

# What Skills Will Nonprofit Leaders Need in the Future?

*Use these keys to prepare your organization for what's coming.*

BY KATIE BURNHAM

**T**o discuss the future, it's necessary to review a little history. Fifty years ago, many questioned whether the nonprofit sector truly existed. Others asked how different it was from the governmental (public) and for-profit (private) sectors. Both the governmental and for-profit sectors were acknowledged as economic entities with recognized roles and clear boundaries. This was not the case with the nonprofit sector. In fact, 20 years ago it was often referred to as the "invisible sector."

Today the nonprofit sector is a vital economic and ideological force within our communities. It now accounts for over 7% of national income and employs nearly 10 million people. This amounts to over 8% of the U.S. labor force, not including volunteer labor. Since 1989, the number of public charities has increased by 60%. Every year more than 29,000 new nonprofits are being created. The number of organizations, including religious entities, now tops 1.6 million and continues to grow.

Much of this change is the result of partnerships between community-based organizations and local governments. In some situations, local governments contracted with nonprofit organizations to provide needed services. In others, unmet community needs led to the creation of new nonprofit organizations. These organizations reflect the shared values of their communities.

## What Trends Are Shaping Your Organization?

Many interrelated trends are having a major impact on the nonprofit sector. Here are ones most likely to transform the way you lead your organization:

- **The population is becoming more diverse.** Today over 10% of the population is Hispanic. As diversity and multiculturalism increase, communities find it increasingly difficult to identify common purposes and shared values.
- **Families are being redefined.** Only 26% of families consist of the traditional profile of a married, heterosexual couple with children under 18 years of age. Nearly 70% of women with children under six work outside the home. This number has doubled since 1970.
- **The population is aging,** with 10,000 people turning 50 every day. The federal budget allocates \$13 for every senior, compared to \$1 for every child.
- **The business sector has changed dramatically** in the last 20 years. The economic contract between employer and employee has been broken as cutbacks, mergers, and layoffs grow. Between 1979 and 1993, 36 million private-sector and 454,000 public-sector jobs were lost. The only sector that added jobs was the nonprofit sector.
- **Recent failures of .com businesses** have again demonstrated the fragile nature of the for-profit job market. The emerging industries of microelectronics, biotechnology, and telecommunications demand well-educated, highly skilled people. As a result, hourly wages are rising for college grads (\$17.05 in 1993) and falling for non-college grads (\$11.37) and high-school dropouts (\$7.87 in real dollars).
- **Schools aren't preparing students** for the world of work, according to American business. As a result, companies have had to increase their investment in employee education at a rate 100 times that of academia. Annual investments in employee training now exceed \$70 billion.
- **Knowledge has replaced capitol, labor, and natural resources** as the basis of an organization's competitive advantage. Leadership and training are increasingly important, as decisions must be made quickly and by front-line employees. Knowledge management at every level of the organization is becoming a critical success factor. Innovative management has become more important than innovative programs.
- **Technology gives us greater access** to previously hard-to-reach clients and customers—anytime, anywhere. This means greater global competition, as well as more opportunity to serve clients and customers throughout the world.
- **The monopolies that nonprofits once enjoyed are disappearing.** Competition from private business is blurring the previously clear boundaries that separated the public, private, and nonprofit sectors. Technology and globalization are challenging national boundaries

and turf. As a result, clients and customers have more choices and are choosing what they “value” most. Constant client feedback is becoming critical to growth and success.

- **Funding for nonprofits is decreasing.** Even though total giving to the nonprofit sector now exceeds \$190 billion, it can’t make up for the loss of governmental funding. Devolution has resulted in almost a 40% reduction in governmental spending. As estimated by Independent Sector and the Center on Budget and Policy Priorities, this loss will amount to a decrease of over \$200 billion in federal funds by the end of this year.
- **Funders of nonprofit organizations are looking for increased accountability.** Both government and private funders expect outcomes to be measurable. As competition for funding increases, only organizations that demonstrate positive change for clients can attract the funding they need to fulfill their missions.

## How Can You Respond to these Trends?

What can you do to keep up with these emerging trends? Here are the keys that will position you as a leader of the future:

### 1 Commit to Values.

- **Clarify your organization’s core values** and how they drive your vision.
- **Be “values centered”** in word and deed.
- **Be sure that people at every level of your organization** know, embrace, and practice your organization’s core values.
- **Revisit your organization’s mission and vision** often. Your mission states why your organization exists; your vision describes what your organization aspires to become, to achieve, and to create. Values need to drive your strategies for fulfilling your mission and vision.
- **Articulate and demonstrate**—both inside and outside your organization—how your values, mission, and vision position your organization in the community and produce results the community desires.

### 2 Embrace the Value of Change.

- **Realize** that nonprofit organizations are in the business of creating positive change for clients and customers in a world where change is constant and often feared.
- **Embrace** the value of change as a positive community force.
- **Demonstrate** that positive change and its replication builds community capacity.

## What Ineffective leaders have to say

- “Because I said so!”
  - “Of course I want you to take risks—Just don’t make any mistakes!”
  - “Don’t blame me—This wasn’t my idea.”
  - “You’re not paid to think. You’re paid to do your job.”
  - “It’s my way or the highway!”
  - “Handle this—Just don’t make any decisions.”
  - “If I wanted your opinion, I would have asked for it.”
  - “I don’t owe you any explanations!”
  - “Don’t ask questions—Just do what you’re told.”
  - “So what if I said that yesterday? This is today!”
  - “It’s my job to make all the decisions and your job to carry them out.”
  - “Why can’t you be like everyone else?”
  - “Someday you’ll be in charge, and then it will be your turn to tell people what to do.”
- If you’re ever tempted to say any of these, fight the feeling!

—From “180 Ways to Walk the Leadership Talk,”  
www.walkthetalk.com

### 3 Build on Your Organization’s Brand.

- **Understand** that as partnerships are explored, both within and outside the nonprofit sector, “brand identity” is a key resource each organization brings to the table. Brand identity represents a unique set of values, services, and programs that provide a consistent personality and attitude, reflected in all the organization’s activities. Loyal constituents, clients, and customers share the organization’s values, appreciate its work, and in turn, feel appreciated by the organization. As competition increases, brand identity will build constituent loyalty and competitive advantage.
- **Appreciate** the value and power of your organization’s brand.
- **Rather than giving people** lots of information about your organization, focus on name recognition.
- **Reach out to new markets** with your organization’s name and brand.

Nonprofit World • Volume 20, Number 3 May/June 2002 • Published by the Society for Nonprofit Organizations • 5820 Canton Center Road, Suite 165, Canton, Michigan 48187 800-424-7367 • www.snpo.org

## 4 Understand Technology.

- **Think creatively** about the role technology can play in delivering current services, developing new services, and expanding your markets.
- **Apply technology to develop** customized products that will appeal to a diverse client base.
- **Harness technology to collect** and analyze data, measure performance, and report outcomes.
- **Let technology help** your organization respond quickly at every level, reduce errors, assure quality, facilitate knowledge management, and train employees.
- **Use technology to build** the capacity not only of your “communities of place” but also your “communities of interest.”

## 5 Foster Collaboration.

- **Practice collaborative leadership**, recognizing that no one person has solutions to all the multifaceted problems an organization or community faces.
- **Develop processes** that move data from information, to knowledge, to collective wisdom.
- **Empower employees** to act independently.
- **Encourage** an organization that supports collective action based on shared knowledge, shared risk, shared values, and shared vision.
- **Prepare** your front-line employees to be decision-makers.
- **Leverage** your organization’s core competencies to develop innovative staffs empowered to create innovative programs and services.

## 6 Develop Partnerships and Alliances.

- **Use your organization’s values** to identify potential allies and partners.
- **Understand** that articulating shared values—as well as demonstrating them through programs and actions—provides the fertile ground for partnerships and alliances. Leveraging your organization’s resources through partnerships and alliances assures greater organizational strength and stability. Shared risk, leading to shared success, builds community capacity. This, in turn, builds community investment in your organization’s future.
- **Work closely** with public and private sectors to solve community challenges. Seek cross-sector partnerships.

## 7 Practice Social Entrepreneurship.

- **Become comfortable** with social entrepreneurship—that is, managing a double bottom line: mission and

money. Social entrepreneurship allows you to stabilize funding, develop earned revenue streams, plan for sustainability, enable risk taking, and reward success.

- **Develop** an entrepreneurial board. Your board members must be comfortable with the concept of risk. For many, such comfort may be achieved through collaborations and alliances that spread the risk while producing earned income.
- **Reduce** your organization’s dependency on restricted funding while maintaining a focus on your mission. Many of your programs may benefit the community but not attract funding. The dollars necessary to pay for these innovative programs must come from earned income, funded by strategic choices made by your organization’s management and board.
- **Create** an organization flexible and efficient enough to respond rapidly to complex client needs and problems.
- **Generate new products and services** in response to market pull, not push.
- **Be a risk taker**, with entrepreneurial skills that will build the confidence of your board, constituents, and the public. ■

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These resources are available from the Society’s Resource Center, [www.snpo.org](http://www.snpo.org).

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