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More Organizations Need to Look Within for Tomorrow's Leaders

THE CHRONICLE OF
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By David Simms

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For nonprofit leaders in today's challenging environment, investing time in developing an organization's current and potential leaders might feel like a luxury.

But the capabilities and capacity of the top team determine the organization's future—a future that may require meeting new and even greater needs. Most organizations simply can't increase the difference they make any faster than they can develop their people—individually and collectively. That is why it is so important to build leaders today.

The curriculum for a nonprofit group's school for leaders must start with a clear set of both current organizational goals and future priorities.

That makes it easier for a chief executive to figure out how to delegate certain elements of the job—maybe to someone who is actually better suited to take on those challenges or maybe to someone with leadership potential.

It's helpful to think about leadership development as a three-step process—even if, in practice, the experience won't be linear. The key actions:

Step 1: Translate the organization's strategy and priorities into the leadership and management capabilities that will be required to reach those goals, and then assess the current management team against those requirements. The first question to ask is: What capabilities will require fortification for this organization to be effective?

To illustrate what such questioning leads to, consider the experience of Father Steven Boes, national executive director of Boys Town. When Father Boes developed a growth strategy based on an expansion of local sites, he recognized he would also need general managers to run them. Historically,

Boys Town's site managers were selected because of their strong program-management skills. But as Father Boes considered the organization's future needs, he realized that the local managers would need strong fund-raising, financial, advocacy, and team leadership skills, as well as program skills.

Step 2: Based on that assessment, identify ways to develop the capabilities of the current management team (considering the turnover your organization might reasonably expect to have in the next few years as well). Apply the same thought process to the potential replacements for your current management team—the rising stars from the next level down in your organization. Those individuals are a good source of bench strength. In fact, in a Bridgespan study published in 2009, "Finding Leaders for America's Nonprofits," nonprofit leaders said that from June 2007 to December 2008, 25 percent of all senior management jobs were filled through internal promotions.

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It's important to think about a development plan for each member of the senior team by asking what capabilities those individuals need to learn over the next two or three years.

For example, the organization might have a fantastic program leader who could be a potential successor to the chief executive. She might be very strong on internal management skills but lack both the skills she needs to reach outside the organization and the financial acumen needed to excel as an executive director.

In this case, the best development plan would include systematically involving the program manager in a series of relevant activities such as attending meetings with foundation supporters and, over time, taking the lead with presentations and follow-up; playing a larger role in board meetings; managing groups of volunteers; or participating in financial reviews and eventually taking the lead to develop the organization's overall budget. Courses and conferences that directly reinforce such skill-building activities are certainly worth considering as well, but they must complement rather than substitute for hands-on experience.

The process for developing rising stars from lower levels of management is roughly similar. The first step is identifying the two or three things the person needs to develop to qualify to take on another role. Then look for natural leadership-building opportunities within your organization that dovetail with those development objectives. Conventional wisdom to the contrary, opportunities to exercise leadership (and test leadership potential) do exist—and even the smallest organizations have an amazing repertoire. Natural opportunities include leading an information-technology project, developing a grant proposal, or organizing an annual staff retreat.

A good example of effective internal talent development can be seen in how Year Up, a nonprofit organization that serves urban young adults, structures the roles of its regional executive directors.

The regional directors have budget and operational responsibility for their local

sites. They also spend 10 to 15 percent of their time on "corporate" projects that provide them with broad organizational perspective and experience. In some cases, the regional directors gain experience leading their peers; in others, they work as project team members, learning about their peers' interests, strengths, weaknesses, and work styles. This approach helps Year Up develop well-rounded leaders who are steeped in the organization's culture and connected with the needs of the people the organization serves.

While developing people slowly and deliberately is not easy, doing so has many benefits. An organization's top workers tend to be a strong cultural fit, because they have lived the organization's values for an extended period of time. What's more, they will have developed their managerial skills in a way that's tailored to the organization's needs.

Step 3: Determine where gaps in roles or expertise will persist despite internal development, and start recruiting new leaders from outside the organization. Despite the advantages of promoting internally, hiring from the outside is often necessary and can bring distinct benefits, such as much-needed specialized expertise, an infusion of fresh thinking, or an enhanced ability to understand the policy or fund-raising landscape or the areas in which the organization operates.

Several factors can complicate external hiring, however. One is an internal bias, however subtle, against senior-level hires from the "outside." Current members of the management team may worry about cultural fit, particularly if the new executive comes from the corporate world. Referring back to the organization's priorities can help build the case for external hires in this situation. Money may be another complicating factor, but organizations that have solid goals and priorities can present a compelling business case to supporters.

The experience of Self Enhancement Inc., a nonprofit organization that helps troubled youngsters on the northeast side of Portland, Ore., shows the value of facing up to this challenge sooner rather than later. In 2006 the organization's board approved a three-year growth-oriented strategic plan.

Led by Tony Hopson Sr., Self Enhancement's chief executive, the group's leaders initially believed that the charity could grow successfully with its existing staff members. They worried that adding new leaders might dilute the organization's close-knit culture. However, Mr. Hopson and his colleagues soon became convinced that additional staff members and expertise in human resources, information technology, and other areas in which they lacked expertise were essential to carrying out the growth plan. They hired the additional staff members, even though it meant raising new money to do so. Looking back on this decision, they see it as a turning point in their effort to follow through on their aspirations.

Building a leadership team that can help an organization thrive in the future is a time-consuming task for chief executives. But carefully managing these three steps will help assure that an organization has a future.

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