

TOOLKIT #1

The Evaporating Cloud

A practical, one-page method for resolving the chronic dilemmas of mission-driven organizations, without settling for a compromise nobody wants.

A Lever & Core toolkit

Based on the Evaporating Cloud, a Theory of Constraints Thinking Process · Eliyahu M. Goldratt

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Every complex organization is inherently simple.

01 · WHAT IT IS

What it is, and when to use it

The Evaporating Cloud puts a conflict on a single page: the objective both sides share, the need each side is protecting, and the two opposing actions everyone is arguing about.

Once the logic is visible, you can examine the assumptions that hold the conflict in place. Usually at least one of them is not true, or not true any more. Change it, and the conflict "evaporates": you no longer have to choose between two bad options, or split the difference so that nobody gets what they need.

Use it when…

- The same argument comes back every budget cycle or board meeting.
- Both sides are right, and every compromise so far has left both unhappy.
- A decision keeps being postponed because any choice feels like a loss.
- A tension between people is really a tension between two legitimate needs.
- You are about to say "we have no choice".

Probably not the right tool when…

- The question is factual and data can settle it.
- The decision is one-off and low-stakes. Just decide.
- One of the options is unethical or unacceptable. That is not a dilemma.
- Trust has broken down so far that people cannot sit in the same room yet. Repair that first.

Typical dilemmas in mission-driven organizations

Board vs. director
Close oversight, or room for the director to lead?

Growth vs. quality
Serve more people, or protect the depth of what we deliver?

Restricted vs. core funds
Accept gifts on donors' terms, or fund the core that runs everything?

Volunteers vs. professionals
Rely on committed volunteers, or hire paid staff?

Central vs. local
One standard model, or autonomy for each branch or program?

Yes to donors vs. focus
Say yes to every opportunity, or stay on our core mission?

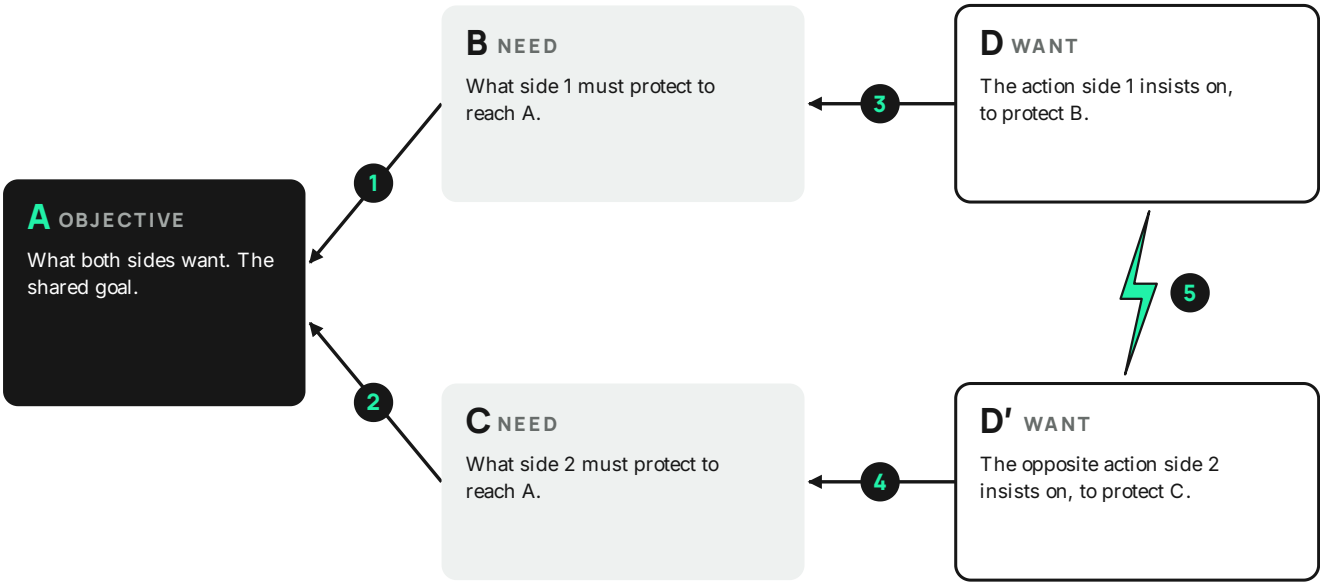
TIME	WHO	YOU'LL NEED
60–90 minutes for one dilemma.	The people who hold both sides of the dilemma, and one neutral facilitator.	A whiteboard, or the worksheet on page 6 of this toolkit.

Source. The Evaporating Cloud is a thinking tool from the Theory of Constraints (TOC), developed by Dr. Eliyahu M. Goldratt as one of its Thinking Processes and featured in his book *It's Not Luck* (1994). This toolkit is an original adaptation for NGO teams by Lever & Core.

02 · THE FRAMEWORK

The five boxes

Every chronic conflict has the same shape. Read the cloud from left to right: an objective, two needs that are both required for it, and two actions, one protecting each need, that cannot both happen.



Arrows mean "in order to... we must..." ⚡ the conflict: D and D′ cannot both happen ① arrows where assumptions hide

A
OBJECTIVE

The goal both sides genuinely share. Phrase it so both would sign it.

"We both want..."

B
NEED

A necessary condition for A that one side is protecting. A need, not an action.

"For that, we must have..."

C
NEED

The other necessary condition for A, protected by the other side.

"...and we must also have..."

D
WANT

The concrete action one side pushes for, because it secures B.

"So we must do..."

D′
WANT

The opposite action, pushed for because it secures C.

"So we must do the opposite..."

Where the heat is

Meetings argue about D versus D′. That is why they go in circles: each side defends an action, and each action really is needed for something important.

Where the answer is

Solutions are found in the arrows. Behind each arrow is an assumption ("... because..."). Find one that is false, and you can protect both B and C without the fight.

03 · STEP BY STEP

Running the cloud with your team

About 75 minutes with a small group. Work on a wall or a large sheet so everyone can see the whole cloud at once.

1 **Name the dilemma** 5 MIN

Write the chronic conflict in one sentence, in plain words. Agree that this is the one you are working on today, and who holds each side.

2 **Build the cloud** 15 MIN

Fill the boxes in this order: D and D′ first (the two positions, where the energy is), then B and C (ask each side “why do you need that?”), then A (“what do both needs serve?”). Keep each box to a few words.

3 **Read it aloud** 5 MIN

Read every arrow as a sentence and adjust words until both sides nod. If someone winces, the wording is not right yet.

Say: “In order to A, we must B. In order to B, we must D. On the other hand, in order to A, we must C. In order to C, we must D′. D and D′ are in conflict.”

4 **Surface the assumptions** 20 MIN

Behind each arrow, add “…because…” and list every reason people give. Collect many before judging any. Arrows 3, 4 and 5 (D to B, D′ to C, and the conflict itself) usually hide the weakest assumptions.

Say: “In order to B, we must D, because…” · “D and D′ can’t coexist, because…”

5 **Find an injection** 15 MIN

An injection is a new action or condition that makes one assumption untrue, so that B and C are both protected. Ask of each assumption: “Is this always true? What would have to change for it not to be?” A good injection does not pick a side and is not a split-the-difference compromise.

6 **Check for negative branches** 15 MIN

Before you commit, ask the most sceptical person in the room: “If we do this, what could go wrong?” Write each risk as “If we do X, then Y may happen,” and add a small extra action that prevents it. Then name an owner and a first step.

Ground rules for the room

Both needs are legitimate. Nobody has to give up B or C to take part.

Attack the arrows, not the people. We challenge assumptions, not motives.

No solutions before step 5. Ideas that come early go in a “parking lot” on the wall.

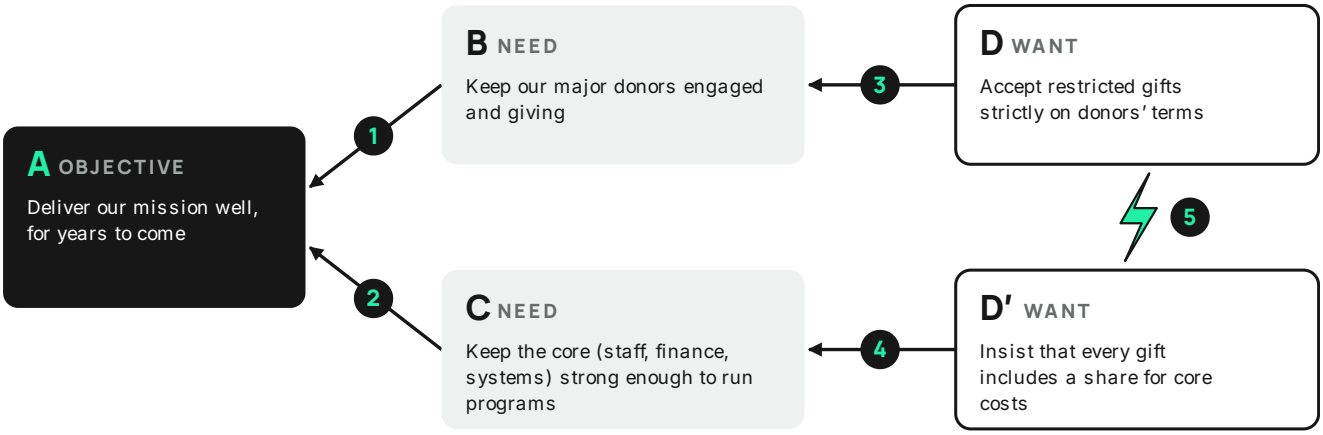
04 · WORKED EXAMPLE

Restricted funds vs. core operations

TYPICAL SCENARIO

A composite of a pattern we often see in the sector. It is not a client and does not describe any real organization.

A mid-sized NGO raises most of its income as gifts restricted to specific programs. The development team protects donor relationships; the finance and operations team is stretched, because nobody funds the people and systems that make the programs possible. The argument returns at every budget meeting.



> **Read aloud:** "In order to deliver our mission well for years to come, we must keep major donors engaged. To keep them engaged, we must accept restricted gifts strictly on their terms. On the other hand, to deliver our mission, we must keep our core strong, and for that we must insist every gift includes a share for core costs. The two actions are in conflict."

Assumptions surfaced

3. Donors give only if 100% of their gift reaches "the program". Donors see core costs as overhead that creates no impact. Asking about core costs will make donors give less.
4. A percentage taken from each gift is the only way to fund the core.
5. A gift is either "program" or "core"; it can't be both.

THE INJECTION

Budget each program at its full cost, including the share of staff time, finance, data and supervision it actually uses, and present that to donors as the real cost of the result they care about. Donors still fund "their" program, on their terms; the program's true cost now includes the core it depends on. This breaks assumption 5 and weakens assumption 3.

Negative branches and how to trim them

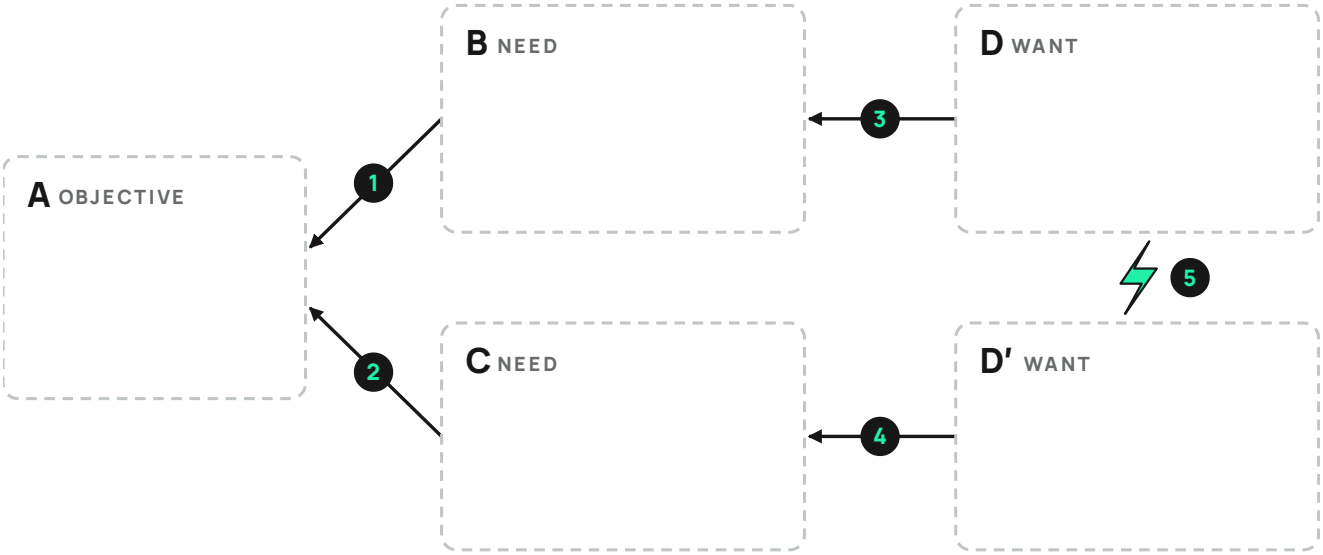
IF WE DO THIS, THEN…	…SO WE ALSO
Some donors may see the program as "more expensive".	Show what each cost line makes possible, and introduce the change at renewal, not mid-grant.
Finance needs an allocation method it can defend.	Agree one simple, documented method with the finance committee and auditor.
Some funders have fixed rules on indirect costs.	Apply full-cost budgets where the funder's rules allow, and map which funders those are.

05 · WORKSHEET

Your Evaporating Cloud

Print it, or type straight into the fields. Fill D and D′ first, then B and C, then A.

The dilemma _____ Team _____ Date _____



ASSUMPTIONS BEHIND EACH ARROW

1 **A ← B**
In order to A, we must B, because...

2 **A ← C**
In order to A, we must C, because...

3 **B ← D**
In order to B, we must D, because...

4 **C ← D′**
In order to C, we must D′, because...

5 **D vs D′**
D and D′ can't both happen, because...

6 INJECTION
What would make an assumption untrue?

7 NEGATIVE BRANCHES
What could go wrong, and our fix.

First step _____ Owner _____ By when _____

06 · FOR THE FACILITATOR

Tips and common mistakes

What works

Start where the heat is

Ask for the two positions (D and D′) first. People are ready to talk about them, and the needs and objective come out more easily afterwards.

Use their words, then tighten

Write what people actually say, then shorten it together. A cloud in the facilitator's vocabulary is a cloud nobody owns.

Test the objective

Ask each side: "Would you sign this?" If one side hesitates, A is still someone's position.

Swap sides

Ask each side to state the other side's need (B or C) in a way the other side accepts. It lowers the temperature quickly.

Quantity before quality

Collect many assumptions before discussing any. The useful one is often the tenth, said quietly.

Read aloud after every change

The sentence test catches weak logic faster than any debate.

Make it an action

An injection is only real once it has an owner, a first step and a date.

Common mistakes

Objective too vague or one-sided

"Success" or "growth" is not an objective. Make A specific enough to judge, and shared.

Needs written as actions

B and C answer "why?", not "what will we do?". If a box starts with a verb, it probably belongs in D.

D and D′ not really opposite

If both can happen at once, there is no conflict yet. Sharpen the positions.

Jumping to a compromise

"A bit of both" partly gives up B and C. Keep looking for an injection.

An injection that picks a side

If one side feels it lost, you have chosen D or D′, not broken an assumption.

Debating assumptions instead of testing them

Ask: "How could we check this in a week?" Some assumptions are best settled with one call or one data pull.

Skipping the negative-branch check

A good idea with an unexamined side effect becomes the next chronic conflict.

> **Your role:** keep the logic visible and the room safe. You do not need to know the answer. Your job is to make sure everyone can see the same picture, and that each side's need is treated as legitimate.

A 75-MINUTE SESSION AT A GLANCE

5′	15′	5′	20′	15′	15′
1. Name	2. Build	3. Read aloud	4. Assumptions	5. Injection	6. Branches

Most of the value sits in step 4. If time is short, shorten the build, never the assumptions.

Want help running this with your team?

Lever & Core — Uriel Edery

We help NGOs and mission-driven organizations find the few things that really limit their impact, and build simple, focused ways of working around them.

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