

NONPROFIT LEADERSHIP DEVELOPMENT: THE IMPORTANCE OF LEADERSHIP IN NONPROFIT ORGANIZATIONS

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The Solana Beach ECO Rotary Club Foundation was created on May 30, 2015, and is an unincorporated California nonprofit public benefit entity.

The mission of the Foundation, in coordination with the Solana Beach ECO Rotary Club, is to ***“Educate ourselves and our communities about environmental challenges and engage in implementing their solutions.”***

The Rotary Four-Way Test

The Four-Way Test is a nonpartisan and nonsectarian ethical guide for Rotarians to use in their personal and professional relationships. The test which has been translated into more than 100 languages is as follows:

- Is it the TRUTH?
- Is it FAIR to all concerned?
- Will it build GOODWILL and BETTER FRIENDSHIPS?
- Will it be BENEFICIAL to all concerned?

From its inception, the Solana Beach ECO Rotary Club Foundation and its Board of Directors have adhered to this philosophy in molding its culture.

Leadership can make or break an organization. Leadership in nonprofit organizations presents a specific set of challenges and therefore requires a unique set of skills. Executive mentoring and leadership development training can be key to growing nonprofit core competencies among board members and volunteers alike. At the end of the day, this type of training can create a team that will better serve an organization and help it meet its goals.

What Is Nonprofit Leadership?

The idea of “leadership” is the same across the private, public, and nonprofit sectors. Good leadership is rooted in the ability to achieve growing and sustaining engagement of people to accomplish something extraordinary by working together.

There is significant importance of leadership in nonprofits, and there are some unique elements associated with leadership in the nonprofit sector. A primary difference in nonprofit leadership is that it takes both paid and unpaid people to fulfill the mission. Most for-profit organizations and most governmental organizations engage their people initially through employment while most nonprofits engage their people initially through volunteerism. A nonprofit leader must operate from a different definition of equity than a business owner.

Community equity is both financial and nonfinancial. There is a “social value” to the work of nonprofits that can’t be calculated by solely using a “financial value” equation taught in most business schools. There is also an “in-kind” income stream that for-profits don’t measure which is the “value” of people’s volunteered time, donated goods, and pro-bono expertise that a for-profit would otherwise have to pay for in a vendor relationship. The nonprofit leader must provide a “social return” on investment as opposed to a “financial return.” The nonprofit leader has to engage people to not only create a positive “profit or financial bottom line” for the entity but must also work equally hard to demonstrate a measurable “social bottom line or social profit” resulting from the nonprofit’s work.

What makes that difficult is that the nonprofit has less control over some variables in its impact because it occurs in a community instead of inside a controlled environment like a building or factory. These are just a few examples of the leadership outcomes that are different between sectors. Leadership is a life-long learning process for any professional whether he or she is employed by a corporation, by government or by a nonprofit.

The Importance of Leadership Development in Nonprofit Organizations

Every person involved with and in a nonprofit organization is participating in a dynamic environment. Forces in politics, economics, and society are constantly affecting people’s lives and nonprofit organizations are on the front lines of enhancing the quality of life for people. Those ways include such things as enhancing education, helping people to stand proudly on their own feet, benefiting from artistic expressions and experiences, protecting our environment, wildlife and wetlands, or successfully coping with a health condition whether that is physical, emotional, or developmental. These are complex challenges being tackled by professionals as well as ordinary people making extraordinary contributions as volunteers.

The only real-time learning laboratories that people have to understand how to lead communities, manage organizations dependent on voluntary contributions, and to advance society is through nonprofit organizations. The most successful nonprofits have defined themselves as “learning organizations.” This means leaders are willing to take the time to help people to understand the complexities of social issues, how to work effectively with diverse people, and to implement the business know-how to make prudent financial decisions that help satisfy human needs.

Core Competencies of Successful Nonprofit Leaders

Because every nonprofit organization is different, a single set of competencies is difficult to articulate. However, there are seven key nonprofit leadership skills that most nonprofit professionals will agree upon. These nonprofit core competencies include:

- **Financial Management:** Nonprofit organizations, by nature of their work, have extremely narrow profit margins and are entrusted, in many cases, with public funds and private philanthropy. A leader must guarantee to a diverse group of stakeholders that the nonprofit is in good hands with a basic understanding of balancing financial realities with social needs.
- **Fundraising:** It is sometimes called, “building nonprofit equity.” A successful leader may not like fundraising, but each of us knows that he or she must have a demonstrated competency in order to attract funding sources.

- **Human Resourcing:** Money doesn't change the world, people do. The nonprofit leader must know how to assign people to tasks and manage those tasks and workers with a sense of fair accountability. The leader is also especially attuned to the diversity of the community and demonstrates a cultural competency that brings out the best in diverse people to work together to do great things. With limited resources, nonprofit organizations are constantly having to change their plans, teams, and ways of doing business. A sense of working with people and managing their duties is important as nonprofits are the only sector in the economy that includes volunteered human resources as part of their human resource equation.
- **Program Knowledge:** Helping feed the hungry requires some knowledge about the extent of hunger in a community and helping to improve the environment involves knowing something about sustainability. Every nonprofit is seeking to make a difference in a particular area of need. It is incumbent on the nonprofit leader to have working knowledge about how to solve problems connected with that area.
- **Governance:** Every nonprofit organization must, according to Internal Revenue rules, have a board of directors. Many problems exist in nonprofits because their leaders have not received formal training on the roles and responsibilities of nonprofit boards. The Solana Beach ECO Rotary Club Foundation has been extremely diligent in holding proper meetings, processing appropriate motions to approve significant disbursements and filing its annual income tax returns on a timely basis. These actions by the Foundation's Board of Directors are done in an effort to establish financial transparency in order to provide timely, meaningful and reliable disclosures about our Foundation's performance.
- **Planning:** Virtually every contributor to a nonprofit wants to know its plan for helping people in efficient and effective ways. They also want to know that the organization is evolving with the community that it serves and is astute about the political, economic and social factors weighing on its future. Social problems will not end on their own. Sustainable environmental programs will never be able to reach everyone who can benefit without community involvement and participation. The health needs of people will require a combination of input from healthcare institutions, the community and the government. Every nonprofit must have a realistic plan.
- **Community Relations and Communication:** The most effective nonprofit is "in touch" with the community it serves. Nonprofit leaders need to make speeches, meet and greet, network, and be visible in the community. Nonprofits by and large are community-based organizations which means each was started by someone in the community to be of benefit to the rest of the community.