

Section II: The Consequences of Underinvesting

The Indian social sector recognizes that exceptional NGOs rely on exceptional leaders. Yet recognition has not translated into investment of time and resources. This systemic gap in leadership development investment threatens NGOs' sustainability.

Three significant consequences emerge from our interviews and NGO survey:

- **Overdependence on a single leader**, often the founder
- **Lack of a second line** of leadership
- **Limited organizational leadership skills**

Overdependence on a single leader

Many NGOs, particularly smaller and start-up organizations, feature a dynamic and charismatic leader, often the founder. But no single leader can keep pace with the needs of an entire, growing organization.

“Generally, in a small NGO, one leader is responsible for all key decisions and oversees most of the critical activities,” summarizes Priya Naik, chief executive of Samhita, which collaborates with companies to develop CSR initiatives. “This inhibits the ability of the organization to scale.”

As organizations grow, so does their complexity and the array of problems that need solving—a challenge for any single leader to navigate. Vishal Talreja, co-founder and chief executive of Dream a Dream, which helps vulnerable young people build life skills, faced the solo-leader conundrum a few years ago. “In the early days, it was a very Vishal-centric organization,” he recalls. “But I realized that if the organization was so linked with me, there was no way we were going to solve the problem. Dream a Dream could not be just about one person.”

There is another downside to relying too much on a single leader: if a leader is not committed to building a learning culture and supporting team members' efforts to expand their skills, it is likely that fewer promising leaders will emerge, perpetuating the vicious cycle of overreliance on that leader.

Lack of a second line of leadership

Every organization needs a second line of strong leaders—individuals who oversee specific organizational functions or programs and can step in for the senior-most leader if needed. However, when most decision making is vested in the person at the top of the organization chart—an approach prevalent across many Indian NGOs—second-line leaders have far fewer opportunities to take on new responsibilities and grow. The problem is often compounded by unfilled leadership vacancies and lack of succession planning (see pages 29 and 33 in Section III).

“The gap between the founder or senior leader and the rest of the organization is often very wide,” says Daniel Lobo, director of Leaders’ Quest, a global social enterprise that develops effective, compassionate leaders. “There usually isn’t a conscious effort to develop the capabilities of people on the second rung.”

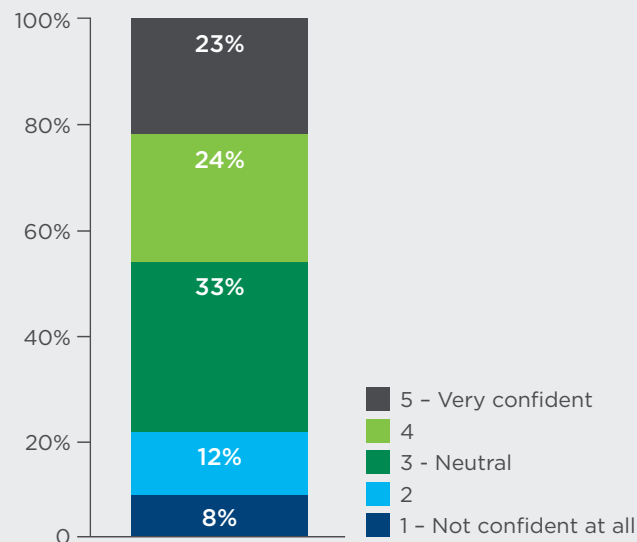
A study of Indian NGOs by the Center for Creative Leadership also surfaced this troubling trend: “A concern is that many NGOs had not substantially enhanced their ability to embed and share leadership [authority] within the organization. In some cases, founders and senior leaders hold a tight grip over shaping the course of the organization.”⁶

An organization without a strong second line is unlikely to sustain itself over the long run. More than 50 percent of the survey respondents say they lack confidence that someone could effectively lead the organization in the absence of their senior-most leader (see Figure 2.1).

Even among NGOs with more than 200 full-time employees, presumably the more advanced organizations with more at stake, less than 60 percent are confident in their second lines.

Figure 2.1: Less than half of NGOs are confident there is someone to succeed the senior-most leader

Respondents had to select, on a scale of 1-5, how confident they were that someone else on their leadership team could effectively lead the organization, if they were to leave immediately (*n*=203)



6 Philomena Rego, “Understanding NGO Leadership Development Needs in India,” Center for Creative Leadership, <http://www.leadbeyond.org/understanding-ngo-leadership-development-needs-in-india/>.

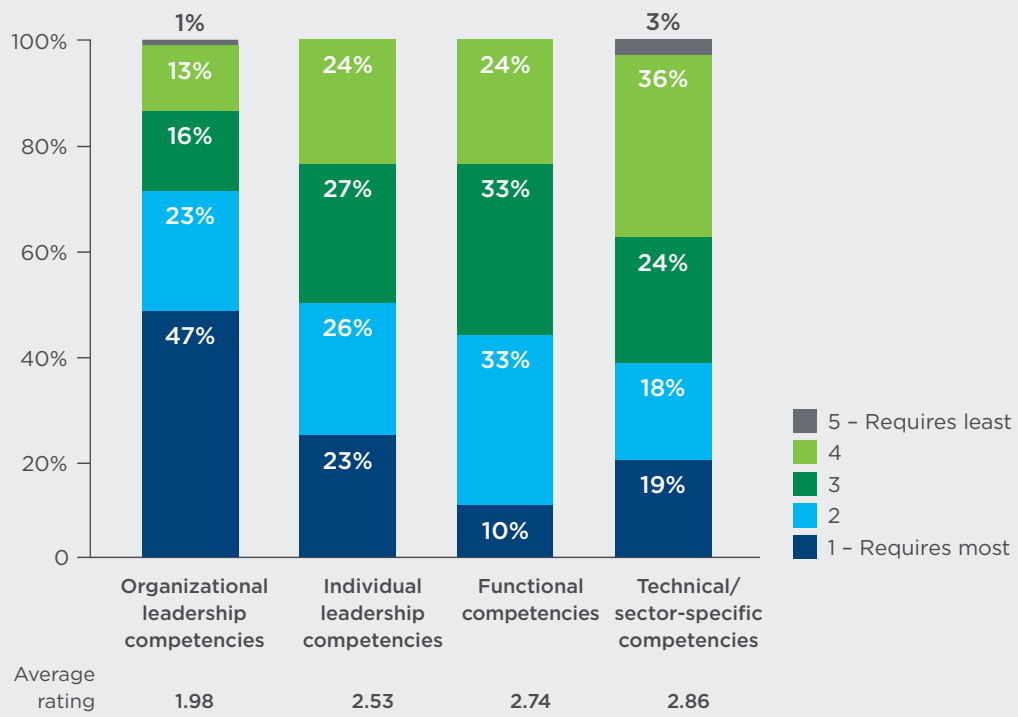
Limited organizational leadership skills

“There are a lot of NGOs who are doing good work, but the leadership is not sustainable,” says Dr. Vandana Nadig Nair, founder director of Phicus Social Solutions, which aims to strengthen social sector leaders. “The ability to build organizations, not programs, is missing.”

A majority of respondents share Dr. Nair’s observation. When asked to rank the types of leadership competencies—organizational, technical, functional, and individual—that require the most investment, almost half selected organizational competencies first (see Figure 2.2). And as NGOs grow in size and impact, organizational competencies are increasingly important to cultivate.

Figure 2.2: For senior leaders, organizational leadership competencies require the most investment

Leaders had to rank the various leadership competencies in order of which requires the most investment ($n=203$)

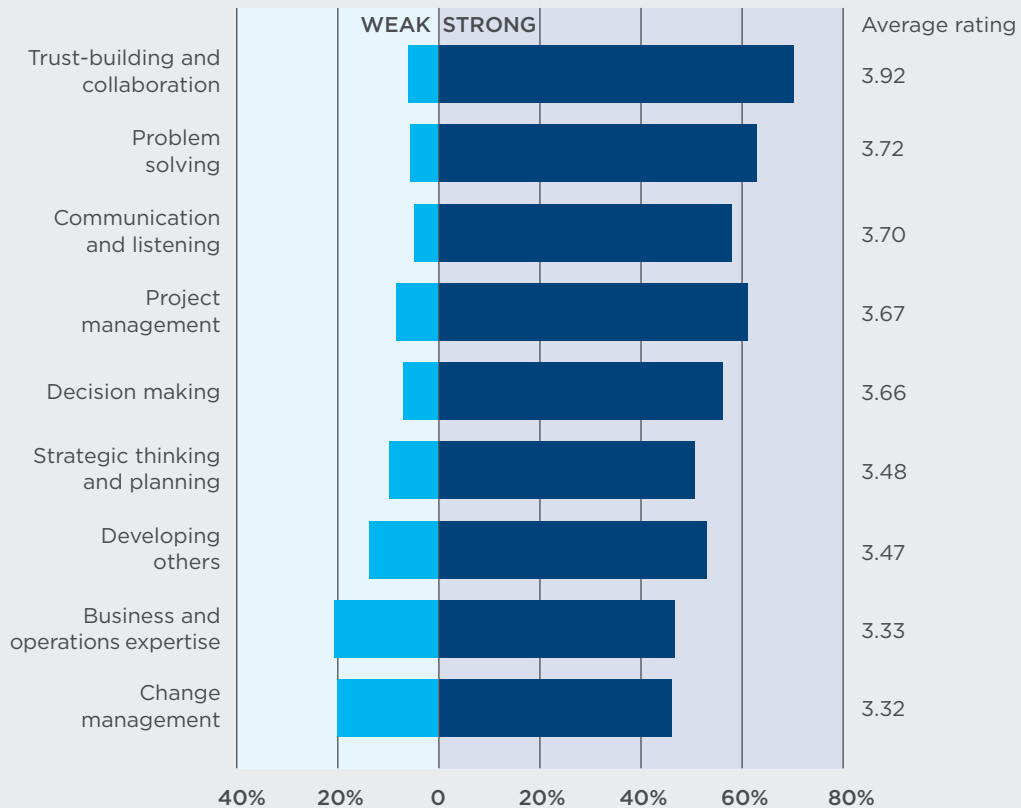


Note: “Other” was an option but is not depicted here as it was ranked last by about 95% of the respondents.

NGOs rated their leadership teams to be the weakest in such organizational competencies as change management, business and operations expertise, developing others, and strategic thinking and planning—skills essential for creating high-impact, scalable, sustainable organizations (see Figure 2.3).

Figure 2.3: Leadership teams are weakest in the competencies necessary to build sustainable organizations

Leaders had to rate the strength of their senior leaders on various organizational leadership competencies (n=203)



Note: Ordered top-to-bottom by average rating, from highest to lowest; ratings of 4 and 5 have been combined as a “Strong” rating, while ratings of 1 and 2 have been combined as a “Weak” rating; neutral ratings (3) have been excluded.

Indian NGOs often grapple with all of the above three consequences of under-investing in leaders, especially since they are interconnected, mutually reinforcing, and likely to perpetuate leadership challenges.

Arnav Kapur, program officer for policy and strategic partnerships at the Bill & Melinda Gates Foundation, summarizes the implications. “Since many organizations find it challenging to invest in building a strong second line of leadership, this might be part of the reason why they find it difficult to diversify their funder base and scale up their work. Many funders say they are willing to increase their financial contributions, so there *is* a supply of philanthropic capital—but it is not being appropriately invested due to what they see as inadequate senior leadership talent at NGOs.”