

Three Steps to Understanding Your Nonprofit's Future Leadership Needs

At some point in its existence, virtually every nonprofit arrives at a crossroads. Its leaders realize they must examine their goals and assess whether they have the people in place who can lead the organization in the future. This question takes many nonprofits into unfamiliar territory. Only 39 percent of the respondents to our [leadership development diagnostic survey](#) agree or strongly agree that they have “a clear understanding of the leadership capacities [e.g., skills and competencies, roles, and number of individuals] our organization will need three to five years from now in order to achieve strategic goals.” (Read “[Do You Understand Your Future Leadership Needs?](#)” to better understand where your organization should focus its efforts when determining future needs.)

Related Tools

- [Do You Understand Your Future Leadership Needs?](#)
- [Sample Performance-Potential Matrix](#)
- [Sample of Potential Successors and Plan A](#)

It doesn't have to be this way. Some of the nation's most successful nonprofits have shown it's possible to take a systematic approach to understanding future leadership needs and developing staff to meet most if not all of them internally. In this article, adapted from Chapter 2 of Bridgespan's [Nonprofit Leadership Development: What's Your “Plan A” for Growing Future Leaders?](#), we look at the three key steps organizations can take to understand their future needs and prepare to meet them by developing a road map we call Plan A. Organizations of any size can implement the steps in some form. The steps call for senior leaders to:

Step 1: Define the Critical Leadership Capacities Needed to Fulfill Your Organization's Mission in the Next Three to Five Years

Step 2: Assess the Potential of Your Staff to Take on Greater Responsibility

Step 3: Create Your Plan A for What Leadership Teams within the Organization Will Look Like in Three Years

Let's look at each step in detail.

Step 1: Define the Critical Leadership Capacities Needed to Fulfill Your Organization's Mission in the Next Three to Five Years

Questions about the leadership pipeline have a place in any strategic planning discussion and at any major organizational inflection point – when the organization is entering a rapid growth phase or consolidating operations, for example, or when a senior leader announces plans to

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retire or depart. An organization that's planning to grow by adding new sites, for example, probably needs to develop a cadre of site directors, and possibly a vice president for field operations to support and coordinate site activities. An organization that has shifted its strategy toward greater focus on advocacy might want to add a communications director with experience in government relations.

By asking the following key questions, a leadership team can explore what it might take to successfully lead the organization in the future and determine how best to assess the leadership potential of current staff.

- What will be the organization's strategic priorities during the next three to five years?
- What organizational capabilities will be required to achieve those priorities?
- Which leadership roles directly link to solving problems or implementing actions necessary to achieve those priorities?
- What skills and competencies are critical for these roles?

Related Content

- [What "Leadership Potential" Really Means](#)
- [Building a Diverse Team to Address Future Needs](#)
- [Chapter 2: Understanding Your Future Needs](#)
- [Executive Summary: Nonprofit Leadership Develop: What's Your "Plan A" for Growing Future Leaders?](#)

Step 2: Assess the Potential of Your Staff to Take on Greater Responsibility

Once you have mapped out your organization's future leadership needs, you're ready to candidly consider whether members of the staff have the potential to move into leadership roles. Conversations about leadership potential aren't the same as performance reviews, which tend to focus on past activities. Assessing leadership potential begins with an evaluation of the employee's performance in his or her current role, then goes on to consider whether the employee is likely to succeed in a more significant role. (Use the [Sample Performance - Potential Matrix tool](#) to structure conversations about employee potential and development needs; see "[What 'Leadership Potential' Really Means](#)" for a useful working definition of leadership potential.)

While not an exact science, this assessment can help you and your teams make informed judgments about the trajectories of staff. We recommend that you take into account both whether an employee *could* take on a greater leadership role, and whether he or she *wants* a greater role and is likely to remain with your organization. By being systematic and intentional about considering both questions, organizations can help themselves get an accurate reading of the leadership potential of their staff members.

Step 3: Create Your Plan A for What Leadership Teams within the Organization Will Look Like in Three Years

Given your future needs and your current staff, are you likely to have the leaders you need when you need them? Can you meet your needs through internal development, and will you need to hire from outside the organization, as well? One way to answer those questions is to prepare a Plan A, which can be described as a first draft of the future. We borrowed the terminology from American Express Corp., where CEO Ken Chenault regularly asks senior leaders to develop a Plan A for their departments or divisions. Plan A doesn't attempt to be definitive – after all, every Plan A presupposes the need for a Plan B. But it represents senior

leadership's best estimate of how the organization and its leadership needs are likely to change in the medium term.

The typical Plan A projects out three years, pulling together the information gathered in steps 1 and 2 above to identify the individuals in your organization with the potential to move into critical leadership positions. Ideally, your work in steps 1 and 2 will provide you with enough information to envision the team you will need and identify the people who are ready to step into leadership roles immediately as well as others who could be prepared to assume leadership roles in a few years' time, provided they develop certain competencies or meet specific development goals. (For an example of a hypothetical organization's list of potential successors for various roles and the Plan A developed from that list, see ["Sample of Potential Successors and Plan A."](#) Also read ["Building a Diverse Team to Address Future Needs"](#) to explore building cultural and demographic diversity in your senior ranks.)

Of course, there's no guarantee that your Plan A will come to fruition, and your plan will probably need periodic revisions, as candidates' aspirations change, new roles are added, or leaders unexpectedly depart. But the revision process itself can be valuable, by revealing weak or nonexistent pipelines for certain roles, highlighting critical developmental needs, and clarifying what roles will have to be filled through external hires. Most importantly, having a vision in place allows you to build your team more effectively.

Why You Need a Communications Strategy

Organizations undertaking leadership assessment and planning for the first time will want to think carefully about how to talk about the process within the organization. Should potential candidates be notified that they're being considered for future leadership roles? What information should be shared with employees who are *not* considered high-potential? What information should be shared with the organization as a whole, and what should be held in confidence by senior leadership, managers, and individual employees?

Without recommending any particular course of action, we strongly suggest that senior leaders develop a communications strategy before they embark upon the leadership assessment process, beginning with a clear statement of the goals of the planning process. What is it that the organization is hoping to achieve? To reach those goals, who must be engaged and how? What will people want to know about the process, and where are they likely to direct their questions? Given the sensitivity of these issues, it's important for senior leaders to understand the answers to these questions thoroughly before they engage in related conversations with employees.

Development conversations are valuable tools for helping your organization's leaders keep pace with the changing goals and aspirations of staff members. Employee aspirations, after all, are neither uniform nor static. Not everyone wants to be a CEO or is willing to relocate, and some people may want to slow down due to changes in their private lives. Others may need time to mature and settle into their current roles before setting their sights on advancement.

Bear in mind that these conversations can be difficult – it isn't easy for an employee to hear that his or her performance does not meet expectations or that he or she appears to lack the ability to advance in the organization. And it isn't easy for managers to deliver bad news. Many managers will need guidance and coaching to keep such conversations constructive and handle the emotions they can stir up. But as difficult as these conversations can be, they're also

necessary. By regularly checking in with employees on their performance and development, managers can avoid unpleasant surprises and address potential roadblocks to advancement while there is still time to dismantle them.