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The word 'leadership' gets used a lot. Theories and philosophies about it abound. Books, programs, and even institutes are devoted to its study. And organizational theorists wax poetic on the impact leadership has on organizational success.

It's also something that organizational leaders often express a high level of commitment to, and while there are many examples of organizations that make the development of leadership a priority, there are many more that pay lip service to it. Efforts to nurture the talent pool often appear to miss the mark, calling into question whether leadership development practices are really well understood and whether activities to nurture emerging talent are well implemented.

In KCI's work with organizations throughout the sector, we often hear about the quandary of the "nice-to-do's" versus the "need-to-do's" of investing in building tomorrow's leaders. The challenge organizations face in finding qualified candidates, internal or external, with the leadership skills they are looking for is very real. On the other hand, through our search practice work, we hear critical observations from candidates about the lack of leadership development opportunities made available to them by their current organizations. As a result, they become discouraged at being unable to reach their full potential within their current organizations and choose to look elsewhere for fulfillment.

In light of these conflicting and yet interrelated challenges, we decided to explore the concept of leadership development in this edition of Philanthropic Trends Quarterly, both from the view of the overall sector as well on the level of specific organizations and individuals.

Fulfilling organizational capacity is impossible without building human capacity. In my experience there is nothing more rewarding



than growing individual leadership capabilities and encouraging growth in others. For those of you reading this who currently hold leadership positions, your mandate is clear: you must put words into action and invest time and effort to nurture tomorrow's leaders. There is a no more important time than now, for as we have seen over the past year, it is those organizations whose leadership is strong and who are continuing to invest in their human resources that have remained effective and progressive.

Wishing you all the best in 2010!

Marnie A. Spears
President and CEO



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The Leading Edge – Developing tomorrow's non-profit leaders

85,000 registered charities in Canada. Competition for talented staff at a time when 'Boomers' are retiring. Increasing sophistication level of donors, clients and particularly boards.

Leadership is widely recognized as critical to an organization's success, but the development of emerging talent within an organization can be an expensive and time consuming process. For many non-profit organizations with lean budgets, it's tough to justify expenditure on building human capital. Add in the pressure most feel around achieving annual operational goals and performance targets and it is easy to understand why the idea of devoting time and energy to identifying and cultivating leadership potential may seem like a 'luxury' they can ill afford.

But for the reasons mentioned above, it is becoming clear that developing leadership is something that the sector can ill afford 'not' to make a priority.

The YMCA is an example of an organization that has embraced the importance of developing its future talent to the point where it has become a vital aspect of the entire organizational culture. "In my opinion, leadership is everything," says Scott Haldane, President and CEO of the YMCA of Greater Toronto. "I have personally



never seen a success or failure that wasn't in some way tied to leadership. As a result, developing talent is central to our identity as an organization." He goes on to say that the Board and senior management team at the YMCA recognize that everything the organization does happens through its people and that as a result, they are viewed as the organization's most important asset. "By thinking of our employees

as assets, it is easy to develop a mindset that they are worthy of ongoing investment."

Retaining the Best

The YMCA is on to something, as it has been well documented that organizations that make talent building and leadership development a priority are rewarded in a number of ways, including employee retention.

Identifying potential

Jim Collins is considered by many to be a guru on the subject of organizational sustainability and growth. Through research he conducted for his book *Good to Great*, Collins identified a number of characteristics that are common to tremendously successful organizations. One of those characteristics was leadership.

He noticed that the leaders of all the successful organizations they studied shared certain traits. First and foremost, their ambition was for the institution and not for themselves. Secondly, they were a paradoxical blend of personal humility and professional will. He coined the combination of these traits Level 5 Leadership.

In consulting with current leaders in the non-profit sector to determine what they look for

when identifying leadership potential within their organizations, the traits of Level 5 Leadership were highly evident.

"In identifying leadership potential, we look for a generous viewpoint combined with an ability to get things done," says Paul Marcus, President & CEO, York University Foundation. "It is important that they are able to see beyond their own role and responsibilities and do what's best for York."

Passion or enthusiasm combined with the ability to communicate that passion to others was also identified as important. "For me, a leader is someone who collects followers based on what others see in them," says Krista Thompson. "They model certain behaviours

that inspire others to follow them, without the need to be in a position of authority. In this way, I see leadership exhibited at all levels in my organization."

Two additional traits essential in successful leaders are integrity and authenticity. For Monica Patten, CEO of the Community Foundations of Canada, these are some of the most important characteristics that a leader can possess. "While I believe all the traditional qualities that come to mind when thinking about leadership are important, I believe that being authentic is a true test of a leader," Patten says. "For me, this means that there is a demonstrated alignment between what leaders say and do. This alignment creates trust among those with whom they work, and others will the more readily follow what they do."



In spring 2005, the Stanford Social Innovation Review published a report entitled *Putting People First: How non-profits that value their employees reap the benefits in service, quality, morale and funding*. Based on research done in the business sector, the study concluded that putting a priority on the development of employees reaps major benefit to organizations, including improving employee retention rates.

Turnover has long been a challenge for the non-profit sector, particularly in the field of fundraising. Not only does a high rate of turnover directly impact an organization's bottom line through the costs incurred to replace lost employees, it also has an indirect impact by negatively affecting its ability to raise funds. "As we all know, fundraising is about relationships," says Krista Thompson, Executive Director, Covenant House in Vancouver. "And it is the people within organizations that develop those relationships. It's tough to develop long term relationships when the staff turns over on a regular basis."

Why does it make a difference? Because investing in training and development demonstrates to employees that they are valued, which is an important factor in keeping good people. "In our search practice, we frequently hear from search candidates who are frustrated by the lack of attention paid to leadership development," says Tara George, Senior Vice President

Tactics for Making Leadership Development a Priority

There are a number of tactics that organizations can use when developing leadership capacity within its ranks.

1. Make talent development an agenda item on executive meetings once a month and board meetings quarterly.
2. Conduct a talent inventory once a year; once completed, put into place key steps for each employee that will build their personal and professional growth and develop meaningful value-added assignments.
3. Managers should regularly initiate conversations with candidates about their career aspirations.
4. Develop a sharing library of books and articles related to topics like leadership development, emotional intelligence and effective management.
5. Communicate, communicate, communicate. Have regular meetings with staff and emerging leaders about their aspirations and skill development.

and Lead Consultant for KCI's Search Practice. "Many candidates believe that 'moving on' to another organization is the only way to gain leadership skills and experience in order to 'move up' in their careers. Organizations that fail to invest in developing leaders run the risk of losing high-potential employees."

George notes that the corporate sector has embraced the concept of leadership development for many years. "There are numerous examples of corporations that demonstrate strong commitment to building the talent within their organizations," she says. "It's now time for the non-profit sector to catch up to our private sector colleagues in making the develop-

ment of human capacity a priority."

Different approaches, same key principles

Good leadership development has three main components: identifying talent, maintaining a skills inventory and developing individual leadership plans. There are several ways in which organizations that are effective in developing talent go about it.

One method is to develop a formal, in-house program. An example is the YMCA of Canada. Serving the needs of the 53 YMCA's across the country, it has created a national program that focuses on the development of employees across the organization. "The program has four

Putting the success in succession planning

Another key responsibility of an organization's current leadership is to ensure the availability of experienced and capable employees that are prepared to assume critical positions within the organization as they become available. As a result, succession planning is an important component of any leadership development plan. All organizations regardless of size should give thought and consideration to who will be able to take over key positions in the organization – both during an emergency as well as through a longer-term transition.

Unfortunately, the majority of the non-profit sector does not pay sufficient attention to succession planning. Many organizations do not have a formalized succession plan, and those that do often have one focused only on the top position in the organization.

The External Relations Department at the University of Waterloo, under the direction of Meg Beckel, Vice President, is an example of

one organization that has prioritized succession planning and it is in the process of developing one at all levels within the department. Beckel's reasons for making succession planning a priority are clear and compelling.

"We believe strongly that we are only as good as the people working within our organization," Beckel says. "And if we are not constantly identifying and cultivating future leaders, we may eventually find ourselves leader-less. As a result, we try to have the right people at every point in the organization and are striving to have a succession plan in place at all levels to ensure that we are as well run in the future as we are today."

Beckel and her team have applied many of the principles of effective fundraising to the development of their succession plan: identifying prospective leaders, cultivating their leadership skills by various means and finally, stewarding them until the time comes for them to take on a more senior role.

While all components are important, she highlights the stewardship piece as key to effectively managing the plan. A commonly expressed concern about succession planning is how to manage the expectations of identified employees when their aspirations don't necessarily match the situation, particularly with respect to timing. "By approaching our identified successors with a stewardship mindset, we don't lose sight of the need for ongoing communication, both about where the organization is and where each individual's ongoing development needs are," Beckel says.

Finally, she says that keys to the success of any succession plan are honesty and candour. "We have a responsibility to be honest and candid with our employees, both about what their development needs are as well as about what the opportunities are within the organization." This commitment to candour must be shared by the employees who have a responsibility to be honest about their own goals and aspirations.



EQ: leadership that gets results

The range of abilities that constitutes what is now commonly known as emotional intelligence plays a key role in determining success in life and in the workplace, especially if you're a leader.

The concept of emotional intelligence (EI, or EQ as it is sometimes called) has been researched in academic circles for many years, but its impact on leadership and organizational effectiveness was driven home by psychologist Daniel Goleman in the mid 1990's in his books *Emotional Intelligence*, *Working with Emotional Intelligence*, and *Social Intelligence*, among other writings. Goleman's EI model focuses on five basic competencies that drive leadership performance: self-awareness, self-regulation, self-motivation, empathy and effective relationships/social intelligence.

Recent research has uncovered links between specific elements of emotional intelligence and specific behaviours associated with leadership effectiveness and ineffectiveness. "While the competencies that are generally associated with leadership are necessary and important, they have been proven to be insufficient," says Diane Vezina of Vezina & Associates and Strategic Partner to KCI, who provides customized EI leadership development and training. "It has been proven time and again that truly effective leaders possess a high degree of emotional intelligence." Vezina points to the fact that we do business with and through people as a key reason why emotional intelligence is so important. "Leaders don't fail because they are missing technical skills. Most often, they fail because they are deficient in the skills required to communicate, build relationships, resolve conflict, build teams and enable others

to perform, all behaviours that are rooted in emotional intelligence." She goes on to say that the investment in developing EI pays off in myriad ways, including greater performance, better teamwork and better individual contribution.

Unfortunately, it appears that not enough attention is being paid to the development and use of EI within organizations. In feedback received from candidates through KCI's search practice, a significant number of present and emerging leaders cite a lack of the competencies associated with emotional intelligence on the part of their supervisors and other organizational leadership as a primary reason for leaving their previous place of employment.

For more information on why emotional intelligence is not optional, visit: www.kciphilanthropy.com/trends

levels: entry, mid, operational excellence and senior," says Janet Emmett, Interim CEO of YMCA Canada. "Targeting different groups, each level is built around developing or enhancing competencies that have been identified as important to improving the job performance of those that participate in the training." The program has several components, including formal classroom training as well as coaching and mentoring. For more detail on YMCA Canada's training and development program, please visit www.kciphilanthropy.com/trends.

While developing a formal program is not always feasible, primarily because the organization's size doesn't warrant it, organizations that make leadership development a priority don't let their small size stop them from finding ways to develop their talent. The Kelowna Hospital Foundation is an example of one such organization. With seven full time staff, a formalized program doesn't make sense. But for Sarah Nelems, the Foundation's CEO, it is still a priority. "I am always looking for ways to have my staff grow their abilities," Nelems says. "I regularly look for opportunities to have them take

on special projects that are outside of their regular job duties as well as to showcase their talents by making presentations. In this way, our employees are always being encouraged to stretch and grow and are also recognized for the great work that they do."

Even organizations with formal programs often choose to supplement with informal activities as a means to developing leadership potential. Darrell Gregersen, President and CEO of CAMH Foundation in Toronto, has seen informal activities work very well in the past, particularly during her tenures as CEO of the National Arts Centre Foundation. "At the NAC, we were always in a "talent scouting" mode. And when we found that talent, whether it be inside or outside the organization, we found ways to keep them engaged at a senior level in the organization," says Gregersen. "In this way, we were able to develop their skills while providing them with the meaningful, sought after opportunity to interact with the most senior members of the team." For instance, they were invited to participate in cross functional teams and work on projects that gave them the

chance to interact with the NAC's senior leaders.

Leadership coaching is another key component to developing high potential employees. While coaching has long been accepted as an effective means to elicit top performance in the realm of athletics, it is finding increasing prominence in the business world for doing the same thing.

Interested in what emerging leaders think about leadership development? Visit www.kciphilanthropy.com/trends to hear their thoughts and opinions.

> Next issue:

Watch for our March 2010 edition, which will review trends in the sector as a whole as well as by region and sub sector.

Marnie A. Spears
President and CEO

Nicole Nakoneshny
Senior Consultant & Editor,
Philanthropic Trends Quarterly

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