

Strongly Led, Under-managed

How can visionary nonprofits make the critical transition to stronger management?

Without sound management practices, even the most successful nonprofit will be unable to sustain, let alone increase, its impact over time. And yet, when consulting teams from the Bridgespan Group, Bridgestar's parent organization, surveyed senior staff members at 30 nonprofits, the respondents consistently rated their organizations much higher on leadership dimensions like developing an overall vision than on management dimensions like making trade offs and setting priorities in order to realize that vision. Many nonprofits appear to be strongly led, but under-managed.

Why is this so? The environment in which nonprofits operate often reinforces visionary leadership at the expense of management disciplines. Passion, coupled with the ability to make a compelling case for a cause, drives fundraising and helps leaders attract and motivate staff and volunteers. But nonprofit leaders generally are not recognized or rewarded for their purely managerial qualities.

The signs of inadequate management are easy to spot: Staff members are confused about their roles and responsibilities and out-of-control finances threaten to overwhelm the organization's focus on impact.

For this article, we talked to a select group of leaders whose nonprofits are purposefully navigating the path toward stronger management. Interestingly, each of these leaders uses essentially the same three levers to ensure that their organizations appreciate, build, and sustain strong management practices. The three levers are:

- Getting to strategic clarity
- Anchoring strategic clarity in a few key metrics
- Building and aligning the senior leadership team

Understanding the tension between leadership and management

Before exploring the three levers in more detail, it is important to be clear about the differences between leadership and management and the inherent tension between the two roles. Rob Waldron's early experiences as CEO of the Jumpstart organization are a good example of this dynamic.

Upon joining Jumpstart, a national network focused on mobilizing college students to provide tutoring to young children in Head Start programs, Waldron quickly realized that the fast-growing organization was losing its most precious resource—talented, committed people—through turnover. As he put it, “They were quitting because it was so tiring to keep up with the complexity.” Waldron knew that Jumpstart needed to bolster its management practices. Simultaneously, however, he was learning firsthand about the tension between leadership and management in the sector. “[I told funders,] ‘I want to be the best manager of a nonprofit in Boston, and I want us to be the best managed nonprofit in America,’” he said. “Based on my for-profit experience, I thought that strong management was what

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people would seek and want to invest in. But no one gives a &#\$@. They don't make the decision that way. It's not the thing that drives the emotion to give."

As Waldron came to realize, the qualities that make for strong leadership are critical to an organization's ability to attract money and talent. The capacity to share the mission in compelling ways is absolutely vital to success. The challenge, then, is to not merely deepen management capabilities, but to do so without diminishing the focus on the mission.

Getting to strategic clarity

The first lever, getting to strategic clarity, is the most important because the other two levers depend upon it. However, in practice, any one lever without the other two is not effective.

Achieving strategic clarity means answering, in very concrete terms, two questions that are core to a nonprofit's mission: "What impact are we prepared to be held accountable for?" and "What do we need to do—and not do—in order to achieve this impact?"

Getting to strategic clarity is not synonymous with developing yet another strategic plan; too many nonprofit leaders have had the experience of developing strategic plans that consumed large amounts of their senior teams' time, only to see them end up on a shelf. As Wendy Kopp, founder and CEO of Teach for America (TFA), remembers concluding at one point in a strategic planning exercise, "I am not going to read another overly detailed plan that tries to lay out what every part of the organization is going to do for several years. We are going to forget all this planning, and we are going to come up with a few priorities and very clear goals."

At TFA, the question about accountability came down to: 1) attracting a new source of teachers to underserved public schools who will have a meaningful impact on their students' achievement (one measure is having children make one and a half years of progress in one year of school) and 2) providing an ever-expanding force of leaders who continue working—inside and outside the education system—to ensure educational opportunity for all (which links tightly to measures such as alumni assuming leadership roles in schools, government, and other nonprofits).

TFA, like many successful nonprofits, has often been urged to expand its scope and take on new tasks, such as opening and running charter schools. But the organization increasingly has focused on what it considers "core," thereby holding to the theory of change that has helped it achieve its impact thus far. "I'm so clear about it," Kopp notes, "and part of my role is to make sure everyone else is clear about it."

Anchoring strategic clarity in a few key metrics

Once a nonprofit has achieved strategic clarity, homing in on a small number of key metrics can be a powerful way to keep everyone in the organization focused.

At Jumpstart, Waldron zeroed in on three metrics: the number of kids served; the gain per child; and the cost per tutor

hour. Once those three measures were in place, the organization was able to flag unproductive variations across sites, drive increased growth and effectiveness, and lower unit costs. As a result, when it became apparent that one site was consuming twice as many resources as another to serve the same number of children with the same results, few people questioned the need for change—or the desirability of spreading best demonstrated practices throughout the network.

As the Jumpstart example illustrates, the key to establishing effective performance measures is to focus on ones that will be highly motivating because they are so clearly aligned with the organization's mission.

Building and aligning the senior leadership team

Augmenting the experience and capabilities of the senior leadership team is often the most visible sign of change in organizations that are becoming more strongly managed. While there are a variety of ways of going about this, one of the most common is naming someone with managerial experience and a mindset oriented around systems and processes as the organization's second-in-command. At Communities In Schools (CIS), for example, Bill Milliken, the visionary founder, long-time CEO, and current vice chair, elevated a protégé with an aptitude for management concerns—Dan Cardinali—to become president of the organization. The two now work in tandem, with each exercising both leadership and management.

The flip side of augmenting the team with individuals who possess needed skills is letting go of employees who may be passionately dedicated to the organization, but who are not able to contribute to the level they should. Here the dynamics of the nonprofit sector can make decisive and often necessary action especially difficult¹. As one leader told us, "There is a woman on the staff right now whom I am struggling with. She will say, 'I just want to dedicate my life to this organization.' And when she throws that at you, she's basically saying, 'You are going to jeopardize my happiness and my sense of meaning if you change my employment status.'" That said, this leader, like many others with whom we have spoken, went on to say that if he were to do things over again, he would move much sooner to complete both the hiring and the firing for his senior team.

Managing the change process in ways that reflect the vision

The changes discussed above—achieving strategic clarity, anchoring it in a few key metrics, and building and aligning the team—are critical. But at times, they can also appear to be at odds with the vision that animates the organization. That's why actively managing the change process—reinforcing not only why change is necessary, but also how it will strengthen the organization's ability to sustain its impact and live into its mission over time—is an ongoing leadership challenge.

Soliciting the perspectives of the line staff is an important piece of the puzzle since their work often gives them the clearest view of the issues and opportunities facing the organization. Getting them involved also helps to foster the commitment and support needed to sustain the changes and energize people. When CIS was establishing its new direction, for example, the senior team solicited input from all three levels of the network (local, state, and national) about the new roles and responsibilities.

Helping people see the upside of more rigorous management practices is another critical piece of the process. The Corporation for Supportive Housing (CHS) had to tackle this issue when it moved to establish more effective and detailed accounting and data-reporting systems in its local offices. While the initiative was essential for the overall health of the organization, it placed a greater administrative burden on the local office leaders. Carla Javits, the organization's CEO, observes: "The questions then become, 'Is this going to be worth it? ...What are we going to get out of it?' [You need to] really drill down on what the payoff is, why it needs to be done—especially in a mission-driven organization."

Initially, Javits emphasized the fact that better financial information would give the local leaders a better view into what was going on and would also help them "make [the state of play] more transparent to the people in the organization who need to know." It wasn't long, however, before she was in a position to share information from the new systems that could help CHS have greater impact, because "we thought X, but actually it's Y."

Even as new practices take hold, the tension between leadership and management considerations will persist. And so it is important to be continually on the alert for symptoms that might indicate a need to adjust or renew efforts to strengthen management. Long-term success lies not in anticipating and pre-empting every single challenge, but in being receptive and prepared to take action when circumstances call for it.

This article was excerpted from "Strongly Led, Under-managed" by Bridgespan Partner Daniel Stid and Bridgespan Managing Partner and Co-Founder Jeff Bradach. For the full article please visit the Bridgespan Group's website at <http://www.bridgespan.org/LearningCenter/ResourceDetail.aspx?id=312>.

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