

Developing Visionary Leaders

BY ALICE KORNGOLD

To ensure that corporations, governments, and NGOs are headed up by effective leaders, and that our children live in a world of promise—safely, productively, peacefully, and prosperously—we need leaders with integrity, vision, and competence. How do we develop good leaders? While education plays a role, leadership is ultimately developed through experience, not in classrooms. Here lies a win-win: while businesses seek learning environments to cultivate leaders, nonprofits are in dire need of board members with business acumen—in strategy, finance, mergers, public relations, human resources, law, real estate, accounting, and other core areas. Furthermore, nonprofits need boards that are fully engaged and focused on the key strategic issues: the vision, the future, the potential, and how to achieve it.

A Unique Breeding Ground for Leadership Development

America's nonprofit organizations, numbering an estimated 1.3 million, provide health and human services, education, and arts and culture in communities nationwide. These nonprofits are facing extraordinary strategic challenges as they deal with funding cuts, changing communities, and increasing needs. The responsibility to address these challenges falls squarely on the shoulders of nonprofit boards of directors and the CEOs they hire. For nonprofits to succeed in today's tough environment, financial and strategic hurdles must be faced at the board level, in partnership with the organization's chief executive. Hence, the nonprofit boardroom has become the perfect environment for leadership development.

Businesses that want to have successful leaders in their top ranks can encourage and support the participation of their young executives in nonprofit board experiences where they can develop their fullest potential. In serving on a nonprofit board, one must look at the entire organization from above (not simply one's particular division),

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consider the stakeholders and the mission, understand the revenue model and its vulnerabilities, identify and assess alternative models for revenues, revisit the mission and its relevance, articulate the compelling value of the organization, assess and understand community needs, identify and evaluate other service providers, determine the core services that have the greatest impact, explore strategic alliances, envision the future, build consensus, lead through persuasion, and develop and mentor newer board members. The opportunity for young executives to exercise such leadership skills on nonprofit boards is in stark contrast with their corporate roles, which are much more narrowly focused.

Nonprofit boards provide the breeding ground for businesses and communities to develop the next generation of leaders. And their imaginative achievements will bring a greater future for our neighborhoods, regions, nation, and world.

To understand the potential value of the nonprofit board experience, we must first look at the role of the board. Unfortunately, a concept of governance that is limited to mere oversight shortchanges both the nonprofit sector and the leadership development opportunity.

Beyond Oversight

Oversight, the word commonly used to describe the business of board governance, is not leadership. Certainly boards must be held accountable to exercise their three core fiduciary duties: the duty of *care*—to be attentive board members, participate in board meetings, read board materials and minutes, and be knowledgeable about the

organization, its finances, and its issues; the duty of *loyalty*—to put the organization’s interests above personal and professional interests and bring any potential conflicts of interest to the board’s attention; and the duty of *obedience*—to serve a mission, making all board decisions in the interest of the mission. These are serious and fundamental responsibilities.

The good news is that nonprofit boards are covering those basic elements well. According to a recent authoritative study by Lester M. Salamon and Stephanie L. Geller at the Center for Civil Society Studies Institute for Policy Studies at Johns Hopkins University, “There is solid evidence of effectively functioning boards, reasonable management and accountability practices, widespread adherence to best-practice accreditation systems, and reasonable conflict of interest and related ethical standards.” Hence, in spite of a few renegades, for the most part, boards are behaving decently.

Unfortunately, given the present pressures on the nonprofits, mere oversight is inadequate to lead one of the nation’s most important sectors. Nonprofit boards must do more than watch the books and stay clear of conflicts of interests.

The Duty of Imagination

Beyond the duties of care, loyalty, and obedience, there is, I suggest, a fourth board duty: the duty of *imagination*. It is imperative for boards to imagine the greater potential for the organizations they lead—to envision, create the strategic path, and provide the support for its achievement. This is leadership.



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Some nonprofit boards are making the duty of imagination the norm, not the rarity. One such example is Make A Wish Foundation of America, whose mission is to “grant the wishes of children with life-threatening medical conditions to enrich the human experience with hope, strength, and joy.”

As Suzanne Sutter, CEO of Things Remembered, a national chain of novelty stores, ascended to Make A Wish board leadership in 2003, she was fully aware that she was inheriting an organization in financial distress. For quite some time, a number of board members had been concerned about the organization’s underperformance. They were also puzzled with the poor state of affairs given that the Make A Wish mission was so compelling and the brand was golden. In the year leading up to her board chairmanship, Suzanne was asked to head up the board’s strategic action planning process. The board and leadership of the foundation engaged a national consulting firm to define the major performance issues of the entire foundation and propose strategic actions.

Essentially, what the board diagnosed was an organizational upside-down cake. The national organization had been dependent on its network of local members, often small grassroots chapters in communities with failing economies, to feed the beast bottom-up. Furthermore, the national organization was focusing the majority of its resources, attention, and energies on the most troubled chapters, which were in an endless cycle of pain, while neglecting the chapters with the greatest promise and potential. This was a model that was doomed to continue its downward spiral.

Together, the leadership righted the model by building the national board and organization into the powerhouse that could establish corporate partnerships and serious funding to rain support throughout the national network. Additionally, the national board began the process of setting quality standards to ensure the value of the brand, and also end the pain of the smallest chapters by merging them into larger, more sustainable regions.

Analyzing the situation, envisioning the greater potential, and creating a strategic concept were one thing. Leading and facilitating change was another. This was a massive

undertaking, and Suzanne could only accomplish this transformation by identifying and engaging a valued group of strong board members to work with her to lead the change. The key to success was selling this plan to the chapters, which would have to endorse the new organizational model by vote. In fact, this would involve the local chapters’ relinquishing some of their powers with an expectation that the national board and organization would fulfill its promise of greater relevance and support.

Suzanne and the board lobbied throughout the nation at the chapter level, made the case, and, painstakingly, won the support they needed. They built teams from across the country that included chapter CEOs, local board chairs, and national board members to collaborate together for the first time to arrive at workable solutions. This same team of cross-organizational leaders traveled, called, and persuaded the chapters on the needed change in governance. This was a new beginning of collaborative leadership that was established for the longer term. Once the entire organization was moving forward in

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agreement on the new structure and direction, the board engaged a national CEO who shared the vision and had the experience and talents to work with the board, the national staff, and the chapters to make the vision a reality.

Suzanne and her colleagues on the board had the insight to recognize the fundamental structural flaws in the organizational model; the professionalism, humility, and sense to engage experts to conduct a proper analysis; the political acumen to build support throughout the national and chapter leadership to lead the change (and identify the right people for this undertaking); the passion and genuine commitment to persuade others organization-wide to the greater organizational potential and the necessary structural changes, and the perseverance to lead the change process. This is leadership.

Not only did Suzanne exercise true leadership, so did the individuals on the national board, at the local and regional levels, and throughout Make A Wish Foundation. They all played a part in creating a new vision and restructuring the model to achieve success. There were many heroes. This was a leadership development experience for all of them.

As a corporate CEO, Suzanne Sutter was already a leader. Nonetheless, Suzanne attests to the tremendous personal and professional growth she experienced as a result of having chaired Make A Wish Foundation. Before accepting the role of national chair, she met with each of her senior executives at Things Remembered to gain their support; the result was that each of them accepted greater strategic responsibility within the company. Suzanne explains, “I learned that I had to make

choices in terms of time and focus. With my executives’ commitment and support, I was able to steer the strategic course of the business even when the workload intensified with MAW. Through this time we transformed our business through new ownership and hit our financial targets.” Not only did Suzanne learn to delegate and stay focused on strategy, she also developed a far greater appreciation of the importance of celebrating life. “The experience taught me to honor and appreciate those who are dealing with the realities of ill health. It also reinforced that life is about celebrating every moment.”

Suzanne and her company have been honored in the field of cause-related marketing for Things Remembered’s creative campaigns for MAW. The company raised and donated \$1 million to MAW in 2005, a 47 percent increase over the prior year, with the full participation of company associates at stores throughout the nation. One of the lessons of this story is that the personal and professional growth, including leadership development, flourished among people

throughout Things Remembered as well as Make A Wish Foundation.

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Benefits for Businesses

Leadership development conducted at this scale can become a powerful new dimension of corporate social responsibility. A company can truly distinguish itself among customers, the media, and civic decision makers when its executives are leading the social sector regionally, nationally, and globally, through volunteer governance. A company that supports quality board

participation will earn its reputation and image for leadership and integrity, while having a relevant impact in strengthening communities worldwide. At the same time, its executives and professionals will develop the skills to lead the company.

According to PricewaterhouseCoopers' Barometer, a 2003 survey of top executives in large, multinational businesses spanning technology, financial services, and consumer and industrial products and services, community involvement is rated very low among senior executives' priorities in managing for sustainability. ("Governance and corporate ethics," by comparison, rate very high, as they should.) Perhaps community involvement would rise on the scale if it moved beyond basic philanthropy and volunteerism to the sphere of leadership development. Businesses invest vast sums in graduate educations for their executives; nonprofit board involvement is the boot camp for leadership development, and it yields benefits to the community at the same time.

Advantages for Individuals

Those who engage on boards by design, commit themselves to meaningful participation, and function as catalysts for change usually find the experience highly rewarding. They distinguish themselves among their peers and develop as true leaders. The commitment may consume some personal energy, but people are fueled by passion, creativity, and camaraderie. Furthermore, those who are entrepreneurial will often find nonprofit organizations open to envisioning innovative ways in which they can best serve the needs of the community and generate resources to make that possible.

The nonprofit board career path needs to involve thoughtful choices and advancement. Prospective leaders should regard their board experience as their "volunteer career path," with an upward trajectory that parallels their job career path.

Opportunities for Nonprofits

Nonprofits desperately need people who are committed to the organizations' missions and who bring businesses skills to the boardroom, along with access to vital resources. Most of us have heard nonprofits cry out for board members who can write checks. Indeed, it is important for board members to be personally generous and for their employers to support their participation financially.

Nonetheless, the greatest financial value that board members bring is the ability to diagnose the revenue model and see what changes can be made to expand opportunities for the organization to serve its mission. For example, most health and human services organizations depend heavily on government funding; hence, advocacy and public education are engines to increase potential support for vital services provided by the agency. This is an area where board members can add serious value. On the other hand, arts organizations often depend more on charitable support, so outreach for additional corporate and foundation grants and private philanthropy will be more important.

In all cases, for all nonprofits, the board needs to understand what more can be done when the board is generous in giving and raising money and increasing resources. Additionally, once the board understands the key strategic and financial challenges and opportunities, and the revenue model in particular, the board is in the best position to identify and recruit the kinds of candidates it needs in order to advance its own work.

Maximizing the Potential

Business, nonprofit, and civic leaders who see the unrealized potential of nonprofit boards can do much to improve governance while developing new leadership by investing in effective board matching programs

as well as board training, coaching, and consulting services. Ideally, high-quality board matching programs should be based in regional nonprofit organizations that have local expertise and relationships and a community interest. At the same time, however, high standards of performance need to be established and implemented.

Nonprofit board experience has too often been a high-risk, low-reward experience. When board matches are random, the results are random too. When the matching process is lackluster, the results are lackluster too. Historically, board matching has been almost completely random. When the training is uninspiring, new board members begin their service accordingly. If instead boards and candidates are matched thoughtfully and purposefully, and candidates are prepared as agents of opportunity and positive advancement, then every party benefits to the fullest.

Board candidates and boards must be matched based on a high-quality process involving serious needs assessments of each nonprofit, candidate interviews and “career counseling,” and thoughtful introductions based on mutual interests between boards and candidates. It is not simply a matter of matching the person to the mission. It is also necessary to match the candidate to the nonprofit’s environment and culture. New board members become agents of change; the introduction of any new person alters a group dynamic, and if matches are done well, the change will be positive.

Nonprofits also need to be supported with robust board and organizational training, coaching, and consulting in order to advance boards, strategies, and strategic alliances.

Envision the Future

There are three levels of nonprofits. The top tier draws the best, brightest, wealthiest, and most influential board members in the world. These are organizations like Carnegie Hall and its peers. They comprise the top few percent of nonprofit organizations. At the bottom, financially, are the grassroots organizations, which do heroic work serving the neediest in our communities with few paid staff members (if any). Their boards and their finances are usually in daily crisis and a continuous cycle of pain; they never know how to get a leg up.

The real opportunity is in the vast middle. This grand mass of nonprofits, with budgets from \$300,000 to \$10 million (and many ranging up to \$100 million in the case of health and human services), provide myriad services with which we are familiar: offering day care to children of all backgrounds, running our smaller museums as well as programs at zoos, botanical gardens, and neighborhood centers, educating children with disabilities, sheltering the poor, operating soup kitchens, and performing concerts and plays in local parks and churches. These organizations are most in need of board candidates who are ready to rise to the duty of imagination: to envision the greater potential, to lead the way by imagining the potential, inventing grander revenue models, generating greater resources, and granting more wishes.

Volunteer board service is the great opportunity for leadership development. In the interests of corporate as well as global sustainability, it is time for businesses to invest in leadership development through nonprofit board participation. By elevating the performance of the nonprofit sector through high-impact service, businesses and their talented executives can help lead the way for communities, and the world, to be a better place. ■

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