

Leading successful Not for profits

By Simon Tedstone, Director Leading Change

Leadership is challenging at the best of times, is leadership in a not for profit easier or harder than leadership in the private sector? Many years of both formal research and practical experience has told us that the more rapid and fluid the operating environment the more important leadership is to an organisation's success, regardless its sector, i.e. the more challenging the environment the more important leadership is.

In an environment of constant and often unpredicted change many industries and professions would claim to be the most challenging, no doubt investment bankers would be up there espousing the difficulties they face. However, one area that is anything but complex and challenging is their core objectives, i.e. to make profit and provide shareholder return. This objective is at the top of their pyramid, it provides rationale for all that they do. There might be some complexities and unexpected challenges they have to face to achieve these things but their objectives are crystal clear and are understood by all.

Not for profits and many government organisations lack this total clarity in their objectives. Ask four different stakeholders what the core objective of a particular not for profit is and your likely to get four different answers depending on what perspective they view the organisation. In contrast everyone knows and understands an investment bank is in business to make a profit. This lack of easily quantifiable and understood objective can mean many who work for and are involved in not for profits do so to achieve different objectives. This makes it incredibly hard to control, co-ordinate and direct all those involved. Furthermore there are numerous not for profits often competing for a finite number of members and financial resourcing, i.e. there is competition between not for profits. In addition, given the nature of not for profits they usually have to run with a more limited budget than profit orientated organisations also adding to their challenge. In summary we all face a myriad of challenges, however those in the not for profit sector have at least as challenging if not more challenging operating environment than their counterparts in the profit sector. Therefore if anything leadership is more important in the not for profit sector.

Its all fine to say leadership is more important in the not for profit sector but can we define leadership, can we quantify it and can we relate it back to performance. Yes we can define it, it is tangible and it is very strong predictor of future performance. There



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are four key components of leadership, *strategic, collaborative, motivational* and *achievement* focus. No single leader is good at all of these things. There are a few organisations that collectively are good at all of these things; however most organisations are only good at one or two of these things. For example they are very strategic but do not benefit this ability because they are not achievement focused, or they create chaos because they are achievement focused but not very strategic. To create and sustain success organisations need to have a leadership team that is good at all of these things. They also need to build a workplace that values these components of leadership among its staff and other stakeholders.

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