Executive Summary

Exceptional NGOs rely on exceptional leaders. In the Indian social sector, a senior team's competence is often the make-or-break factor in an organization's ability to make strides toward such ambitious goals as providing equitable healthcare, ensuring high-quality education for children, or providing access to safe drinking water and basic sanitation. Yet widespread doubts persist about whether there is sufficient investment in NGO leadership teams to achieve these important outcomes.

Against this backdrop, The Bridgespan Group, with support from Omidyar Network, undertook what we believe is the first data-driven study of NGO leadership development in India. We looked into NGOs' efforts to strengthen their leaders' skill sets and build their leadership bench.

Our findings were sobering. Drawing on a survey of approximately 250 leaders from Indian NGOs and the Indian offices of international NGOs—supplemented with more than 50 interviews with funders, intermediaries, and NGO executives, as well as secondary research—we found a systemic gap between the sector's leadership development aspirations, and the reality of its investments and efforts.

The implications represent a threat to these organizations' ability to sustain and scale impact. A full 97 percent of survey respondents say leadership development is vital to their organizations' success, a belief echoed by funders. But practitioners and funders also say they invest little time and resources in cultivating leaders. Indeed, more than half the NGOs polled do not believe they are capable of recruiting, developing, and transitioning leaders. And more than 50 percent report their organizations have not received *any* funding to develop leaders in the past two years.

The consequences of this underinvestment are threefold:

- **Overdependence on individual leaders**, often founders
- **Lack of a second line** of leadership
- **Limited organizational leadership skills** such as change management and strategic thinking

Reflecting this, only 47 percent of surveyed NGOs feel confident that *anyone* internally can effectively lead their organizations in the absence of their senior-most leaders.

Yet we also found cause for optimism. Even as NGOs struggle to attract and sustain strong leadership teams, some NGOs and funders are taking replicable steps to close the gap. Their approaches and ideas—detailed in Sections IV and V—hold promise for both bolstering leadership teams and nurturing the next generation of senior talent.
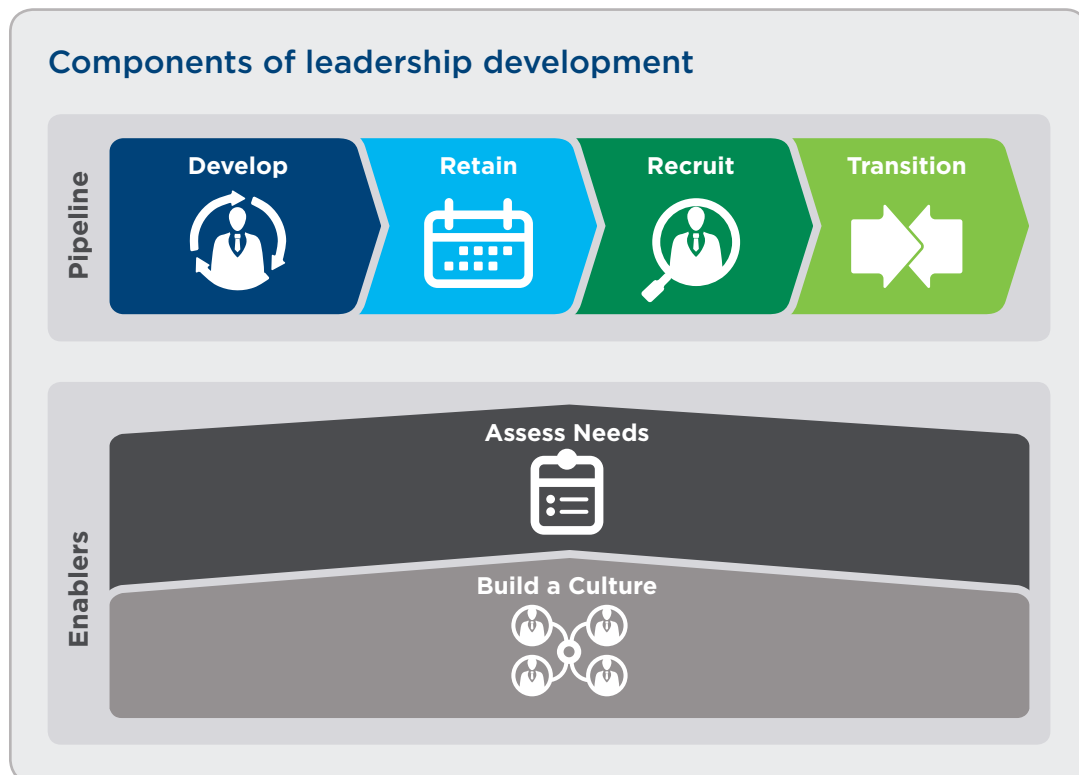
Diagnosing the challenges

What is causing this fundamental gap between recognition and action for Indian NGOs?

Based on our experience, review of the literature, and primary research, we have identified six critical components for developing effective leaders. Indian NGOs appear to encounter difficulties across all of them.

Two are **enablers** of leadership: building a culture focused on learning and developing others, and assessing the organization's leadership needs. We found that:

- Most NGOs lack a foundational **leadership development culture**—they focus on programs rather than individual and institutional capacity building, an emphasis perpetuated by funders who do not invest in, or adequately promote, leadership development.

- 50 percent of NGOs say they do not **assess their future leadership needs** on a regular basis. Of this, 22 percent do not gauge their needs *at all*.

Components of leadership development

Pipeline

Develop	Retain	Recruit	Transition

Enablers

Assess Needs

Build a Culture

The other four comprise essential elements of a robust leadership **pipeline**: developing, retaining, recruiting, and transitioning leaders. Here we found:

- To **develop** leaders, NGOs typically provide on-the-job learning opportunities. While these "stretch" experiences can be powerful, NGOs do not systematically plan for them or ensure these experiences meet development needs. Nor do NGOs supplement these experiences with formal programs that build leadership knowledge and skills. Underlying causes for today's ad-hoc development practices include insufficient resources, low awareness, and lack of prioritization.

- NGO executives rank **retaining** leaders as their least challenging concern. Yet when senior leaders do leave, they typically move to other Indian NGOs, which perpetuates a "turnover treadmill." Costs associated with finding and onboarding new senior talent also add up.

- Not surprisingly, **recruiting** NGO leaders is the most challenging—almost 40 percent of respondents say they struggle to attract senior leaders. Barriers include limited organizational resources, low compensation incentives, and an insufficient talent pool. Yet NGOs continue to rely on external hires for key leadership positions, rather than grooming from within. Instead of replenishing an already limited pool of senior-leader talent, NGOs continue to draw from it.

- NGOs find **transitioning** leadership to be their second greatest challenge. Only about 40 percent say they are capable of effectively replacing their senior leaders when the time comes; 25 percent concede great difficulty. The reasons: NGO leaders—particularly founders—find it difficult to "let go." Therefore, very rarely do they design succession plans. These challenges are becoming more dire in light of the looming transition of a large number of NGO founders who set up NGOs a decade or two ago.

All six challenges become more acute as NGOs grow to more than 50 full-time employees. This inflection point likely reflects the inherent "growing pains" felt when an NGO continues to rely on a single leader.

The path forward

These challenges call for concerted action from all stakeholders—NGOs, funders, and intermediaries—**to focus on grooming and developing NGO leaders from within**.

For NGOs, we have identified Four Practices to effectively develop leaders:

1. **Build out a supportive culture and organization**: Leaders and particularly founders must commit to strengthening their senior team, engage their boards in that process, and allocate adequate resources for action. Structures and processes must be in place to buttress the effort to empower potential leaders. Examples include delegating decision making to and providing professional development opportunities for second-line leaders.

2. **Map leadership development needs**: Leaders should clearly define their future

leadership requirements, identify gaps in current skill sets, and set priorities for strengthening and supplementing the current team. The focus must be on supporting the growth of people who show promise.

3. **Provide development opportunities**: Working from the identified gaps in people's skills, leaders need to co-write development plans for each individual. That also means providing opportunities that follow the "70-20-10 learning model"—where the vast majority of development emphasizes on-the-job learning (roughly 70 percent), and the rest focuses on coaching and mentoring, and classroom training (approximately 20 percent and 10 percent respectively).

4. **Set goals and monitor progress**: Leaders should track implementation against each individual's development plan, as well as set organization-wide leadership development objectives and then monitor progress against them.

Select NGOs in India execute aspects of these practices. But to seed them throughout the sector, NGO leaders will need to rethink their priorities and allocate or raise resources.

NGOs also require organizational supports for leadership development, particularly formal programs and courses. However, the program landscape is sparse. Only a few programs focus on building senior NGO leaders and their organizational leadership competencies.

For funders, we offer six specific recommendations on how to do their part by providing the motivation, money, and supports that NGOs need with the aid of intermediaries:[1]

Recommendations for funders

Support grantees	Build the ecosystem
Pay what it takes	Invest in leadership programs
Incentivize the development of leaders	Develop tailored supports
Connect NGOs to relevant expertise	Define and communicate the value

None of this will be easy. But as Indian NGOs enter an era when "doing good" is no longer good enough, increasing impact will hinge on nurturing today the strong leaders of tomorrow. That will take not just resources but also a change in mind-set.

1   Intermediaries are organizations that augment/coordinate the efforts of NGOs, funders, and other stakeholders in the ecosystem, and include leadership support organizations, service providers, and capacity builders working in the social sector.