Of course strategy is hard – it’s about making tough choices. It’s about deliberately choosing to be different.

If you want to make a difference as a leader, you’ve got to make time for strategy. The essence of strategy is choice and trade-offs and fit. Only strategy can create sustainable advantage.

Great leaders are able to enforce the trade-offs. A leader also has to make sure that everyone understands the strategy. They go out and they repeat, “This is what we stand for, this is what we stand for.” So everyone understands it. Strategy becomes a cause. That’s because strategy is about being different.

Wisdom about strategic positioning from one of the world’s most known business-school professors, Harvard University’s Michael E. Porter. Although Porter is talking to businesses, his advice is equally solid for states and communities in the 21st century.

Leadership has become a spectator sport in Arizona.

Every flourishing place has people who act as its stewards. They are committed to and actively work for the long-term economic and social success of their locale – advocating for it, nurturing it, wanting to solve its problems and improve it.

But, most Arizonans, according to a statewide survey, think the state lacks such leadership today. What lies behind this view? Many citizens identify the states elected officials with narrow agendas. Other observers complain that CEOs are sitting on the sideline and that government-by-ballot measure has increased because business and elected officials remain passive.

Given the facts of corporate life today – national and international perspectives, merger mania, executive churning – finding and supporting stewards among business leaders is harder than ever. Meanwhile, many entrepreneurs appear to lack a civic involvement ethic, while political leaders seem to focus on re-election or narrow ideological issues.

“Stewards of place” seem like they are harder to find in Arizona than they are elsewhere. In part, that is due to the state’s rapid growth and dramatic changes. Fewer people in Arizona than in some other states have deep roots here. In part, too, it’s because Arizona is not a first-tier corporate center. But is that why many seemingly simple challenges are not met in Arizona? Not entirely.

The facts of leadership may not be quite what they seem. The situation’s not perfect, but the CEO numbers and turnover are not the only problems. No matter how you count them, Arizona has enough potential leaders to run a small nation. Unfortunately, too many of them are sitting on the sidelines. At the same time, however, a substantial number of business executives and other potential leaders actually are engaged in civic affairs, just not in ways that reflect stewardship or in the ways we traditionally expect.

Many leaders are working on single issues or causes – tax cuts, a football stadium, desert preservation or transit – but their work is narrow. Often they do not
know what other leaders are doing or have a hard time linking their efforts with those of others. Many of those leaders lack the big picture of where Arizona is heading. Under these circumstances, the overall impact of strategies developed by even the most innovative, aggressive leaders is limited because affecting the complex challenges facing Arizona requires focused, coordinated and integrated approaches. Thus, leaders who lead in fragmented, disconnected and uninspired ways simply won’t get the job done.

**Arizona’s next generation of leaders may simply be hiding.** We also may not be looking in the right places for potential leaders. New sources of talent lie in emerging groups including entrepreneurs, Latinos and generation Xers. Very often as well, civic leaders sit on the sidelines because no one has asked them to be involved. Or, the civic involvement dictated by their corporate position fails to connect with their true passions. For example, one 40–something Arizona CEO said that he serves on numerous boards because it is traditional for his corporation to do so, but his personal passion actually shows in the numerous weekends he spends building Habitat for Humanity homes.

**Arizona needs a new job description for leadership.** Good, bad or indifferent, states get the type of leadership they expect. Citizen surveys discussed in this report show that Arizonans seem ready to raise expectations for Arizona’s role in the new century and for the leadership required to get there. Today the increasingly relevant questions for leaders will not be whether an idea is liberal or conservative, but whether it is in tune with the new economic, technological and social challenges facing our society. Specific communities and issues will require increasingly innovative and place-specific answers. In the final analysis, a location remains only as precious and essential as its inhabitants and leaders believe it to be.

### FIGURE 1

**Arizonans See State Business and Political Leaders as Having Too Narrow a View and Not Caring Enough About Arizona’s Future**

<table>
<thead>
<tr>
<th>Perceptions of Arizona’s Political Leaders</th>
<th>Perceptions of Arizona’s Business Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political leaders with a Narrow View</td>
<td>33%</td>
</tr>
<tr>
<td>Weak Political Leaders</td>
<td>20%</td>
</tr>
<tr>
<td>Political Leaders Who Care Deeply About My Future</td>
<td>16%</td>
</tr>
<tr>
<td>Visionary Political Leaders</td>
<td>11%</td>
</tr>
<tr>
<td>Single-Issue Political Leaders</td>
<td>10%</td>
</tr>
<tr>
<td>No Answer</td>
<td>10%</td>
</tr>
<tr>
<td>Business Leaders with a Narrow View</td>
<td>28%</td>
</tr>
<tr>
<td>Business Leaders Who Care Deeply About My Future</td>
<td>22%</td>
</tr>
<tr>
<td>Visionary Leaders</td>
<td>16%</td>
</tr>
<tr>
<td>Single-Issue Business Leaders</td>
<td>11%</td>
</tr>
<tr>
<td>Weak Business Leaders</td>
<td>9%</td>
</tr>
<tr>
<td>No Answer</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Morrison Institute for Public Policy, 2001

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**Imagine Arizona’s Future With More Leaders Like This…**

“A rare intelligence, a prodigious energy, the ability to persuade and explain, a sense of humor that erases tensions and makes friends, an instinctive understanding of process, an innate sense of justice, a good heart, and uncommon courage…never runs from a fight, not a person of ill will, nor a kamikaze legislator bent on suicide missions just to grab a headline or embarrass a colleague for partisan gain…knows the value of honorable compromise in the political arena – that half a loaf is better than no bread at all…is not afraid to do battle when the cause is just…proves ahead of the times and may not live to see some improvements…is fair-minded, and cares.”

CNN’s Larry King describing Morris K. Udall, who represented Arizona’s second district in Congress 1961-91 and ranks as one of the state’s truest stewards.
These days the most popular parlor game in Arizona policy circles is: “Where have all the leaders gone?” The players usually come up with a number of answers to this vexing question.

The first is that company mergers and acquisitions are consuming Arizona’s talented CEOs. Business heads heed the corporate call and then resurface in other states as prime leadership material. Two frequent examples of this phenomenon are Mike Welborn, former CEO of BankOne in Arizona, who was promoted to a national position in Chicago, and John Oppedahl, former publisher of The Arizona Republic, who went to San Francisco when Gannett Inc. bought Phoenix Newspapers Inc., the Republic’s parent company. The second idea is that the captains of new economy start-ups do not assume the mantle of civic leadership in the same ways as the heads of traditional industries. The third response is that Arizona’s political leaders are missing in action, especially when it comes to tackling the critical issues facing the state or bringing help home from Washington D.C. For a fourth group of leadership watchers, the problem is with citizen demand, not leader supply. That is, leadership quality can turn on a dime if citizens “demand it” and hold their leaders accountable.

Nearly everyone who enters into the leadership debate wonders: Where will our future leaders come from? Do we grow them? Do we recruit them? Do we train them? Do we empower them?

But the problem may not be a lack of potential leaders. Perhaps our leaders are keeping quiet because they do not know how to get involved or no one in the current leadership structure has asked them to step forward. Our leaders may be simply invisible, doing important civic work in nontraditional realms or ways. Perhaps nobody quite knows the recipe for successful leaders now.

Are we sure we know what’s wrong – and right – with Arizona leadership? What are the forces shaping leadership quality and opportunity? At least five principal debates need to take place to understand this complex phenomenon better.

• Are CEOs sitting on the sidelines?
• Are we looking in the wrong places for new leaders?

• Are our elected leaders really as irrelevant as they appear?
• Have ballot measures replaced policy makers?
• Do we need a new job description for leaders in the twenty-first century?

Although all of these questions are critical to debate and resolve, some are more on target than others.

Are CEOs Sitting on the Sidelines?

A recent Harvard Business School study shows that corporate boards are 30 percent more likely to oust a CEO than they were 10 years ago. Merger-mania, consolidations, and globalization all speed the churn. As one observer notes, “Globalization has meant that corporations must now compete on a world-wide basis, often with investments in many different regions. CEOs of most large corporations have fewer roots in a single region and make less time for regional civic affairs. The greatest impact has been on Fortune 500 companies that were anchored in their regions.”

Although Arizona has never been home to many Fortune 500 companies, some very big firms have a long history here. Chief executives of global corporations, regional and local banks and utilities traditionally have been a large, reliable source of community leaders. But many of these companies have been, or are being, transformed by the complex set of forces already mentioned. So, it is only natural to worry about Arizona’s leadership.

What do we know now? Arizona does not lack for big company CEOs. While there are few Fortune 500s headquartered here, 34 privately held companies (grossing more than $100 million in revenues in 2000) and plenty of large publicly held companies consider Arizona home. In addition, Arizona has significant divisions of some of the world’s most recognizable and important corporations including Motorola, Intel and Honeywell.

Morrison Institute’s look at CEO tenure among these companies shows significant churn in the public companies but not the private ones. Comparing The Business Journal Company Rankings for 2000 and 1996, Morrison Institute found:

• Of the largest 25 Arizona-based public companies appearing in both lists, slightly more than half (52%) experienced at least one CEO or principal turnover in the last four years.
• Of the largest 25 employers (including divisions of Motorola, Intel, Honeywell, and Raytheon as well as large government employers) appearing in both lists, 65 percent experienced at least one CEO or principal turnover between 1996 and 2000.

A look at the large private companies and their CEOs who reside in Arizona reveals a different situation.

• Of the 34 largest private companies in Arizona (grossing more than $100 million) appearing in both lists, 22 percent experienced CEO or principal turnover from 1996 through 2000.

So while rotating public company CEOs might pose problems for sustainable leadership for Arizona and its regions, that’s not the issue with privately held companies. In fact, Arizona’s CEO stability among this latter group is better than in Georgia, another fast-growing Sun Belt state that provides a good comparison. Georgia’s private company CEO turnover was 31 percent over four years, compared to Arizona’s 22 percent. At Georgia’s public firms, CEO churn was slightly less than Arizona’s: 42 percent turnover versus 52 percent in Arizona.

Amid these ranks, then, there is still enough potential leadership to run a small nation. Yet, many seemingly simple challenges are not being met in Arizona. Organizations as notable as Greater Phoenix Economic Council and many other bodies in such institutions as universities, chambers of commerce, nonprofit organizations and local and state government find it increasingly difficult to fill their boards, commissions, task forces or fundraising committees from outside a narrow circle of business leaders.

So what gives? Perhaps the answer is that many of the potential leaders are “spectating” standing on the sidelines and waiting for others to make things happen for the state or region. That’s the view of many analysts – not just in Arizona but elsewhere. Yet a lack of desire – or a focus on global corporate goals – might not be the problem.
Could it be, for example, that CEOs are not involved because they have not been asked to assume leadership roles or they find it difficult to connect to organizations and issues that fit with their personal interests? A study of corporate community involvement in the Austin area found that chief executives became involved with community organizations and issues because of personal interests (64%) or they were asked (32%). On the other hand, the problem may well be a mismatch in public and corporate expectations for community involvement. The Austin study found that corporations think their level of involvement is sufficient and meets community expectations, but that other firms should be doing more. Few firms though said they measure their involvement in the community.

It may also be that CEOs are involved deeply in civic affairs – but not in the arenas we are accustomed to. Many younger adults see leadership less as a state of being – membership on dozens of community boards – and more as a process of doing – a set of actions. One 40-something CEO in Arizona reported that he belongs to numerous boards because it is traditional for his corporation, but his real contribution – and passion – comes into play with the numerous weekends he devotes to Habitat for Humanity.

Considerations like these reveal some paradoxes about Arizona’s corporate leadership situation. Leaders still exist, but they may be working on single issues or causes – tax cuts, football stadium, desert preservation or transit – and ignoring other related, but unaddressed problems. Leaders still exist, but they do not know what other leaders are doing, and have a hard time linking their efforts. Leaders still exist, but they are not unanimous in the goals they seek for the state. To the extent leaders in each industry pursue their own interests, construction, real estate and retail are likely to predominate.

Under these circumstances, the overall impact of strategies developed by even the most innovative, aggressive leaders is limited because the complex challenges facing Arizona require focused, coordinated and integrated approaches to problem solving. Thus, while it is essential to have leaders, those who lead in fragmented, disconnected and uninspired ways can be ineffective or even detrimental to Arizona’s overall well-being.

**Are We Looking in the Wrong Places for New Leaders?**

As global, technological and demographic forces reshape the Arizona economy, so are the remaking of the state’s leadership talents. Entrepreneurs, Latinos and generation Xers come to mind as untapped talent.

Is it possible to develop a more inclusive leadership cadre that would include entrepreneurs, women, Latinos, young people and others, instead of just the “usual” CEOs? Is it possible to make civic responsibility attractive enough that potential leaders will come off the sidelines and onto the playing field?

Arizona has seen some of the challenges with recruiting young technology and Internet entrepreneurs for traditional civic roles. For example, when the Governor’s Partnership for the New Economy sought members, it was hard to locate potential leaders to involve because many new economy entrepreneurs are not yet part of traditional networks. Once found, keeping them on board proved to be difficult because starting and building a fast-growth company can be all-consuming. As one biomedical CEO explained, “I care deeply about my region, but here are my priorities: building my company, building a new industry, and building my region, in that order.”

The difficulty of identifying and tapping executives in fast-growing companies for leadership positions is striking when you consider that:

- Between 1996 and 1999, 30 new companies were added to the roster of Arizona’s 50 fastest growing high-tech companies
- In addition between 1999 and 2000 alone, 28 more new firms made the list

At the same time, these groups are finding their own paths to leadership. For example, high-tech entrepreneurs in Austin have created the Austin Entrepreneur’s Foundation to which they contribute stock. In Arizona, entrepreneurs have created a Social Venture Fund, which uses a venture capital model for investing to improve community well-being.

**TABLE 1**

<table>
<thead>
<tr>
<th>Arizona Propositions on the Ballot</th>
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<tbody>
<tr>
<td>Placed on Ballot by Legislature</td>
</tr>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>1912-1919</td>
</tr>
<tr>
<td>1920-1929</td>
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<tr>
<td>1930-1939</td>
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<tr>
<td>1940-1949</td>
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<td>1950-1959</td>
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<td>1960-1969</td>
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<td>1970-1979</td>
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<tr>
<td>1980-1989</td>
</tr>
<tr>
<td>1990-2000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Sources: Arizona Secretary of State, 1998; Morrison Institute for Public Policy, 2001
Generation Xers – and young adults generally – are developing their own leadership styles that emphasize more direct action and one-on-one service. In a 1998 survey by pollster Peter Hart, the research showed that young people have a vision of leadership that is less directive, top down and charismatic and more empowering, bottom up and humble. Washington Post columnist E. J. Dionne Jr. also has noted the different outlooks of today’s young adults. He calls them the “Reformer Generation” but the question he poses is whether their community mindedness will transfer over to the political arena. So far they have shown little interest in elective offices and voting.

Are Our Elected Leaders Really as Irrelevant on Big Policy Decisions as They Seem?

The public seems to be growing impatient with the “wizard of oz” policy making – short on brains, heart and courage – going on in the state. The similarities between the Lion, the Scarecrow and the Tin Man and state policy makers are rooted in many things. One is public doubt that much thought or brain power goes into making public policy. Such events as the recent alternative fuels’ fiasco bolster skepticism about “thoughtful” leadership. Also, the strong role ideology plays in Arizona’s elected officials’ decision making fosters this impression.

Ideology provides elected officials with simple stock answers to big, complex problems, thus relieving them of the obligation for the heavy thinking and comprehensive analysis that’s necessary to sort out complicated public policy issues.

Morrison Institute’s recent statewide survey made it clear that Arizonans want less of this kind of “leadership.” Forty-three percent of the survey respondents characterized elected officials as leaders with a narrow view (33%) or single-issue leaders (10%) (see Figure 1). An additional 20 percent of the residents felt that Arizona has weak political leaders. Perhaps most important, the overall view of Arizona’s political leadership is quite negative. Indeed, the state’s residents seem to think that policy makers are as heartless as the Tin Man. Only 16 percent of the respondents said they believe leaders care deeply about the future of Arizonans.

Finally, frustration with the Legislature’s unwillingness or inability to handle big, strategic issues is widespread. Indeed, the tough political choices in the state seem like they are made increasingly at the ballot box or in the courts. Conventional thinking puts the rise of ballot initiatives and referendums – where voters decide directly on issues – at the heart of this image. But defaulting to Arizona courts the job of deciding key policy directions adds enormously to the perception of a legislature struggling to stay relevant, especially when tackling strategic issues facing the state. In the last decade, various courts forced the Arizona Legislature to address school finance, mental health care, clean air and bilingual education. Tim Hogan, executive director of the nonprofit, nonpartisan Center for Law in the Public Interest, said the center has had to ask the courts to do “what our elected officials should have been doing – enforcing laws that are important to the health, welfare and pocketbooks of Arizona’s citizens.”

In the case of education finance, the Arizona courts and the voters stepped up to make the tough decisions that the Legislature dodged. In the early 1990s, the Center for Law in the Public Interest sued the state in Roosevelt Elementary School District No. 66 v. Bishop to force the Legislature to reform Arizona’s school financing system. In 1994 the Arizona Supreme Court ruled that the great disparities in school funding between districts were a problem the Legislature had to resolve. Furthermore, the court held that the “Arizona constitution requires the legislature to enact appropriate laws to finance education in the public schools in a way that does not itself create substantial disparities among schools, communities or districts” as had been the situation leading up to the suit. In 1996 and 1997 the Arizona Supreme Court rejected plans proposed by the Legislature, but eventually the “Students First,” plan was accepted which directed that the millions of dollars needed to correct disparities come from general fund revenues rather than new taxes.

However, it was clear immediately that “Students First” was not going to fix the school funding problem. But rather than make the decision to raise taxes to fund education, the Legislature delegated that decision to voters. Legislators placed Proposition 301, a measure to raise the state’s sales tax by .6 percent to fund education needs, on the 2000 election ballot. The measure passed. In this case, policy making followed a disturbing pattern: a court ruling kick started a discussion about an urgent policy issue that should have been addressed long before. The Legislature attempted to solve the problem too late in the process; and eventually the voters had to make the final call.

Of course, Arizona elected officials are not all cut from the same cloth. Republicans Governor Jane Dee Hull and former Superintendent of Public Instruction Lisa Graham Keegan provided the intellectual capital, passion and courage it took to propose the first tax increase after a nine-year run of

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1 As described by Arizona political scientist David Berman, the alternative fuels program came in the form of legislation, hastily passed at the insistence of House Speaker Jeff Goscom in the spring of 2000, which provided large rebates to purchasers of alternative fuel vehicles. As originally adopted, the law rebated the entire cost of converting a vehicle to run on natural gas or propane and a third of the vehicle’s price. Lawmakers, acting hastily and without full information, underestimated how many people would take advantage of the program. As more and more people (over 20,000 in all) requested the rebate, the Legislature’s original estimate of a $3 million cost to the state and the $10 million figure from the governor rose to over $500 million. Critics also doubted whether the program would have any effect on pollution since people who added alternative fuel tanks were not required to use them.
tax cuts. But the perception remains that state political leaders work to advance narrow agendas or on issues of special interest to them, but they sit on the sidelines when the biggest, most difficult issues come up.

**Have Ballot Measures Replaced Policy Makers?**

No assessment of trends affecting Arizona leadership can avoid the issue of ballot initiatives and referendums. In Arizona, and other states particularly in the West, the initiative and referendum are historical tools that still allow citizens to speak directly to today’s political issues. Through the initiative process, voters can pass new state laws or amend the state constitution; through the referendum, voters also have the opportunity to prevent laws from going into effect (see Figure 2). Citizens can put an issue to a vote to amend the state constitution; through the referendum, voters also have the opportunity to prevent laws from going into effect (see Figure 2). Citizens can put an issue to a vote by obtaining the requisite number of signatures. Alternatively, the state legislature can also refer a measure – to amend the state constitution or make statutory changes – to the ballot. All constitutional amendments must be placed on the ballot and approved by the voters.

The original idea of the initiative and referendum was to give citizens the ability to wrest power from legislatures dominated by special interests. But today the initiative process itself is often, according to Washington Post columnist David Broder, “manipulated by moneyed interests, often funded by out-of-state millionaires pursuing their own agendas on a new frontier of American politics operating virtually without public scrutiny.”

In this regard, examples in Arizona include the “medical marijuana” initiative in 1996 and the lottery measure put on the ballot in 1980 by an out of state company that operated state lotteries, both measures opposed by key elected officials. In this group is also the 1996 measure that requires the state to enter into gaming compacts with Native American tribes, and the 1988 constitutional amendment making English the official language of the state after the legislature had refused to take action.

But in terms of the central question concerning the lack of legislative leadership and how this void may have been filled by citizens groups both in terms of numbers and in regard to major policy decisions, the “protest” or popular referendum and the citizen initiative are the best indicators.

In this regard, Arizona ranks among the top six states in terms of its use of these two vehicles, according to national observers. What’s more, there has been an increase in protest referendums in recent years (6 in the 1990s, compared to 0 in the 1980s and 0 in the 1970s, by one expert’s analysis) and in the initiative (22 in the 1990s, 11 in the 1980s, and 4 in the 1970s).

Belief that elected officials are not responsive to the public or not leading in the desired policy direction seems to be a key reason behind these measures. Consider the following history:

- Propositions in 1990, 1994, 1996 and 2000 were successful initiatives to earmark lottery revenue for the Heritage Fund, to increase state taxes on tobacco products to fund health care, to earmark lottery revenues for health care, and to require Arizona to deposit tobacco settlement money in a Healthy Children, Healthy Family Fund, respectively.

- Propositions in 1992, 1998, and 2000 were successful ballot measures to establish term limits for elected officials, public funding of elections, and an appointed Redistricting Commission to determine legislative and congressional districts, respectively.

- Propositions in 1992 and 1998 limited legislative discretion by requiring a two-thirds majority in both legislative houses to raise taxes or fees and by placing limits on the ability of governors and legislators to tamper with voter-approved measures.

Arizona may soon find that, as the ballot is increasingly the policy making vehicle of last resort, it is also an unpredictable one. The risks of unintended consequences are growing, especially as ballot measures are used to write tax laws or other complex legislation. Suppose Alt-fuels had been a voter-approved initiative instead of legislation: What would be the remedy to undo the potential $500 million tax break to a special interest? The Citizens’ Growth Management Initiative on the ballot in 2000 was so complex that most people were baffled by it and worried about unintended consequences. Today many people are expressing surprise at what was in the successful education finance initiative in 2000, despite drafts of it having been vetted through the legislative process. Similarly, the campaign finance initiative approved in 1990 may cost the state much more than originally anticipated because many candidates are taking advantage of it.

One can, of course, write such instances off as aberrations that prove nothing in general about ballot policy making. But Arizonans should be reluctant to do that because there is a clear trajectory emerging for increasing ballot policy-making.

Analysis indicates that there has been a growth in ballot propositions. As Table 1 shows, 30 percent of all ballot measures ever voted on in Arizona have appeared on the ballot in the last 20 years.

Moreover, the ballot measures in recent years seem to differ significantly in intent from those in the past. Most measures in the early years dealt with government organization and institutions. In the 1950s, for example, the legislature referred a number of constitutional amendments dealing with government structure to the ballot. Citizens’ initiatives dealt with employment issues such as workers compensation and social security. During the 1970s the overarching theme was again government organization. For example in 1972, technical constitutional amendments defined recall elections and senate appointments. During the 1980s, most ballot measures were advanced by the legislature and dealt with tax structure – an echo of California’s Proposition 13.

But in the last decade, the range of issues decided by the ballot has grown. In addition to several significant government organization and operation issues (legislative redistricting commission, public finance of campaigns), citizens’ initiatives and legislative referrals tackled aspects of education, health care, growth management and crime. Perhaps
TABLE 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposition Number</th>
<th>Purpose</th>
<th>Adopted</th>
<th>Type</th>
<th>Total* on Ballot That Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>200</td>
<td>Earmarks state lottery money for Heritage Fund (parks and trails)</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td>12</td>
</tr>
<tr>
<td>1992</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>200</td>
<td>Increases state tax on tobacco to use for health care, education, and research</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td>8</td>
</tr>
<tr>
<td>1996</td>
<td>203</td>
<td>Makes more low-income persons eligible to receive healthcare under AHCCCS; sets aside lottery funds for 6 programs</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td>8</td>
</tr>
<tr>
<td>1998</td>
<td>200</td>
<td>Establishes publicly funded campaigns; establishes surcharges and other fees and earmarks for campaigns</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>303</td>
<td>Earmarks $20 million annually to purchase state lands for preservation</td>
<td>Yes</td>
<td>Legislative Referral</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>200</td>
<td>Directs tobacco settlement money over the next 25 years to a Healthy Children, Healthy Families Fund</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td>13</td>
</tr>
<tr>
<td>2004</td>
<td>204</td>
<td>Directs tobacco settlement money to be used for low-income health care (AHCCCS)</td>
<td>Yes</td>
<td>Citizen Initiative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>301</td>
<td>Increases state sales tax and earmarks revenues for specific education purposes</td>
<td>Yes</td>
<td>Legislative Referral</td>
<td></td>
</tr>
<tr>
<td></td>
<td>302</td>
<td>Increases “tourist” tax to fund football stadium</td>
<td>Yes</td>
<td>Legislative Referral</td>
<td></td>
</tr>
</tbody>
</table>

* Excluding salary commission ballot measures.
Source: Morrison Institute for Public Policy

most significant, the ballot measures, for the first time, dictated state budget or spending decisions (see Table 2). In 1994 voters approved a measure to raise the state tobacco tax and earmark the new revenue for health care for poor families. In 2000 voters passed Proposition 200 that requires Arizona to deposit the money it receives over the next 25 years from the 1998 Tobacco Settlement agreement into a fund for health care. Also in 2000 voters approved Proposition 301 to raise sale taxes to fund teacher salaries, university research and other educational needs.

Thus, as a leadership issue, ballot measures present a very legitimate catch-22: Every successful ballot measure gives the public one more reason to distrust elected officials, and that gives the politicians one more reason to kick the next tough decision to the voters.

Do We Need a New Job Description for Leaders?

Whether Arizona evades the threats of the “shoes” discussed in this report or overcomes them depends in large part on the extent to which Arizonans act as leaders. At the same time, tackling the issues with a traditional leadership style will not help Arizona excel in the early part of the twenty-first century. The world is very different and enormously more competitive than just 10 years ago. That reality requires more than ever that leaders – whether in business, government, schools and universities, or nonprofits – ask the right questions and implement answers that work not just for them, but for Arizona as a whole. Today the increasingly relevant question for leaders, say national experts, will not be whether an idea is liberal or conservative but whether it is in tune with the new economic, technological, and social challenges facing our society. Specific communities and issues will require increasingly innovative and place-specific answers.

Most Arizonans do not see the state having that style of leadership today. For example, Morrison Institute’s survey found that the respondents believe the state is led by business and political leaders with narrow interests or single-issue agendas. Only about a quarter of the respondents said they view their political leaders as being visionary or caring about Arizona’s future.

Interestingly, however, the respondents trust business leaders more than politicians. They believe business leaders are stronger, more visionary and care more about the future. However, business leaders are also viewed as having narrow interests and focusing on single issues.

What Arizonans described in the survey is a traditional style of leadership, says Doug Henton, coordinator of the national Alliance for Regional Stewardship. He says that Arizona, like many places, is beginning to see the limitations of traditional forms of leadership: “Traditional leadership may exist in a region in the form of CEOs of major corporations, issue advocates, neighborhood activists, social entrepreneurs, and ethnic community leaders, but even with these traditional forms of leadership, why are the most pressing and most difficult regional issues not finding resolution.” These types of leaders are still essential to states and communities, says Henton, but another type of leader is necessary going forward, namely regional stewards. Derived from the word “stewardship,” which refers to “the careful and responsible management of something entrusted in our care,” stewards are leaders who are committed to the long-term well-being of places.

As Table 3 shows, stewards go beyond traditional forms of leadership: They are leaders who cross boundaries, take an integrated approach, and build coalitions for action. They have 360-degree vision, recognizing the interdependencies between the economy, environment and social equity. Stewards operate at the center of the tough issues, not on the edges. They are risk takers. They are passionate and energetic. They are people of vision.
Policies to Keep the Shoe from Dropping

Based on the surveys discussed in this report, Arizonans seem ready to raise expectations for Arizona’s role in the twenty-first century and for the leadership required to get it there. So the challenge now is to come up with ways to move beyond the traditional forms of leadership. Three ideas are presented to add fodder to Arizona’s leadership debate and encourage more stewardship in Arizona.

**Demand that business and elected leaders first be stewards of Arizona.**

Given all these realities, it’s clear that Arizona needs a new model of leadership in both the civic and political realms. For Arizona to succeed, its leaders must view themselves as stewards of Arizona as a place. In the final analysis, a location remains only as precious and essential as its leaders and inhabitants believe it to be. Thus, we have a clear leadership search: Who has enough intelligence, imagination, cooperation and commitment to make the best use of the opportunities and challenges before the state, some of which are outlined in this report?

From CEOs to elected officials to entrepreneurs to citizens groups, leaders cannot be focused only on single issues, set ideology, political survival or short-term self-interest at a time when major challenges – such as Latino education, economic excellence and other issues – demand long-term, integrated solutions.

Arizona has good models of the sort of leadership needed. One has only to recall Mo Udall, Barry Goldwater, John Rhodes, and Bruce Babbitt – all of whom were committed to the long-term future of Arizona as a place.

Water is an important example. Decades past, Arizona “entrusted” its economic future to these political leaders and others, and they delivered in a big way. As a result of their stewardship, this desert state has a secure water supply. Among other things, these leaders delivered federal approval and enormous amounts of federal funds to design and build the Central Arizona Project (CAP) to bring Colorado River water to Arizona. While CAP was critical to Arizona, it was widely opposed by environmental groups, which where major constituencies of both Udall and Babbitt. Moreover, Udall was opposed philosophically to many aspects of the CAP and Lake Powell developments. But both men put aside their personal causes to secure Arizona’s future.

Many see that type of stewardship as missing today. Indeed, Greater Phoenix—the economic engine of the state – felt that it had to print a “federal agenda” to get the attention of the state’s Congressional delegation. Tired of inaction and stonewalling on ideological grounds (funding for transit, for example), Greater Phoenix placed in its agenda a subtle reminder of accountability and responsibility for the future of the state and its regions.

For Arizona to excel, our state leaders must move beyond narrow special-interest agendas. They must operate at the center of the tough issues, not at the edges. They must have an unwavering devotion to positioning Arizona well in the new economy of the twenty-first century.

**End term limits, with some stipulations.**

Term limits are a politically popular idea, and limits have some merit. Yet it’s exactly the sort of issue that has eroded both political will and political leadership in Arizona.

On the surface, term limits fix what voters say they do not like about politics. But decisive, collaborative, thoughtful leadership is essential for Arizona to face the challenges outlined here. The short-term horizon created by the nine-year-old term limits law and low pay work against achieving that goal. The state needs to stem the “brain drain” from political leadership just as it must stem the brain drain from the state’s businesses.

For Arizona to attract the best leaders, the state should consider “upgrading” the Arizona Legislature by repealing term limits, increasing lawmakers’ pay and moving to nonpartisan elections. Such reforms would extend the state’s commitment to enhancing the quality of its leadership as it did through the public financing of elections and a nonpartisan redistricting commission. On the one hand, better pay and an end to term limits might draw more of the state’s best leaders into government. On the other, legislators who are elected without party affiliation would be held more strictly accountable to the ideal of public service and this would possibly facilitate stewardship.

Surely it’s time to ensure that Arizona’s Legislature can compete in the age of talent.

**Embrace a local option approach to regional collaboration.**

One of the tallest orders for Arizona leaders remains finding ways to connect diverse local agendas into a web of cooperation across the state’s regions. California may provide a clue for how to do this. There, a commission formed by the Speaker of the California Assembly is developing plans for evoking regional thinking by mandating a menu of fiscal reforms but leaving specific choices to local discretion.

Collaboration matters hugely in a regional world, where problems like traffic constantly spill over local boundaries. At the same time the state’s traditions of local control aren’t soon going anywhere. That means that the key challenge for leaders today is to craft new ways to address problems like traffic congestion or workforce training or growth management in a collaborative way that respects existing local autonomy. Regional collaboration should be promoted through incentives and options provided by the state to local governments rather than by mandates. Moreover, regional collaboration should be promoted across environmental, economic and social issues – not one issue at a time.

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**TABLE 3**

<table>
<thead>
<tr>
<th>Stewards Go Beyond Traditional Forms of Leadership. They are Committed to the Long-Term Well Being of Places.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Leadership</strong></td>
</tr>
<tr>
<td>One jurisdiction, one organization</td>
</tr>
<tr>
<td>Specific problem or goal</td>
</tr>
<tr>
<td>Single network</td>
</tr>
<tr>
<td>Commitment to an idea/cause</td>
</tr>
</tbody>
</table>

Source: Alliance for Regional Stewardship, Regional Stewardship: A Commitment to Place