

CREATING THE NEXT GENERATION OF LEADERS

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OVERVIEW

WHY?

Why is this important *now*?

WHAT?

What competencies do you need?

HOW?

How to develop leaders

WHY DEVELOPING LEADERS IS IMPORTANT

1. Reduced population in executive age bracket

“Between 1980 and 2000, the pool of men and women aged 34 to 54 years in the US expanded by 35 million. From 2000 to 2020, the number of people in this traditional senior-executive age bracket will grow by only 3 million.”

Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, 2006, p. 8.

WHY DEVELOPING LEADERS IS IMPORTANT

2. Growing nonprofit sector

The number of nonprofits has been steadily increasing (2900 new foundations in the decade ending in 2002) and will continue to increase. “Charitable giving has been increasing as baby boomers age.... Young people are displaying a growing interest in social entrepreneurship.”

Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, 2006, pp. 9-10.

WHY DEVELOPING LEADERS IS IMPORTANT

Reduced population in executive age bracket
+ Growing nonprofit sector
= Leadership Deficit

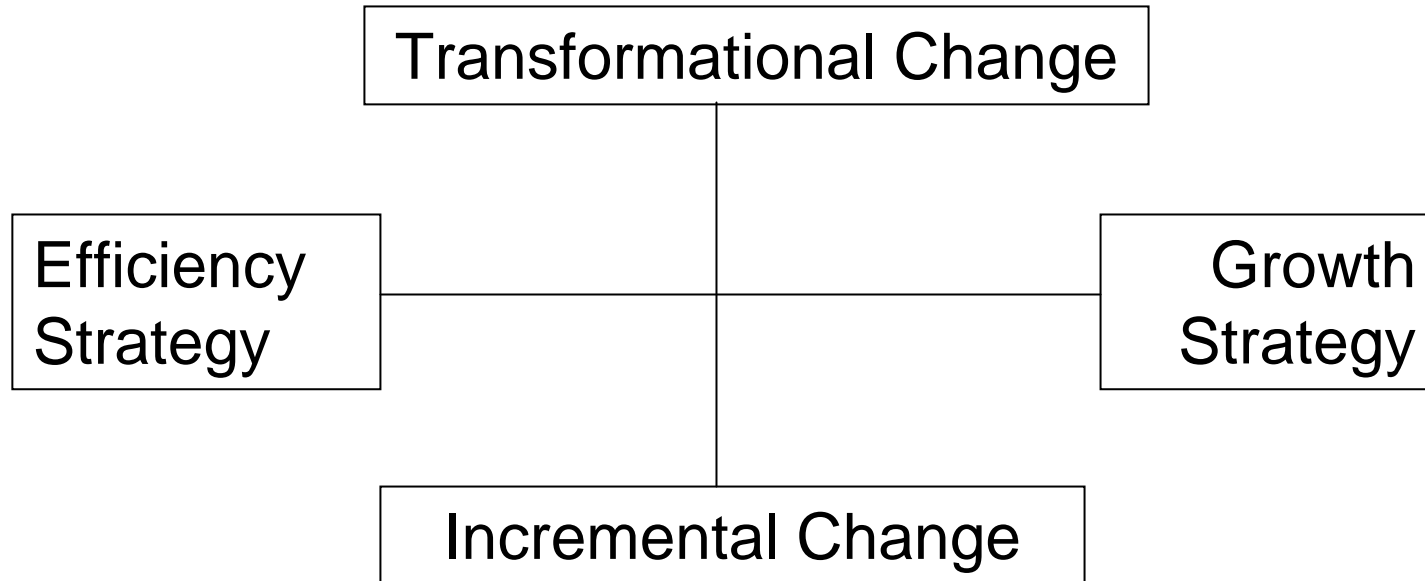
So: How will your organization achieve
it's mission?

WHAT COMPETENCIES SHOULD YOU DEVELOP IN LEADERS?

- Handout
- Select top 5 competencies for CEO/ED for your organization

STRATEGIC LEADERSHIP MATRIX:

The strategies



Adapted from Gandossy and Efron, Leading the Way: Three Truths from the Top Companies for Leaders, John Wiley & Sons, 2004, used with permission.

STRATEGIC LEADERSHIP MATRIX:

The competencies

Vision. Decision-making. Financial Acumen. Managing Change. Risk Mgmt. Cost Control.	Vision. Speed. Aggressiveness. Risk- taking. Managing Change. Driving Growth. Innovation.
Risk mgmt. Process Mgmt. Financial Acumen. Cost Control. Rule Orientation. Task Focus.	Speed. Aggressiveness. Process Mgmt. Risk-taking. Planning. Task Focus.

Adapted from Gandossy and Efron, Leading the Way: Three Truths from the Top Companies for Leaders, John Wiley & Sons, 2004, used with permission.

WHAT COMPETENCIES SHOULD YOU DEVELOP IN LEADERS?

- Develop the competencies needed by *tomorrow's* organization, mission and strategy, not those of today or yesterday.
- Don't blindly adopt "best practices" or follow the latest guru.

GROUP DISCUSSION

Questions:

1. What are the biggest challenges facing your organization in developing management and leadership competencies?
2. What are the most successful methods and practices your organization uses?

HOW?

Four common sources of learning:

- Courses, workshops, books, videos
(if “just in time”)
- Others who provide guidance and feedback
(boss, mentor, coach)
- Developmental assignments
- Failure and hardship (if it ignites a willingness
to learn)

HOW?

Create a culture of leadership development:

- CEO and Board are actively involved (invest 20% of CEO time).
- Focus on high potentials (provide assignments, mentors, comp).
- Competencies and practices are driven by mission and strategy.
- Build bench strength through succession planning.

HOW?

How do nonprofit executives now develop their skills?

- Conferences and workshops (87%)
- Professional associations (55%)
- Academic programs (20%)
- Coaching:
 - 25% “have utilized executive coaching”
 - 8% “have a paid executive coach”

Bell, et al., *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint, 2006, p. 23

HOW?

Barriers in the nonprofit sector

- Have neither the size nor the resources to develop leaders internally; not large enough to have *feeder roles*.
- Financially lean. LD is overhead cost. Funding sources demand limits on overhead.
- Lack of budget to pay for top talent.
- CEO/Boards are externally focused, not internally focused.

HOW? Nonprofit Sector Realities

1. Funding:

- Lack of funding
- Funding sources insist on lean overhead budgets

Solution: Engage funding sources in leadership development.

“Funders who have already invested in a nonprofit’s programs want the organization to succeed, and an increasing number of funders are aware that capable leadership is essential to mission achievement.”

Bell, et al., *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint, 2006, p. 31.

HOW? Nonprofit Sector Realities

1. Funding:

- Lack of funding
- Funding sources insist on lean overhead budgets

Solution: Influence funding sources to look at mission success from a long-term perspective.

“No *business* looking to deliver strong results would intentionally under-invest in the leadership team accountable for delivering those results. In fact, even in times of severe financial pressure... businesses usually shield the expenditures associated with developing and retaining talented managers.”

Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, 2006, p. 19.

HOW? Nonprofit Sector Realities

2. Courses, Conferences, etc. do not translate into on-the-job performance or behavior change.

Solutions: JIT learning + Coaching and Mentoring

“On-the-job support from a trained support professional has proven to be a potent and cost-effective skill development tool. Having a diverse talent pool of coaches and mentors ensures that an executive will find one that fits his or her specific style and needs.”

Bell, et al., *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint, 2006, p. 35.

HOW? Nonprofit Sector Realities

3. Size of the organization; lack of feeder roles

Solution: Succession Planning + Adjusting responsibilities

“Succession planning is an important risk management practice... and a way of developing the leadership pipeline... It allows the executive to reduce an impossible workload by delegating to skilled managers. Further, it prepares managers to step into executive positions.”

Bell, et al., *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint, 2006, p. 31

HOW? Nonprofit Sector Realities

3. Size of the organization; lack of feeder roles

Solution: Use Developmental Assignments

USING DEVELOPMENTAL ASSIGNMENTS

Five types:

- Projects
- Leap in scope
- Line to staff, or vice versa
- Start-up
- Fix it

USING DEVELOPMENTAL ASSIGNMENTS

Benefits:

- Free (more or less)
- Flexible
- Available
- Gets real work done

USING DEVELOPMENTAL ASSIGNMENTS

Cost:

- Management time
- Loss of efficiency
- Cost of mentoring/coaching

USING DEVELOPMENTAL ASSIGNMENTS: Planning

1. Determine organization's mission and strategy.
2. Determine competencies needed for leadership positions.
3. Evaluate leaders against the needed competencies.
4. Determine competencies to be developed.

USING DEVELOPMENTAL ASSIGNMENTS: Execution

5. Select appropriate developmental experience.
6. Provide support through coach or mentor, plus feedback sources.
7. Stay in position long enough to see results of decisions made.
8. Review to focus and lock in the learning.

MORE RESOURCES #1

- Eblin, *The Next Level*, Davies-Black 2006.
- Charan, *Know-How*, Crown 2007.
- Goldsmith, *What Got You Here Won't Get You There*, Hyperion 2007.
- Watkins, *The First 90 Days*, HBS Press 2003.
- Pearce, *Leading Out Loud*, Jossey-Bass 2003.
- Denning, *The Leader's Guide to Storytelling*, Jossey-Bass 2007.
- Gandossy and Efron, *Leading the Way: Three Truths from the Top Companies for Leaders*, John Wiley & Sons, 2004.

MORE RESOURCES #2

- Tierney, *The Nonprofit Sector's Leadership Deficit*, The Bridgespan Group, 2006. http://www.bridgespangroup.org/kno_articles_leadershipdeficit.html
- Kunreuther, *Up Next: Generation Change and the Leadership of Nonprofit Organizations*, The Annie E. Casey Foundation, 2005. <http://www.aecf.org/KnowledgeCenter.aspx>
- Bell, et al., *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*, CompassPoint, 2006. <http://www.compasspoint.org/content/index.php?pid=19>
- Naufal, *Successful Leaders in the Nonprofit Sector: Ten Qualities for Top Performance*, Ray & Berndtson/Robertson Surette.

MORE RESOURCES #3

- Harvard Business Review, Special Issue on Leadership & Strategy, January 2008.
- Fortune magazine, Special Leadership Report, October, 2007.
- Efron et al., *Growing Great leaders: Does it Really Matter?* Human Resources Planning 28.3.
- Subscribe to *Vantage Point*
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