Shared Leadership

Today's governing boards and nonprofit CEOs work together to strengthen social impact

by **Richard Tollefson**

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>
> —*Steven Stralser*

CORPORATE EXECUTIVES WHO find themselves sitting on the board of a nonprofit might initially wonder — in a boardroom filled with so much leadership talent — *Who's in charge? What role do I play? What role does the CEO of the nonprofit play?*

The answers have changed dramatically as nonprofit organizations have been forced to serve more people in need with fewer resources (due largely to declining government support). As a result, nonprofit CEOs are increasingly some of most innovative, forward-thinking leaders in our economy and society. They develop new products and services to meet market demands, build brands, diversify revenue streams, hire strong talent and measure results — all on limited budgets. How do they achieve such success? By leveraging the skills and expertise of their board members and through shared leadership.

The Challenges of Shared Leadership

The biggest stumbling block to leadership collaboration is simple misunderstanding. Those executive board members who understand the organizational and philosophical priorities of the nonprofit — and how they differ from corporate philosophies and structure — often make the most impact within the organization. Take, for instance, the multifaceted leadership model of the nonprofit and its democratic "many voices being heard and heeded" philosophy. Nonprofit organizations are led by a CEO but influenced greatly by the governing board of directors/trustees, as well as the constituents being served by the organization. This is in stark contrast to the autocratic model of many corporations, which are led by a single person, generally the owner or leading shareholder. Misunderstanding the governing model of nonprofit organizations has led to serious challenges for a number of corporate executives who step into nonprofit leadership roles.

Another philosophical difference in the nonprofit organization is its focus on managing the triple bottom line: optimizing financial return, social impact, and social and environmental sustainability. While some enlightened corporations subscribe to this triple focus, many are driven mostly by profit and shareholder value. Even though nonprofit CEOs and boards determine their financial bottom line through increased revenue — although perhaps not using the word "profit"— they also pay attention to increasing

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their operational efficiencies and productivity, building operating reserves and managing diverse assets. Key to their mission, also, is enhancing the quality of life for people in need. As well, they're always concerned about sustaining the organization in the long term, a key consideration by donors looking to invest in the nonprofit organization.

"The challenge for nonprofits often comes from stakeholders' inherently different perspectives — for nonprofit internal staff and management, passion and commitment to the mission is what fuels and shapes activity and defines success," says Steven Stralser, emeritus professor of entrepreneurship at the Thunderbird School of Global Management and a leading management consultant and board member on numerous nonprofit and for-profit organizations. "For the board and its governance responsibilities, success is focused on organizational efficiency and financial sustainability."

Stralser's statement leads back to the question of roles and responsibility in the nonprofit. Traditionally, the CEO oversees and manages staff, implements the strategic plan, and, with his or her team, is responsible for ongoing operational and financial management. Historically, the board of directors has ensured that the organization operates within its mission, oversees the CEO, and accepts legal and fiduciary responsibilities as defined by the organization's bylaws. Together the board and CEO have worked mostly toward meeting strategic planning, fundraising, public advocacy and awareness goals.

Today, various models exist. For example, many boards of young or less sophisticated organizations serve as operational/working boards, as part of which members are engaged in all functions and aspects of the organization. In more mature organizations, board members may be deployed strictly in their strategic, fiduciary roles. And in still other organizations, a new model of shared leadership is emerging as CEOs handpick board members to meet needs in key functional areas.

Chevy Humphrey, CEO of the nonprofit Arizona Science Center, is one such trailblazer. Also chairman of the board of the global Association of Science-Technology Centers, she knows what it is like to serve on both sides of the shared leadership equation. She considers her board members *high-level — but unpaid — consultants* whom she engages based on their professional expertise and personal interests. Board members, she explains, are often an untapped resource offering tremendous expertise in legal, financial, human resources or other functional areas.

Boards also are, increasingly, a source of innovation. They often bring an entrepreneurial spirit and perspective to the boardroom, offering new models of sustainability.

Making Shared Leadership Work

How can shared leadership optimize the nonprofit's overall performance and social impact to ensure short- and long-term success and sustainability?

- **Shared Vision**: Shared leadership is successful only with shared vision. The board of directors must agree with the CEO on the vision of the organization's future.

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- **Agreed-Upon Plans, Strategies and Goals**: The board of directors must work with the CEO and staff from agreed-upon operational and strategic annual plans and prioritized strategies to achieve clearly defined goals and expectations. The board, CEO and staff should agree upon key performance indicators or metrics to measure performance against the plans and expectations. Additionally, in creative entrepreneurial organizations the opportunity exists to inspire new performance- and service-related ideas through defined parameters for creativity, risk and experimentation.
- **Culture of Mutual Respect, Trust and Benefit**: Shared leadership must be rooted in a culture of mutual respect and trust between the board and CEO. If either is skeptical of the other's commitment or competency, shared leadership can quickly break down. It is important that the CEO partner with board members, offering them real responsibilities based on their expertise, as that will ensure their experience is rewarding, beneficial and impactful to the organization — and to them.
- **Transparency and Accountability:** Shared leadership requires openness, transparency and accountability on all sides, which will be aided by open communications and meaningful and regular performance reporting. Bottom line: No one likes to be surprised when leading an organization, no matter if that surprise is a positive or negative one.
- **Shared Learning**: Board members bring talents and perspectives to CEOs and their staffs based on diverse professional, community and personal experiences. Likewise, board members can learn from CEOs and staff — particularly when it comes to the social and economic issues impacting the people served by the organization, programs and services the organization offers, and the very real differences of managing a nonprofit organization versus a for-profit corporation.
- **Celebrating Success**: Celebrating victories large and small builds a stronger bond between the board, CEO and staff. Individual and team performance can be recognized, and the strategies and tactics that led to that success can be highlighted and leveraged to benefit other functional areas.

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