed and what do you do with them? Where are you on that? Ann?

Ann: I think Catherine has a really legitimate point. In my head, I was thinking about how this business model would work. Some of the push backs on the points around first 2,600. Then I want to move on to the hybrid model. The case talks a bit about how surgeons just don't extract certain organs that they don't think are going to be used in their districts. We could actually see that amount increase, just supply might increase.

If we think about the market, the market dynamics might change. Now on the hybrid model, because I think the business model first needs to work, and that will be the lever to influence the other stakeholders here that can actually bring upon this change. The business model, I think, it's really important to get a high amount of the wealthy that can pay the full sticker price, and then only then can they start subsidizing people on the lower end. That will target this issue of socio-economic inequality that's the broader mission of the organization.

Prof. Battilana: Okay. As you're talking, it's interesting because you're even now proposing a sequence in terms of how to do it. Let's get even more precise in our approach, I'm with you, let's do that. I think that's absolutely what we should be doing. We now have a good understanding of the pros and cons, and we seem to disagree as to what's most important geographic inequality, socio-economic inequalities and whether or not it's an ethical issue to actually try and use something that OrganJet versus GuardianWings especially if like Catherine we believe that GuardianWings can actually not do what Sridhar is hoping it can do. We have all those different perspectives. Ann, you were talking about there's operating OrganJet, and then once you've done that, you can turn to GuardianWings but you need to do it sequentially.

As I'm thinking about what you should do in the next phase, here's what I'd like you guys to tell me, you could do OrganJet only, at least for some time, or you could do, and I don't know if it would help you Catherine, but you could do GuardianWings only, and be a not for profit and try to really bring everyone, including the people on the shadow list on board, or you could do both of them, OrganJet plus GuardianWings, at once or just want to lead up into-- He could do something very different if he's serious about changing the transplant system in the US, maybe he should forget about OrganJet and GuardianWings and think about other ways to change the system. Ann, I'm coming back to you, I want to make sure we get your perspective. My understanding was you said do OrganJet first for some time, but then sequentially after that, you're going to turn your attention to GuardianWings.

Ann: Yes, that's how I would do it just because it's just very expensive to operate this business, and I'm a little concerned about operating on GuardianWings, just given the fact that it's probably going to be a substantial nonprofit undertaking and you have to raise funds.

Prof. Battilana: Wait, maybe I'm misinterpreting what you're saying there. Where are we? Are we here or are we here? Should you do only OrganJet or both of them?

Ann: Strictly thinking on the business side, I would start only with OrganJet and after it has become profitable and you are capturing that wealthier market, then you can use that cash to set up GuardianWings more effectively and have figured out how that funding works.

Prof. Battilana: Make it profitable and then potentially think about doing that.

Ann: Yes, I don't want to leave the GuardianWings off, but I just think if this model is patient, you first need to check if this flying patient model works out of scale, and then you can figure out the economics of providing more access to people who need it.

Prof. Battilana: What do you think? Do you agree? Does that make sense to you, Jasmyn?

Jasmyn: I do. The first thing I would say is, if when I look at exhibit one, again, I would premise this by my goal in this would be to make the wait time be the same for everybody wherever you live, however much money you have, wait time doesn't mean that we have to--

Prof. Battilana: Wait, wherever you live, no matter how much money you have, ultimately, you want everyone to have the same wait time.

Jasmyn: Correct and the same quality. I'll leave the quality aspect of it out of the spectrum, because then there could be variation in quality across the centers. Let's just say that they're all the same quality for the sake of argument. Then I want everyone to wait, I don't know if it would be 30 months on average, but then I would like everyone to wait 30 months. If to achieve that 30 months, maybe I can fly only the wealthiest people around and the people that can't pay for the flight, they stay in the local but they still have a lower wait time. That's a perfectly good outcome for me.

Prof. Battilana: Okay, so you're saying then you're fine-- I'm sorry, back to Catherine who I know is now horrified by the conversation thinking, "Wait, where are we going?" But you're saying no, in fact, as I'm flying these patients, I'm addressing your issue about socio-economic inequality because the ones who cannot fly still have their waiting time reduced.

Jasmyn: That's the preface of what I'm thinking now. Why would I start with OrganJet first? If we think in market terms, this is a geographical arbitrage opportunity. What OrganJet has to do is figure out what's the transaction cost to close the arbitrage gap. Think about it as selling natural gas in Japan where the price is higher, but you don't do it because the cost of getting the natural gas there is too high. There's no arbitrage opportunity here. We're trying to figure out is there an arbitrage opportunity from Alabama to Mississippi?

Prof. Battilana: Yes, within the constraints you have of, again, the kind of organ and how fast you need to get a patient there.

Jasmyn: Correct. The first thing you need to assess is, how much does it cost to close that arbitrage gap? Then you have to figure out a way to finance it, whether it's flying only the wealthy, which will make it even also better for the less wealthy, or whether it's through getting some money from the payers that also benefit from this. This is a separate thing but you can't go asking for money if you don't know how much you need.

Prof. Battilana: Okay. Do you agree with Jasmyn, and Ann? Kate?

Kate: One thing that I don't like about only serving the high-end customers is having-- I understand that 30 months is helpful for everyone with just a shorter wait time where you are, but doing both at the same time and having two different patient populations could highlight some of the incredible inefficiencies. The main one I'm thinking about is Medicare.

The fact that people don't get reimbursed unless they wait X amount of time. Just having two different populations could reveal some of these perverse incentives. The other one related to the fact that Medicare doesn't reimburse to the hospital that intakes the patient. I just think some of these very fundamental issues that will prohibit this business model could be highlighted by having two different patient populations.

Prof. Battilana: Then what does it mean you want to have OrganJet and GuardianWings at once?

Kate: I want to have them at once, so that you can highlight two different sample populations and see the number of people who want to be using this service, their reasons for not wanting to use the service, how things are reimbursed, how things are paid for, who's getting paid?

Prof. Battilana: It's related to Nivi's point of then you raise awareness. Your objective in doing both is you're raising awareness of the issues.

Kate: Raising awareness and beginning to build data to catalyze change at the bigger systems.

Prof. Battilana: Okay. You have those two samples and then you're going to get the data. Then what? What do you do? You have the data and then what?

Kate: Well, so they mentioned how this is a lobbying organization. They brought people on board and being an activist to-

Prof. Battilana: Then do you think that Sridhar is well-positioned to be an activist? This is a critical thing, which is, are we talking about Sridhar now operating OrganJet and GuardianWings and in addition to that, now becoming an activist.

Kate: I would say, yes, in the sense of the fact that Medicare needs to change so that both, where the hospital where the patient is brought in and where the organ is transplanted-- They should really both get reimbursed for costs. I think that by being an activist for this, you can implement a system that will get more users using your service.

Prof. Battilana: Do you agree with Kate? Do you think that in this case, based on the information you have, Sridhar is well position to be an activist? Do you think that if he collected data, Genevieve it's actually something he could do?

Genevieve: I don't think so. I think that he is an outsider in the system. He doesn't really have a reputation in this arena. He has a pretty impressive board in OrganJet. A lot of great people in the field, but I think him in his personal reputation doesn't really have that opportunity. I also question if this is an issue that business can solve, which seems sacrilegious to say at HBS. I'm leaning more for--

Prof. Battilana: It's important to talk about what business can do and the limits of business and how business can partner with other sectors, so it's critical.

Genevieve: Yes, and I think in this situation, I would say that he's just headed up as GuardianWings.

Prof. Battilana: Not for profit.

Genevieve: Not for profit. I think that the potential public backlash to serving really rich people, in the beginning, will actually inhibit his ability to run the business, and I think we talk a lot about how he needs to do OrganJet first in order to prove out the business model and have the business model be profitable. I don't actually think that this needs to be profitable. He can rely on the goodwill of fractional jet planes and--

Prof. Battilana: You're thinking that you're going to call them and say, "Hey, you probably have a CSR program, corporate responsibility." Do that for free?

Genevieve: Yes, or rich donors who are personally invested in changing the system. For example, some of the patients that or next of kin that they weren't able to have that change.

Prof. Battilana: Then it means that Sridhar is going to become a fundraiser. Do you think he's well-positioned to be a fundraiser? Can he effectively raise funds?

Genevieve: Well, he's a professor, if I remember correctly, so that is also a TBD, but I think he does have very good relationships with the fractional jet companies. That could be an avenue.

Prof. Battilana: Wait, he's a professor so that's TBD.

[laughter]

Genevieve: Well, I don't know if being a professor gives you access to really rich people. Then you can follow on that.

Prof. Battilana: Even teaching at that point I don’t know. Can you be more specific about that? I think you know where I'm going. Can you run the whole analysis of his sources of power? He's a professor and TBD, but can he fundraise? Then he will tell you, I'm sure, shortly.

[laughter]

Genevieve: I'm sure I'm casting a lot of asservations of character unfairly. Can he be a good fundraiser? I think when I look at his background, he clearly has a reputation in the academic field for being a great professor and also having great resources, being a leading expert. I don't know if that necessarily grants him access to networks of donors, from the relational perspective.

I don't know if that necessarily allows him to do that. I do think because he has already done a lot of research in fractional jets, and I think he is a customer as well, if I remember correctly, so that might be a relationship in which he could leverage to make this business model work.

Prof. Battilana: Okay. You're saying he has this experience and in terms of the relationships you were talking about academia, but not only academia, it's also in this world of fractional jets. Okay?

Genevieve: Yes. Then when it comes to positional power, I'm not really sure that being the CEO of a nonprofit is necessarily a true positional power, but he can lean on the relational power that he has with the board that he has right now.

Prof. Battilana: Okay. For relational power you're saying that you see the board as being critical?

Genevieve: Yes.

Prof. Battilana: Okay. With all of that, you're thinking TBD but you have some faith that he could be running the not for profit? Okay. Anything else that you think we should add as we think about Sridhar and who he is and his sources of power and what he's well-positioned to do? As we think about the role he can play in this movement for change.Yonge.

Yonge: I guess the ultimate goal is OG plus GW. However, the question now is which one goes first. However, that answer cannot be answered without knowing his situation at that time. For example, budget he has and the time constraints, and also the resources he had. Without knowing those things is hard to decide which one goes first.

Prof. Battilana: Let's imagine he has no time constraints. He's a professor.

[laughter]

Younge: Okay.

Prof. Battilana: He's a tenured professor. Let's imagine he has no time constraints. Let's imagine he can fundraise. We don't really know but let's imagine he can do that. Let's give him the benefit of the doubt, then what's your advice?

Yonge: Well, I would really say that it depends on the stage in his life. At that kind of stage, I'd say he's more interested in making impact in the society rather than earning monies or profits or making a successful company on its own. I would say he's more interested in creating impacts on a larger scale and that's probably the drive hidden behind to push him forward and longer.

Prof. Battilana: If we follow you Yonge, Let's follow that path, and let's assume when he's going to talk about that that he's maybe at a stage in his life when he wants to make impact. If you think about the problem he's tackling, let's be realistic and we're going to talk about that throughout this module. You cannot change a whole sector of society by yourself. We talked about the level of complexity, how deeply rooted this system is, so he's not going to change that by himself.

When it comes to these kinds of changes, what I see in my research, what other people's research has shown looking at movements is that it indeed takes a collective movement for that kind of change to happen in the sector of society.

In these collective movements for change, what we've learned is that there are different roles that leaders can play. Maybe you started using some of the language that I introduced yesterday, the first role relates to agitation indeed, it's the role of the agitator. Agitator, what do they do, those agitators? They actually articulate the critique that relates to the grievances that certain individuals, groups of individuals are experiencing, and they try to unify people around the critic. It's not enough to have agitation and agitators for a movement for change to actually be effective.

What I see in my research is that you also need innovators. What do the innovators do? They come up with the alternative solution to the status quo, and they try to present it as being superior to the status quo. They try to unify a group of people, like those early champions we talked about, when we talked about a change in organizations. It's the same here at the level of society.

You present the solution as being superior to the status quo and you start building the coalition. If you stop t here, the change is not going to happen and be institutionalized, what you also need our orchestrators. What do the orchestrators do? They actually coordinate action across a really broad diversity of constituencies with the objective of change adoption. Now, it's about converting everyone and trying to make sure that you transition to the new status quo. We're going to be using this agitator or innovator orchestrator framework to think more about the roles that you could play and that the people will talk about escalating and trying to push for change.

Now thinking about Sridhar and his sources of power, what do you think is the role or what are the roles that you could see him play? Emilie?

Emilie: I think he's a mix of agitator and innovator. Do I think what he's proposing is the absolute solution to this problem? No. Do I think that it's going to bring a lot of attention to it? It's flashy, he's a respected person in his position that he has, this is a pretty flashy solution. It's bringing a lot of the issues that this process has to the surface and is going to bring eyeballs to this that have never been on it before.

I think a lot of those eyeballs are going to be the innovators, an orchestrator type who're going to say, "Not only are you highlighting the fact that this system doesn't work right now, but you've brought forward a solution that helps solve part of the issues that are in here, and you've given me hope that we can either take what you have further, or we can create something that is complementary to what he is proposing through OrganJet."

Prof. Battilana: Do you think he's both agitating and innovating for OrganJet and GuardianWings?

Emilie: I do. I think if I had to pick one of the two, I think it's more agitator than innovator. Mostly because I don't think that this is the best solution or the most important, or is addressing what I think is the core issue here. It's addressing an issue because this is a system that, as we know, as we see from our list, has a lot of issues, so he's mostly doing the agitator role for me, which is bringing more people in there and really shaking things up.

Prof. Battilana: If we follow Yonge's thinking, which is that maybe he wants to have an impact, then what would you tell him? Continue to agitate that way or just move beyond, forget about OrganJet and GuardianWings, and now be serious and do something else?

Emilie: I agree that he's at a point where he's trying to make an impact, and I would say that because of who he is, I think this is the right way to keep pushing. I wouldn't tell him to give up, I'd tell him to keep pushing because all the other things that need to be addressed, he's not a doctor, he's not a legislator, he's not the person who's going to go into the core of the system unless he wants to make a really big career change.

He's not the person who's going to go into the core of the system. For me, what he's attempting to do right now is the right balance of his sources of power and the impact that he can have.

Prof. Battilana: He can have other systems. Ashley?

Ashley: I actually disagree. I don't think he's any of these three right now. Particularly, because of the way the organization is currently structured in that there is a for-profit arm here, which is the OrganJet. I think the one thing we haven't talked about yet is, if we're talking about changing this system as a for-profit entity, they're basically exploiting the inefficiencies in the system. If you think about this as a company that would go public?

Prof. Battilana: Do you think before Catherine was making a point?

Ashley: Yes, exactly. I think the thing we haven't talked about and the step I'm trying to take it to is that there's no incentive then for OrganJet to engineer themselves out of this profit opportunity as a for-profit organization, whereas a GuardianWings if you were to go only in that direction-

Prof. Battilana: You're saying go the GuardianWings direction, do not think about OrganJet anymore? Do that only?

Ashley: That is what I'm saying. I'm also saying that I think going that direction is what would move him into the agitator and innovator space that Emily was highlighting, but I think without that being the sole mission and with there being a profit opportunity here, I see this more as an exploitation of the inefficiencies in the system instead of a movement towards changing it.

Prof. Battilana: Matt?

Matt: I agree with Ashley but I might even go one step further and say that this is probably not the problem that he should be working to solve at all.

Prof. Battilana: Should he just exit?

Matt: No. I think he should be thinking hard about what impact he wants to create in society, but in terms of the scope of all the problems that his incredible operational mind could be putting its capacity to, that-

Prof. Battilana: Could we be very specific, then? Are you saying that he should just forget about the transplant system, or are you saying that he should use his operational mind to solve another issue related to these transplant system and if so, which issue should he be solving?

Matt: I think he has to make a choice if he's really passionate about the transplant system, or he sees this sort of exploitative opportunity from a business perspective. If he's really passionate about solving this, then I think he could think about the relationships between the different donors, between donors and the different DSAs nationally.

Prof. Battilana: You're saying, then, think about the organs and organ donation.

Matt: Yes.

Prof. Battilana: And do something about that?

Matt: That's one example or he could think about how to fix operational inefficiencies in healthcare much more broadly. This is a narrow slice of a very large problem in the United States, and it is an important problem but it seems likely to me that he could be thinking about even greater change that might be more sustainable and more effective.

Prof. Battilana: Okay. We've heard different perspectives as to what he should be doing, and we've been highlighting certainly a number of the ethical issues and dilemmas that he's facing. He's going to react and tell you what he's done and give you a full update. Just a few things that I want to make sure I highlight and you keep in mind because, as I said, to me this case discussion is critical because we're really foreshadowing a lot of what we're going to be discussing.

We don't have all the answers now, but I want us to get back to those issues and discuss them over again in the next few classes were going to be having. I told you at the beginning the two key questions are going to be, what are the distinct challenges of bringing about change and what does it take to succeed in implementing these changes. If you think about what we've discussed when it comes to changing the US transplant system, I would say that there are three distinct challenges that are associated with trying to implement this kind of change in a sector of society.

The first is about coordinating shifts in behaviors across a collection of diverse actors. We're no more within the boundary of a single organization. You're trying to coordinate action across organizations and to make it more complicated-- **[unintelligible 00:52:32]** I'm going back to your point, which is we're thinking

business, the limits of business but if its cross-sector, now you have to think about how you're going to coordinate across sectors.

The other key challenge relates to constructing a foundation of credibility. We just talked about that. That's a conversation we were having. Is it credible in this world of healthcare? It's true that he started from scratch. He certainly was very well positioned and that's what I see in the research I've been doing to come up with innovative solutions in the sense that he was positioned at the intersection of multiple fields, but it's a different story to move beyond that and say, "Now, does he have the credibility to agitate, to push for the innovation and to orchestrate?"

Finally, the last challenge is about convincing people to adopt new practices that diverge from the norms, from the power hierarchies. We talked about divergent change in the module on power and defense in organizations. When it comes to change in society, a lot of the changes we'll talk about are divergent changes, and the kind of change that Sridhar and many others as part of the collection movement were trying to push for, those are divergent changes.

Now, what does it take to succeed in trying to bring about this kind of change? Well, I would say that you have to start with accessing the environment and its readiness for change, and you also have to start thinking more about the distinct roles that you can play in such a movement for change to enhance your impact and the impact of the movement. Now, when it comes to accessing the environment, what do we know? We talked about that already when we talked about change in organizations. You have to run this assessment within an organization.

You have to understand the stakeholders, you have to see the extent to which the organization is ready for change. You have to do the same when you're trying to push for social change except that now, the whole analysis is at the systems level so it’s more complex. Now, there are some key questions that you can ask yourself, and what are they? Again, based on research and the conditions that we know facilitate this social change.

The first question to ask yourself is, have there been any general crises that have destabilized the system? If the answer is yes, the conditions are going to be more conducive to change. If the answer is no, which was the case for the transplant system, then you're likely to face more resistance. It doesn't mean you cannot push for change but you're going to face more resistance.

The other question is, how deeply rooted is the current system? Are there multiple perspectives around? Again, it was not the case for the transplant system. For how long has the system been in place? The more decades you have, the harder it's going to be to change the system. Finally, what we discussed yesterday. How do power relationships contribute to reproducing the status quo?

If you want to understand that, what do you need to do? Back to what Brendan said. You actually have to run the whole stakeholder analysis, you have to understand the stakeholders' sources of power, you have to think about are they endorsers, fence-sitters, resistors? Everything we discussed in the previous module about those endorsers, fence-sitters, resistors and how to convert them, applies now at the organizational level. All these things are related, were really building on what we've

done. We're going to talk more about that as we go through the next case conversations we're going to have in the next few weeks.

Now, it's really complicated when it comes to social change and this diversity of factors to convince all of those different stakeholders. In spite of the complexity, if you think about history, we all have in mind these iconic figures. The change-makers who were able to make change happen in society even at a time when everyone failed that, the kind of change they were pushing for was not possible. What I'd like you to think about is that, although history remember these individuals, the reality is that a single leader very rarely changes the course of a sector or society on her own or on his own.

What do you think that they did? They actually used their sources of power to create and or participate in a collective movement for change. This is what we have to think about. We obviously have to be humble, we cannot control everything, we don't control the incentives when it comes to trying to change a system, but we can participate in a movement and this is what we're going to be talking about in this module.

As I mentioned, here are the three roles. The agitator, innovator, orchestrator roles that you can play in any movement for change. They're critical to the success of the movement. We're going to get back to them and revisit them and try to think about the key activities in which you need to engage to succeed in playing these different roles. The questions I'd like you to think about throughout this module are here.

What does each of the roles require you to do? What roles are you best suited to play? Importantly, think about the context. What do you need to do in a given context in which you are to actually push for change and then we'll think about your repertoire, how to expand your repertoire. I know that Sridhar is going to talk about that as he's going to now give you an update in terms of what happened. Sridhar, thank you so much. We're so happy to have you.

[applause]

Sridhar: I need to hold this? Okay. Thank you.

[00:57:38] [END OF AUDIO]