

The Next Generation of Leaders in No-Profit Sector

—An Innovative Leadership Formula

Manuela Morelli

World Health Organization, Geneva, Switzerland
Email: manuela.morelli@inwind.it

Received 15 January 2016; accepted 28 March 2016; published 31 March 2016

Copyright © 2016 by author and Scientific Research Publishing Inc.
This work is licensed under the Creative Commons Attribution International License (CC BY).
<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

Most studies define “next-generation” leaders as individuals under the age of 40 who can be held accountable to lead no-profit organizations in the decades to come. In addition to age, it is determinant to consider the *diversity* of future leaders. A successful strategy model developed for use with no-profit organizations focuses the attention of managers on three key issues: social value to be created, sources of legitimacy and support for the organization, as well as operational capacity to deliver the value. These principles can be translated into a relevant and innovative formula as follows: L (leadership) = D (diversity) * SC (Social Value) where social value reflects the importance of working with the aim to improve the society we live in.

Keywords

Leadership, Human Resources Strategy, Organizational Development, Talent Management, No-Profit, Innovation

1. Introduction

Most studies define “next-generation” leaders as individuals under the age of 40 who can be held accountable to lead no-profit organizations in the decades to come. In addition to age, it is determinant to consider the *diversity* of future leaders. To the extent that tomorrow’s no-profit leaders represent the communities they serve (in terms of race, ethnicity, gender and sexual orientation), they and their organizations will be more effective. Also, all organizations benefit from committing themselves to a strategy that describes the value that an organization intends to produce, the means it will rely on to produce that value, and how it will sustain itself in the future [1].

2. An Innovative Leadership Formula

A successful strategy model developed for use with no-profit organizations focuses the attention of managers on three key issues: social value to be created, sources of legitimacy and support for the organization, as well as operational capacity to deliver the value. This alternative strategy model seems to resonate powerfully with the experience of no-profit managers precisely because it focuses attention on social purpose and on the ways in which society as a whole might be mobilized to contribute to social purposes rather than on the financial objectives that can be achieved by selling products and services to markets. These principles can be translated into a relevant and innovative formula as follows: L (leadership) = D (diversity) * SC (Social Value) where social value reflects the importance of working with the aim to improving the society we live in (see **Figure 1**).

As a result, future leaders can be defined as “a *diverse* population of managers, able to contribute to the development and application of strong social values for the success of the organization as well as the benefit of society”. In particular, leaders of no-profit sector should distinguish themselves from leaders of private companies building on the social mission of their respective organizations, thus determining a positive transformation of the communities in which they operate.

3. “Leadership Gap” and Expectations of Future Leaders

Research of recent years recognizes a “leadership gap” in the years ahead. The No-Profit Sector’s Leadership Deficit, from the Bridgespan Group, projects that the sector will have to find 640,000 new leaders in the next 10 years—more than twice the number of positions that currently exist [2]. The 2004 No-profit Executive Leadership and Transitions Survey, a national study commissioned by the Annie E. Casey Foundation, found that 55 percent of current no-profit executive directors were over the age of 50. Sixty-five percent of the 2200 executives surveyed said they expected their organizations to go through a leadership transition by 2018 [3].

There is a *factor* that should be considered when it comes to the next generation of no-profit leaders. This factor is the *nature* of no-profit work itself. In other words, this is about more than bringing in new people to replace exiting leaders. It’s about *rethinking* basic no-profit business and how no-profit can substantially contribute to improve society also by embracing *leadership diversity* in terms of age, race and gender. In other words, it is about *defining* what no-profit organizations should expect of their leaders and what their leaders should expect in return.

4. What Will It Take to Attract and Keep More Young Leaders?

In early 2008, Compass Point Nonprofit Services, The Eugene and Agnes E. Meyer Foundation and the Annie E. Casey Foundation published the results of a survey of more than 5000 people who have never served as no-profit executive directors but who either work in the sector or who expressed an interest in doing so. Among the key findings documented in the report, Ready to Lead? Next Generation Leaders Speak Out, nearly half (47 percent) say their ideal job is in the no-profit sector; and one-third (33 percent) aspire to be a no-profit executive director [4].

4.1. What Are the Key Issues Facing No-Profits as They Set Out to Identify, Recruit and Develop Next-Generation Leaders?

The biggest barrier is that people feel if you work for a no-profit organization, people won’t get paid a livable salary. The idea that people have to make substantial financial sacrifices to work at and lead no-profits is a significant barrier to attracting next-generation leaders.

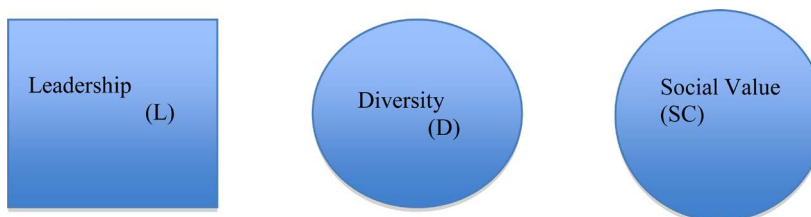


Figure 1. Leadership formula.

4.2. Skill Development

Higher pay is not the only attraction of private-sector jobs for many younger people; there is also a perception that the business world offers more (and better) opportunities for professional development. Researchers for The Forbes Funds identified a perception among young people in Pittsburgh that the no-profit sector is a poor career choice for those interested in developing their management abilities. The reason: a lack of support for professional development.

5. What Can We Do Directly to Support Next-Generation of Leaders?

5.1. Embrace Collective Leadership

In a 1999 article, Georgetown University's Pablo Eisenberg lamented the "cult of the CEO" that he saw among no-profit organizations and their funders. The emphasis on celebrity leaders, he said, posed a danger to the long-term health of no-profit groups. "It attracts egotistical leaders, not the kind of people who care about collegiality—the organizational environment many young people are attracted to" [5].

Today, almost 10 years later, Eisenberg's observations are still on target—but the no-profit sector still embraces a traditional, top-down approach to leadership. This remains the case despite the fact that next-generation workers consistently express a preference for collegial consensus-driven work environments.

No-profits and their funders can—and must do a better job nurturing *collective leadership* in the sector. As described in *Investing in Leadership, Volume 2*, collective leadership reflects a belief that "leadership is the product of groups rather than individuals" and that it "can come from many places in an organization or a community [6].

Many organizations have gotten the message about the importance of supporting next-generation no-profit leaders and are funding training and development programs targeting their grantees and other no-profits. Most of these programs are organized and offered by intermediaries like Compass Point, Rockwood, the Center for Community Change, the Development Training Institute and others [7].

5.2. Make Mentoring a "Must"

As organizations and potential future leaders weigh what types of leadership development programs and investments will deliver the best results for next-generation workers, *mentoring* should be at the top of the list.

When researchers with the Young No-profit Professionals Network asked no-profit workers what they needed most to prepare for a higher-level position, getting *coaching* or guidance from a mentor was the second most popular answer, after on-the-job experience [8]. Surveys show that younger workers tend to value coaching or mentoring relationships over technical training [9].

6. Conclusion: Supporting Next Generation Leadership

Organizations can play a crucial role in identifying and developing the next generation of no-profit leaders. Two principal paths may be pursued to achieving this goal. A first path is represented by the adoption of best practices, such as increased general operating support and capacity-building dedicated to leadership development. In this sense, best practice can help make no-profits stronger, more effective, and more appealing to young people as places to work and build careers based on a collegial leadership model.

A second path is related to the investment in successful and proven approaches to development and retention of next-generation no-profit leaders, also through mentoring and coaching coordinated by former generations of leaders. As organizations begin to positively and effectively engage in future generations, they will also have the opportunity to strengthen their "HR functions", including recruitment, performance management and talent management, thus building a successful no-profit workplace. Young people consistently say that they want to serve their communities and all society; they want to help build a better world. By working closely with potential future and with others in philanthropy, grantmakers can help next-generation leaders to focus on making a difference and build a better and safer world.

References

- [1] Moore M.H. (2000) *Managing for Value: Organizational Strategy in For-Profit, Nonprofit, and Governmental Organi-*

-
- zations. *Nonprofit and Voluntary Sector Quarterly*, **29**, 183-208. <http://dx.doi.org/10.1177/089976400773746391>
- [2] Tierney T.J. (2006) The Nonprofit Sector's Leadership Deficit. The Bridgespan Group. <http://www.bridgespangroup.org>
 - [3] The Annie E. Casey Foundation (2004) Change Ahead: The 2004 Nonprofit Executive Leadership and Transitions Survey. http://168.144.35.100/resources/docs/executive_transition_survey_summary2004.pdf
 - [4] Kunreuther, F. and Corvington, P. A. (2007) Next Shift: Beyond the Nonprofit Leadership Crisis.
 - [5] Eisenberg, P. (1999) Help Wanted: New Nonprofit Leaders for the 21st Century. NFG Reports, Vol. 6, Issue 3, Neighborhood Funders Group.
 - [6] Enright, K. (2006) Investing in Leadership. Volume 2: Inspiration and Ideas from Philanthropy's Latest Frontier. GEO. <http://www.geofunders.org>
 - [7] The W.K. Kellogg Foundation's Kellogg Leadership for Community Change Program Is Coordinated by the Center for Ethical Leadership. Although It Is Not Directly Focused on Younger Leaders, KLCC Regularly Enrolls Younger People in "Collective Leadership" Training with Other Generations.
 - [8] Young Nonprofit Professionals Network Survey (2007) Long Hours, Low Pay Turn off Young Nonprofit Workers, Study Finds. Chronicle of Philanthropy, May 24, 2007.
 - [9] Kunreuther, F., Blain, L. and Fellner, K. (2003) Generational Leadership Learning Lessons. Building Movement Project.