Chapter 1: Engaging Your Senior Leaders

You don't feel nervous, exactly. As CEO of your nonprofit, you've led high-stakes meetings before. But you're aware of a strong sense of urgency. There's a lot riding on today's conversation—nothing less than your organization's future. Over the past several weeks, you and your senior leadership team have been mapping out a strategy for the next three years, one that includes adding several new sites and under-taking a handful of exciting new initiatives. And as you've thought about executing this plan, you've realized that you can't get from here to there without a corps of new leaders, with skills and experiences that leaders in your organization haven't needed to call on before. You also need them to take over some of the tasks you've traditionally done so that you can refocus on several new strategic priorities.

Today, you'll be asking your team to join you on a journey into unfamiliar territory—launching an effort to beef up the organization's leadership development capabilities. You'll be requiring a lot of them, and of yourself. Most of your team is new to the work of leadership development, and you're not completely sure you know how to help them. Can you count on your senior leadership team for effective support of your efforts? Are your team members equipped to mentor your high-potential leadership candidates, and if not, can you round up coaches who can sharpen their skills? Do you have the budgetary resources to support such an ambitious agenda?

Do you have any choice? To deliver on the strategy you and your team have set for yourselves, you are going to have to develop a cadre of new leaders from within the organization. The question for tonight is how do you make your pitch that developing future leaders, successors even, must become a

key part of every leader's job? With everyone stretched thin already, how can you make the best possible case that the mission depends on investing in this way? And how can you be sure your team not only commits but backs its commitment with credible action? With the few minutes remaining before the meeting begins, you look over your notes one last time...

Ask any expert on leadership, and you'll probably get the same answer: The leader of any group—large or small, a nonprofit or a for-profit company, a soccer team or a rock band—sets the organization's tone and directs its focus. That's why it is essential that leadership development initiatives at nonprofits begin at the very top, with the CEO.

In our interviews with nonprofit leaders, including CEOs and senior human resources (HR) professionals, the message we heard was consistent: When it comes to leadership development and succession planning, the CEO leads the way. Regardless of titles, the CEO is the chief talent officer. No one else can more effectively champion the cause, and development efforts will make little headway if the CEO is unsupportive. But no CEO can do it alone. To build the next generation of leaders, the CEO needs to influence the work and perspective of everyone else involved in the effort, most importantly senior leaders and the board. Above all, the CEO needs to visibly lead the creation of the organization's Plan A, its road map for developing the leaders who can advance the organization's mission.

This chapter explores how CEOs can do that job effectively. We have identified five action steps where the CEO's investment of time and energy can deliver outsize returns. In this chapter we will discuss how nonprofit CEOs can:

- Step 1: Make it clear that leadership development is a strategic priority.

- Step 2: Set expectations for senior leaders and hold them accountable.

- Step 3: Build and develop the senior team.

- Step 4: Make the most of your HR resources.

- Step 5: Engage the board regularly.

How well are nonprofit CEOs currently performing these crucial tasks? According to our Leadership Development Diagnostic Survey, the results are mixed. Seventy-six percent of respondents report that the CEO is actively engaged in building a strong pipeline of leadership candidates. But approximately 60 percent also say that senior leaders aren't held accountable for their development efforts and that organizations aren't investing sufficient resources into leadership development. If those scores are any guide—and we believe they are—many well-intentioned CEOs are not yet doing enough to build a strong leadership pipeline. We hope that this chapter and the rest of the guide will help CEOs and their organizations close this gap between intention and action.

Are Your Senior Leaders Engaged? An Excerpt from Our Leadership Development Diagnostic Survey

Are the following statements true of your organization?

- The CEO/executive director is actively engaged in building a strong pipeline of future leaders.

- Current leaders are actively engaged in building a strong pipeline of future leaders.

- Board members are appropriately engaged in building a strong pipeline of future leaders.

- Current leaders are equipped to develop future leaders.

- Current leaders are held accountable for building a strong pipeline of future leaders.
- Current leaders are recognized for their efforts to develop future leaders.
- Organizational culture supports and values leadership development.
- Sufficient resources (e.g., funding, time) are invested in leadership development.

Step 1: Make It Clear that Leadership Development Is a Strategic Priority

CEOs, nonprofit and for-profit alike, like to say that "our people are our most important asset." And they frequently stress the value of "getting the right people on the bus," in Jim Collins' words.[4] But it's far less common to hear a CEO draw a clear connection between the presence of effective leaders and the organization's ability to make an impact. When CEOs do make that connection, the statement resonates. CEOs who make a clear business case for leadership development are often able to win over the skeptics (and there are always a few) who view people development as secondary to their "real work."

Link Leadership Development to Superior Performance

How do leaders make this case? One approach is to produce evidence that leadership development leads to stronger results. Roxanne Spillett, former CEO of Boys and Girls Clubs of America (BGCA) did just that. Although the method she chose is likely to be too costly and time-consuming for

4 Jim Collins. *Good to Great: Why Some Companies Make the Leap… and Others Don't* (William Collins, 2001).

many nonprofits to contemplate, leaders of other nonprofits can reference the results of her effort without necessarily duplicating it. And, as we'll see, the results are well worth referencing.

At Spillett's behest, BGCA engaged management consultancy McKinsey & Co. to perform a study of leadership training. An article in the July 2010 issue of *McKinsey Quarterly*[5] describes how the consulting team systematically studied nearly 50 aspects of leadership at BGCA and isolated four—the leader's ability to build an effective board, find and pursue effective revenue-development strategies, bring an investor's mindset to programs and resource development, and lead with tenacity and persistence—that had an outsize impact on organizational performance. BGCA then worked with more than 1,000 leaders from more than 400 local affiliates to develop those leadership traits.

BGCA compared the performance of local affiliates whose leaders had gone through the program against a control group made up of affiliates whose leaders had not yet participated in the program. BGCA learned that the affiliates whose leaders had undergone training outperformed the control group in fundraising, enrollment in Club membership and program participation, and retention of young people. It also learned that the training program generated financial returns that were more than four times its cost. These findings, which are cited in the *McKinsey Quarterly* article, are tremendously persuasive, according to Jeff Amy, BGCA's vice president for training and professional development. "The leadership training costs affiliates more in terms of time and money than anything they've done with BGCA before," Amy said. "The results from the McKinsey article are one of the most powerful arguments that the investment is worthwhile."

5 "Putting a Value on Training," *McKinsey Quarterly*, July 2010.

Link Leadership to Strategy

Another way for leaders to make the business case for leadership development is to draw a clear connection between strategic priorities and leadership needs. Whether your organization aims to expand programs, open new sites, replace retiring leaders, or adapt to changing external contexts, it needs the right leaders—"the right people on the bus"—to get the job done. At the KIPP Foundation, one of the largest operators of charter schools in the United States, CEO Richard Barth and his senior team are stressing leadership development to meet the organization's ambitious goals for growth. With 109 schools and 32,000 students in its network, the organization is aiming to expand to more than 55,000 students by 2015, while continuing to deliver the high-quality education for which KIPP is known. KIPP can only get there, Barth and his senior team tell the organization, if it has the right leaders in place. It's a powerful message made all the more powerful because the messenger is often Barth himself.

Pam Moeller, a consultant with the KIPP Foundation, says the message is getting through. At the organization's schools, the challenge of maintaining quality during a period of rapid growth has brought KIPP "to the place where leaders see that their primary job is developing other leaders," she said. "You start to look at our growth aspirations and the reality of the numbers, and once you look at those facts, you realize that developing leaders is important."

By making a clear link between effective leaders and organizational outcomes, Richard Barth at KIPP and Roxanne Spillett at BGCA are driving home the message that leadership development is instrumental to fulfilling their organizations' missions. That's an argument that resonates with their listeners who, after all, signed on because they're committed to those missions. Linking leadership to the mission is a highly effective way to prove that leadership

development, far from being ancillary to an organization's real work, is integral to it. From there, it's just a short step to asking the organization's other leaders to commit themselves to leadership development—and demanding that they show results.

Step 2: Set Expectations for Senior Leaders and Hold Them Accountable

The CEO states the vision and makes the case for leadership development, but it's senior leaders who are responsible for executing the development strategy and cascading it down by example to other managers in the organization. Since the majority of leadership development occurs on the job (something discussed in detail later in this guide), it's up to the senior leaders to provide growth opportunities to their direct reports and coach them through the process. They are also responsible for drawing up a Plan A for their departments, in which they lay out their plans for developing their teams to meet the leadership challenges of the next three years.

Setting the expectation that senior leaders will take on these responsibilities and fulfill them successfully, and that they will push this down to other managers within their organizations, starts with setting the right expectations for what it means to be a manager at any level.

Tie Leadership Development to Job Descriptions and Promotions

When it comes to leadership development, the Y-USA, whose more than 2,600 Y's are dedicated to strengthening the communities they serve, leaves no room for doubt in the minds of its people. For starters, all staff members are considered leaders—even newcomers understand that leadership is an integral part of their work. And Y-USA's

leadership competency development guide states explicitly that the staff who seek to progress in their Y careers, advancing from "leader" to "team leader" to "multi-team or branch leader" to "organizational leader," are expected to assume increasing responsibility for developing others. Leaders are expected to share their experiences with co-workers and help train them to do their jobs. So are team leaders, but they're also asked to go a step further and actively participate in recruiting to ensure that new hires are assigned to roles appropriate to their abilities. Multi-team or branch leaders, too, are expected to participate in training and recruiting, but they're also expected to take on additional responsibility for identifying performance gaps, shaping development plans, and developing the coaching and mentoring skills of their direct reports. In other words, each upward move in the organization is accompanied by broader and deeper developmental responsibilities, and this is true across all 18 leadership competencies. (See the graphic on the next page for details on the "Developing Others" leadership competency at the Y.)

Make Leadership Development a Goal in Senior Leaders' Performance Reviews

Another effective way to reinforce the importance of leadership development is for the CEO to ask senior leaders to set specific goals for developing future leaders in their departments and hold them accountable for attaining them by incorporating the goals into their performance evaluations. That's what Carolyn Miles did when she took the reins at Save the Children, a global nonprofit devoted to making breakthroughs in the way the world treats children and creating lasting, positive changes in their lives. She was chief operating officer (COO) and became president and CEO after a time when employee frustration with the organization's career planning and developmental efforts was high. Staff engagement surveys had shown a clear need

Developing Others at the Y: Competency description

	BEHAVIOR DESCRIPTION		
Leader	**Team Leader**	**Multi-Team or Branch Leader**	**Organizational Leader**
• Shares experiences and provides training to assist others with their development. • Proactively shares information, advice, and suggestions to help others be more successful. • Provides constructive, behaviorally specific feedback to others.	• Ensures appropriate fit when recruiting and hiring. • Continually assesses the skills and abilities of others to identify developmental opportunities. • Coaches others in creating and implementing their development plans. • Is capable of delivering positive and constructive feedback to motivate, encourage, and support others in their development. • Provides staff with the time, tools, and resources necessary to meet or exceed job requirements. **+** Leader behaviors	• Analyzes performance gaps and builds plans to develop the abilities of others to perform and contribute to the organization. • Provides ongoing feedback and opportunities to learn through formal and informal methods. • Holds managers accountable for staff development. • Develops direct reports' mentoring and coaching skills. • Guides others on how to strengthen knowledge, skills, and competencies that improve organizational performance. **+** Leader & Team Leader behaviors	• Creates a development-focused culture by speaking regularly with people at all levels in the organization about their development plans. • Promotes the importance of recruiting, hiring, and managing the talents of staff and volunteers. • Engages in and champions ongoing feedback, coaching, and opportunities for informal and formal learning at all levels. **+** Leader, Team Leader, & Multi-Team or Branch Leader behaviors

Source: Developing Cause-Driven Leadership®, Leadership Competency Development Guide, YMCA of the USA

to continue to improve development practices, and some talented staff and leaders had left.

Recognizing the need to retain key staff and groom them for greater responsibility, Miles, as COO, had communicated both formally and informally to her senior leadership team and other managers that they would be held accountable for developing their direct reports. She spelled out her expectations in a memo circulated throughout the organization. Crucially, she backed up her words with enhancements to Save the Children's existing HR processes. She used goal-setting sessions, performance evaluations, and formal check-ins with her direct reports to highlight the importance of leadership development. She asked each member of the leadership team to identify five or six objectives for the year, and one of the objectives had to be tied to talent and leadership development. Miles also built follow-up into the process, scheduling twice-yearly conversations with each team member, separate from performance reviews, to discuss progress toward development goals (see the sidebar on page 34 for details on Save the Children's development calendar). In doing so, she modeled the behavior she expected from her team members, making clear that she expected them to have similar conversations with their direct reports.

Drawing on her private-sector experience, Miles, as COO, also had initiated a succession-planning process with her direct reports and their direct reports. For the first time, senior leaders were asked to formally assess the performance and potential of their direct reports and identify the people who would be ready to step immediately into a greater leadership role, as well as the people who would be ready after additional development. (More on assessing the potential of staff can be found later in this guide.)

The succession-planning exercise quickly took root with some, but not all, senior team leaders. It soon became apparent that several members of the team took their development responsibility seriously, while others looked on it as a perfunctory exercise, a bureaucratic box to be checked off. Working with the HR team, Miles ensured the process was shared across the senior team with a meeting during which senior leaders openly discussed succession candidates. Miles impressed upon them the importance of leadership development and together, with the HR team, coached them in the techniques and skills they could employ to make their people better leaders. Now as CEO, Miles has added an annual review of top spot succession plans with the board to bring them into the mix.

The process has taken many senior team members out of their comfort zones. "In general," Miles told us, "our culture is more about equality than about differentiation." It was a new experience to be asked to single out some individuals as having greater leadership potential than others. And some senior leaders had trouble with the emotional challenges that can arise during development conversations with their direct reports. Despite the difficulties, Miles persuaded her team to buy into the process by repeatedly making the connection between Save the Children's mission and the need for leadership development and using HR processes to amplify the message. There's a lesson here for every nonprofit. By definition they are mission-driven organizations. Like Barth, Miles, and Spillett, CEOs must make the case that developing leaders gives their organizations a better chance to fulfill those missions. Getting there means leveraging the organization's HR processes to establish leadership development as an organizational priority.

Senior Engagement at Save the Children: Conversation Calendar

Save the Children's CEO Carolyn Miles makes sure that timely leadership development discussions occur with her senior reports by scheduling them.

December: CEO meets with each member of the senior team to set five or six individual goals for the coming year. At least one of those goals must be related to leadership development. Team members know they will be evaluated on their progress against those goals.

January: CEO holds talent-review meetings with each member of the senior team. Team members assess the succession potential of each of their direct reports, identifying people who are ready to step immediately into a greater leadership role and those who will be ready after future development. Data gathered during these meetings feeds into the CEO's annual report to the board on talent and leadership development, delivered at the end of the first quarter.

February: Review of succession plan for senior team with the board and vice president of human resources in closed-door session.

March, September: CEO holds progress meetings with individual team members, checking on their progression against goals. Senior team members are expected to conduct similar meetings with their direct reports.

October: CEO meets with the entire senior leadership team to review and update organization's succession plan.

Step 3: Build and Develop the Senior Team

As Carolyn Miles' example illustrates, the CEO's work with the organization's senior team is a powerful way to signal the value of leadership development throughout the organization. By asking her senior leaders to include a personal-development goal in their five or six annual goals, and by making clear she expects them to ask the same of their direct reports, the CEO can generate organizational momentum for leadership development. She can sustain the momentum by checking in periodically with her team members to assess their progress against their individual goals, and by making clear she expects them to hold similar check-ins with their direct reports. And she can reinforce the all-in-a-day's-work aspect of leadership development by incorporating these conversations into the organization's preexisting processes.

Above all, she can help leadership development go viral in the organization by working with senior team members to create a Plan A for their areas of responsibility. These plans include a vision for how the team may need to evolve to tackle new priorities and address critical competency gaps. The plans take into account the skills and aspirations of the individual team members themselves, some of whom may be eager to ramp up their careers, while others may be looking to wind down their work or retire. Ultimately, each department's Plan A can be consolidated into a master Plan A, an organizational road map for development that offers opportunities for leaders to evolve in a manner that suits both their aspirations and the organization's broader development needs.

To reiterate: The nonprofit leaders we spoke with repeatedly stress that the CEO needs to get the ball rolling by working on the senior leadership team's own development. After that, it's the job of senior team members to do the same with their direct reports. It's critical that this type of planning start at the

top. "This has to be owned by the CEO," said Rod Davis, Save the Children's former vice president for human resources.

Questions the CEO Should Ask Each Senior Team Member about Leadership Development

- What do you think the leadership team of your department/division is going to look like in three years?

- Do you think we have the internal talent you will need to execute over the next three years? For which positions are we likely to need to look externally?

- Do you talk to your direct reports about their aspirations and development needs and incorporate these in their development plans? Are they doing the same with the staff they manage?

- What actions are you taking to develop your direct reports? Where do you need help?

- Is there anything that's working particularly well—and that we should share with the rest of the senior team?

- What are you doing to develop yourself?

Step 4: Make the Most of Your HR Resources

Many nonprofit organizations are too small to have a formal HR staff. Those that do have the staff can help themselves by clarifying the important supporting role that HR can play in leadership development efforts. It's a role that may evolve as the organization's HR capabilities grow. For example, organizations whose HR capabilities are limited primarily to administrative tasks like payroll and benefits

processing might ask an HR staff member simply to collect data for decision making and ensure that senior leaders are following up on their responsibilities. As the organization grows and the HR function becomes more robust, HR can provide simple development tools and frameworks, and act as a clearinghouse for Plan A information. It can also begin to integrate development-related processes into existing workflows wherever possible. HR can start by incorporating development metrics into annual reviews, for example, or by scheduling regular feedback sessions where managers review development progress with their direct reports.

Organizations with strong HR functions can use HR leaders to coach, counsel, and advise line managers with little or no experience in talent development. Senior HR leaders with a thorough understanding of the organization's mission and core competencies can also serve as strategic thought partners to the CEO and the senior leadership team. In this role they need to be both demanding and supportive, asking tough human capital–related questions. Among such probing queries are: Is this senior leader realistically assessing her department's future needs? Is she overstating or understating their potential? This is all part of the intent to ensure that senior leaders produce rigorous, well-crafted development plans.

Shared Accountability

The CEOs we've spoken with caution that even the best-intentioned managers can be tempted to delegate their roles to HR. And so they make a point of reminding senior leaders that it's their job, not HR's, to deliver tough messages and address competency shortfalls in their direct reports. The bottom line: HR is a partner in leadership development and shares responsibility for its results. Ultimately, though, senior leaders have to own the process.

Step 5: Engage the Board Regularly

The board is ultimately accountable for the organization's success and, with the CEO, shares responsibility for ensuring that it has the leadership necessary to pursue its mission consistently and effectively over time. At present, though, 57 percent of respondents to our Leadership Development Diagnostic Survey either disagree or strongly disagree that their boards are appropriately engaged in developing the leadership pipeline. Anecdotal evidence suggests, in fact, that many boards consider the topic of leadership development and succession planning only when the time comes to select the next CEO. Once a successor is chosen and the selection committee disbands, the board turns its attention to other matters—until the next succession crisis erupts. By taking up the role of chief talent officer, CEOs can break this pattern and make leadership development and succession planning an integral part of the board's work.

Experienced CEOs and board leaders highlight four ways to effectively partner in leadership development. These activities not only support CEO succession but also contribute to a healthy leadership pipeline at every level of the organization. These activities include:

- Developing the CEO and ensuring that she has potential successors and a Plan A in place for the CEO role;

- Holding the CEO accountable for developing senior leaders and ensuring that members of the senior team have a Plan A in place for their positions;

- With the CEO, supporting the development of future leaders by integrating leadership development within core processes of the organization, particularly those where the board is engaged (e.g., annual budgeting, strategic planning); and

- With the CEO, agreeing on leadership development goals for the organization and monitoring progress against them.

Developing the CEO

The board's job begins with delivering regular, formal performance reviews of the CEO. While this may seem like an obvious step, BoardSource's most recent survey of board practices found that approximately 30 percent of EDs had not received a review from their board in the previous 12 months.[6] This represents a missed opportunity to hold the CEO accountable for her job performance—including, crucially, her own development as a leader.

The most effective nonprofit boards review the CEO's performance at least annually. They help her identify her own professional development goals and craft a plan for making progress against them.

Just as important, the board evaluates the CEO's success in developing others, including possible successors. That means that board members need to press the issue, if necessary, with the CEO. The sidebar "Questions the Board Should Ask the CEO about Leadership Development" on page 45 suggests some questions that board members should regularly ask the CEO. By emphasizing leadership development in the CEO's evaluation, the board signals to the CEO that it sees it as a strategic priority and that it expects the CEO to do so as well—in part by taking the steps, such as senior leader development, highlighted early in this chapter.

By promoting and supporting the CEO's own development and her development work with her leadership team, the board also sends a signal that resonates throughout the organization. Simply put, when the board makes leadership development a priority for the CEO, the CEO is more likely to make it a priority for everyone else. And by placing leadership development within the CEO's performance expectations, the board gives the CEO a strong incentive

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6 BoardSource Nonprofit Governance Index 2010.

to seek the support needed for her leadership development work to succeed. That support might include work with a mentor or coach to strengthen her performance as a "talent champion"—a manager who both recognizes the importance of developing talent and is effective in doing so.[7]

Holding the CEO and Senior Leaders Accountable for Identifying Likely Successors and Developing These Future Leaders

Among the paramount responsibilities of any nonprofit board is ensuring orderly leadership transitions, even if the CEO or another senior leader departs suddenly. Yet nonprofit leaders give themselves low marks for such preparation. According to our Leadership Development Diagnostic Survey, 59 percent of respondents disagreed or strongly disagreed with the statement that "we have identified successors for crucial positions."

The Plan A process offers boards the opportunity to fulfill, at least in part, their succession-related responsibilities. That's not to say that the board should regularly engage in the appointment of senior leaders other than the CEO. There may be a few instances where the board has significant interaction with leaders and may provide input to the CEO on the selection of her direct reports. For example, the board's audit committee might be asked to provide input on the appointment or hiring of the chief financial officer (CFO). But when it comes to leadership development, the board's primary job is to hold the CEO accountable for creating a Plan A that anticipates the organization's future needs, and to see to it that CEO engages the senior team fully in the leadership development effort.

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7   Corporate Leadership Council Human Resources, *Corporate Leadership Council Talent Management Effectiveness Survey*.

That means holding the CEO accountable for ensuring that her senior team has a Plan A in place for each of their roles. Have the CEO and senior team identified potential successors, both short-term and long-term, to fill key roles? Have they assessed these successors, documented gaps in their development, and formulated a set of work opportunities and formal learning to address those gaps? Have they made provisions for new or expanded leadership roles? Have they set a timeline for the development of each possible successor and senior leadership candidate? These are the key elements of any leadership-development plan, and, as we will see later, form the basis for the benchmarks for measuring the plan's progress.

By reviewing the organization's Plan A with the CEO, the board also gives the CEO the opportunity to seek the board's support in fulfilling the plan. That support might take the form of financial resources (for activities such as recruiting or professional-development courses) or advisory resources (such as engaging a consultant to lead a workshop on constructive performance reviews, for example, or to facilitate an offsite devoted to evaluating staffers' leadership potential).

Aside from emphasizing the CEO's responsibility to work with her team to create a Plan A, boards can support leadership development by inviting interactions with emerging leaders. When leadership candidates undertake tasks such as delivering presentations to the board, they not only get the opportunity to develop on the job, they also have a chance to develop important relationships with board members who can serve as informal role models or mentors (not as managers, though— that's the CEO's job). At the same time, board members get a chance to assess the leadership abilities of potential internal candidates for senior positions. Such activities can only help the board fulfill two of its most crucial roles: preparing the organization for leadership transitions and ensuring that the organization has an active pipeline of future leaders.

Integrating Leadership Development into Core Organizational Processes

As we've noted elsewhere, organizations that effectively develop future leaders incorporate leadership development into the rhythms of their everyday work. For boards this means embedding leadership development into core governance processes such as budgeting, planning, and progress reviews. Viewing these processes as a means of promoting leadership development (among other things) goes a long way toward instilling a leadership development mindset at the highest levels of the organization—a mindset that views leadership development as critical to the organization's mission and that adjusts its leadership development work to keep pace with changes in the organization's strategy and ways of doing business.

Simply by taking leadership development into account during the crucial tasks of annual planning and budgeting, the board elevates leadership development to the same plane as other key organizational activities. Including leadership development in the budget process helps focus the organization on allocating resources to support development. And resource allocation in itself signals to the organization that leadership development isn't just this year's fashionable trend—it's an investment in the organization's future. (On page 45, "How the Girl Scouts' Board Supports Leadership Development" describes how the board of one large national organization integrated leadership development into its core processes.)

Including leadership development as part of broader strategic planning, meanwhile, enables the board to revisit leadership development needs periodically and make course corrections in light of changes in strategic priorities. Such reviews give the board an opportunity to align leadership development with anticipated changes in the organization. After all, a well-crafted Plan A, at least in its early iterations, is a vision

of the organization's senior roles needed three to five years in the future (later iterations of Plan A take lower-level roles into account as well). As strategy shifts, those needs are likely to shift as well, affecting the organization's leadership development priorities and activities. By revisiting the organization's Plan A during the course of strategic planning, boards and senior leaders can anticipate how roles might expand, contract, or be added as changes occur. Armed with that insight, the board (as well as the CEO and senior leaders responsible for crafting the organization's Plan A) can act ahead of time to invest in the development of high-potential individuals within the organization or plan for recruiting outside the organization to fill those leadership gaps.

Setting Leadership Development Goals and Monitoring Progress

One of the key ways that boards establish accountability is by monitoring and measuring progress against goals. For example, many boards have metrics to give them quick reads on progress against fundraising and membership goals, or to measure the effectiveness of service offerings to the community the nonprofit serves. Yet few boards have integrated metrics that allow them to monitor leadership development goals—a significant oversight, given the vital importance of leadership development to the organization's impact.

Identifying the right set of measures or milestones to monitor doesn't just help the board do its job better—it also helps the CEO with her job. Larger organizations might want to focus first on measuring how healthy the pipeline is for key roles. For example, a relevant measure for the health of a charter school network's pipeline might regard be number of assistant principals ready to step up to principal roles if needed. Smaller organizations might find it more useful to conduct a more qualitative review of how a few key leaders are progressing in their own development.

While the specific metrics will change from one organization to the next, they all serve the same purpose: to enable the board to measure progress against the leadership development goals. We recommend that the board make check-ins on the status of the leadership development a recurring item on the board calendar. A logical time is during annual planning meetings, when the board can review the organization's leadership and talent management road map in addition to reviewing other plans and budgets. Given the sensitivity of the topic, many organizations will want to conduct these discussions during executive sessions. But the check-ins will provide the board with a high-level view of the progress of leadership development activities. The board can then work with the CEO to improve the effectiveness of those activities.

At the same time, metrics and milestones help boards avoid the temptation to micromanage. With the board focused on the big picture—looking at overall progress against high-level goals—the CEO and her senior team are free to test various approaches to meeting those goals. If one approach isn't working, the lack of progress will show up soon enough on the metrics, and the CEO and her team can make adjustments. The board need intervene only when results deviate sharply—whether positively or negatively—from the norm.

For more on the role of the board in supporting leadership development, see Bridgespan's diagnostic tool for boards in the Appendix.

How the Girl Scouts' Board Supports Leadership Development

One board that has made significant contributions to leadership development is the national board of the Girl Scouts of the United States of America (GSUSA). In fact, the board has done everything that CEOs and other leadership development experts recommend a board should do—developing the CEO; holding the CEO accountable for developing her senior team; integrating leadership development within core processes of the organization and board; and tracking progress against leadership development goals.

Early in her tenure, CEO Kathy Cloninger, now retired, focused on making GSUSA an even more effective organization. One of the first things she did was to work with the national board to restructure the organization's governance model. The board dissolved its Human Resources Committee and replaced it with an Executive Compensation Committee that was focused initially on reviewing and developing the

Get the Ball Rolling: Engaging Your Senior Leaders

Tips for those at an early stage...

Add leadership development to the annual goals of each member of your senior team:

- Require senior leaders to add a personal and an organizational development goal to their list of annual goals.

- Add such goals to your own objectives.

- Use your goal-setting and performance review process to hold your senior team accountable for progress.

- Let them know that you have shared your own goals with the board and that it will hold you accountable for meeting them.

- Encourage the board to monitor and measure leadership development the same way they monitor progress against fundraising, membership, and program goals.

...and at a more advanced stage

Extend the goal-setting process to the direct reports of the senior team:

- To keep the process manageable, consider focusing initially on a handful of staff members before including the rest in the exercise.

- When everyone at the next level has completed the goal-setting exercise for themselves, ask them to work on identifying development goals with *their* direct reports.

- Ensure that development goal-setting and review becomes embedded at every level of the organization.

CEO. Among those assigned to the committee were newly recruited board members with extensive experience in corporate HR. They brought a new emphasis on leadership development to the board and encouraged their colleagues to become more actively engaged in planning annual goals with Cloninger. To emphasize that leadership development was a priority, the board required Cloninger each year to include a goal related to developing her senior team and planning for succession.

The Executive Compensation Committee started meeting every two months. Rather than dwell on the narrow question of the CEO's development, committee members also began to consider how senior team members were being reviewed and developed—precisely the shift in focus that leadership development dashboards can promote. Drawing on corporate experience, several new board members repeatedly raised questions about the organization's bench depth. They urged the rest of the board to hold the senior team accountable for developing leaders, not just for hitting operational or program goals. In this respect, the GSUSA board parted company with many other nonprofit boards whose purview is limited to the CEO's performance.

The committee did more than just ask a lot of questions. It developed a formal process for reviewing potential successors and the organization's plans for preparing them for greater responsibility. Although the board's mandate was limited to the senior leadership team, the succession planning process has cascaded down through the organization. GSUSA's management staff now routinely plans for succession and development, identifying close to 100 potential successors for top management roles. A chief learning officer, recruited from the corporate world for her extensive experience in leadership development, actively supports the management staff's planning efforts.

Committee members also started working with Cloninger to think about rising stars among their council leaders (that is, leaders of local affiliates). This work led to a more formal process of creating a watch list of council leaders and a strategy to assign them to national task forces to give them exposure and determine their interest in greater leadership. Among the rising stars on the watch list was Cloninger's eventual successor as CEO, Anna Maria Chavez.

Fostering a Culture of Leadership Development

"Culture" can be a squishy term, but it is simply how things get done—the norms and accepted rules of engagement that govern how staff members conduct themselves, interact with one another, and interact with the people they serve. No staff member has more influence over the norms of an organization than the CEO. That's why we have stressed in this chapter and indeed throughout this guide that the CEO bears the most responsibility for fostering a culture of leadership development.

CEOs build culture through their patterns of communication and personal action. What CEOs choose to do and not do, where they invest their time, energy, and attention, sends strong signals about what they value. We strongly encourage CEOs, therefore, not just to work on developing their direct reports, but also to engage strategically and visibly in broad development efforts. That might mean cultivating relationships with high-potential leadership candidates, or it might mean building up leadership pipelines for critical roles. By making these activities highly visible, CEOs send the organization the message that leadership development

isn't just a buzz phrase, it's a high priority. Prepared statements and pep talks won't get the job done. The CEO's actions speak louder than words.

Reading, Writing, and Revitalization at Youth Villages

Patrick Lawler demonstrated his priorities this way when he became CEO of Youth Villages, a national leader in offering services to disadvantaged and emotionally troubled young people. The organization faced a broad set of challenges when he stepped into the role, and he wasn't sure how to tackle them. Spurred by an offhand suggestion by a colleague in the field, he became a voracious reader of business books, using the knowledge to propose several initiatives that have revitalized the organization. "Every book I've read has had some impact on what we do at Youth Villages," he told us.

He started by sharing what he was reading in his monthly emails to the staff. Next, he posted a recommended reading list on the Youth Villages intranet (he updates the list frequently). Today, quarterly staff meetings feature a table at the back of the room where Lawler places a few books that have a bearing on issues that will be raised during the meeting. He'll refer to some in the course of the meeting, holding them up and quoting or paraphrasing pertinent passages. Lawler encourages managers to read the books and share their lessons with their staff, offering prizes and rewards, such as merchandise from the Youth Villages store, to managers who post reviews of the books in the organization's intranet. (For a list of Lawler's "must reads" for nonprofit leaders, please see "A Good Book's Role in Professional Development" on www.bridgespan.org.)

The reading lists and book reviews are, of course, just one of the ways that Lawler is instilling a culture of learning and leadership development at Youth Village. But his methods resonate throughout the organization because they are a visible, tangible expression of Lawler's authentic enthusiasm and his commitment to learning, reflection, and growth. "Reading and writing," he said, "help you work through things more than you're able to going through the day." By signaling what he values, Lawler has encouraged the organization to value books and learning. And because many of Lawler's favorite books deal extensively with leadership development and succession planning, they provide a natural opening for Lawler to raise those topics at quarterly management meetings.

The Rest of the Story

That went pretty well, you think to yourself. The conversation hit most of the high points. That McKinsey Quarterly *article certainly didn't hurt. You could see several members of the team were intrigued when you put up the slide summarizing the research findings. It went a long way toward making the case for leadership development by linking it to the strategic goals you've been discussing for the last several months. And by acknowledging that you, as CEO, are the chief talent officer for the organization, you signaled your personal commitment to leadership development. The rest of the senior team was more ready to climb aboard after you discussed the potential upside of building an organization that could meet its leadership needs consistently over time. And if you do say so yourself, you did a pretty good job of making clear that you would set expectations for the effort and hold everyone accountable, beginning with yourself.*

It's just a start, you think. But it's a good one.