The Bridgespan Group

Nonprofit Leadership Development: What's Your "Plan A" for Growing Future Leaders?

Executive Summary

Surveys consistently show that nonprofit organizations are acutely aware of their leadership development gaps, but unsure about how to address them. The nonprofit leadership teams that Bridgespan has surveyed single out leadership development and succession planning as their most glaring organizational weakness by a margin of better than two to one. Of the nearly 500 leaders who have completed Bridgespan's leadership diagnostic survey, about two-thirds disagree with the statement that "our organization is highly effective in developing a strong internal and external pipeline of future leaders."

While resource constraints are one challenge most nonprofits face, the biggest obstacle to improved leadership development may be the behavior of leaders. Many nonprofit leaders (including nonprofit boards) confront the question of leadership development only when faced with a succession crisis. And by then it may be too late.

A change of thinking is needed to overcome this obstacle. Bridgespan has created *Nonprofit Leadership Development: What's Your "Plan A" for Growing Future Leaders?* as a guide to help nonprofits think differently about leadership development. *Nonprofit Leadership Development* treats leadership development not as an ad hoc response to crisis but as a proactive and systematic investment in building a pipeline of leaders within an organization, so that when transitions are necessary, leaders at all levels are ready to answer the call.

At the heart of the leadership development discipline is Plan A. As originally described to us by American Express CEO Ken Chenault, Plan A is a three-year road map for the future that spells out an organization's evolving leadership needs, identifies future leaders, and details activities to strengthen their leadership muscle. While the future itself may not unfold exactly as expected, having a plan allows the organization to develop leaders more intentionally and effectively. Plan A is created and executed through the five linked processes detailed in this guide. The processes are:

- **Engaging senior leaders.** A majority of respondents to our diagnostic survey report that the CEO is actively engaged in building a strong pipeline of leadership candidates. But a majority also say that senior leaders aren't held accountable for their development efforts. To build leaders for the long term, the chief executive must serve as the de facto chief talent officer. She signals the importance of leadership development, sets expectations for her team, and puts the process in motion by first developing the people who report directly to her and then asking them to do the same for their teams. By

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holding herself and others accountable for results, she communicates her commitment to the rest of the organization.

- **Mapping out a vision of the future leadership team**. A systematic development effort starts with an understanding of the future leadership capabilities required to achieve the organization's strategy. Here only 39 percent of survey respondents agreed with the statement "we have an understanding of the leadership capacity our organization will need three to five years from now in order to achieve our strategic goals." Only with such an understanding can senior leaders assess the potential of future leaders to meet emerging needs, and put in place the plans to develop required competencies in high-potential leadership candidates.

- **Developing future leaders**. Leaders develop primarily through well-designed on-the-job experiences. Research has shown that the most effective leadership development involved 70 percent on-the-job learning, 20 percent help from coaches and mentors, and 10 percent formal training. While many nonprofits offer their staff members "stretch" opportunities, the most successful groups are systematic about doing so, consciously building the right skills in the right people over time. But to do this effectively requires a clear understanding of the development needs of each individual, and only 32 percent of the leaders surveyed report that potential leaders have development plans in place.

- **Seeking new talent to fill gaps**. Even the best-prepared organization can't always fulfill its Plan A through internal promotions alone. Our data shows that organizations are relatively strong in external hiring. But hiring new leaders who fit your needs is just the first step. Making sure that the first few months on the job are carefully planned so new leaders can succeed is crucial – and approximately 40 percent of leaders surveyed disagreed that "we on-board and successfully integrate external leadership hires."

- **Monitoring and improving the process of developing leaders.** Successful nonprofits gather data to ensure that they are doing what they set out to do, making progress toward their Plan A goals, and continuously adjusting their approaches to incorporate lessons they learn assessing what has worked and not worked. However, our survey data highlights a great need for improvement in tracking and learning. Only 19 percent of leaders surveyed agreed that "we regularly collect data to evaluate our progress and to understand what leadership development practices and supports are most effective." And so we advocate in the final chapter starting with the basics and improving over time.

Readers are encouraged to begin by taking the online leadership diagnostic survey, available at www.bridgespan.org/LeadershipDiagnostic, in order to identify their organization's areas for improvement and target their reading accordingly. Each chapter features examples of best practices from leading nonprofits and includes tools that nonprofits can use to implement similar practices in their organizations.

The chapters exploring the processes are preceded by an introduction that explains the rationale for the guide and its methodology and followed by a chapter that features tips on getting started and following through. In both the introduction and final chapter, the authors reiterate the central importance of leadership development to the organization's mission, arguing that a systematic plan for building a leadership pipeline is the best way to maximize the organization's impact, now and in the future.

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