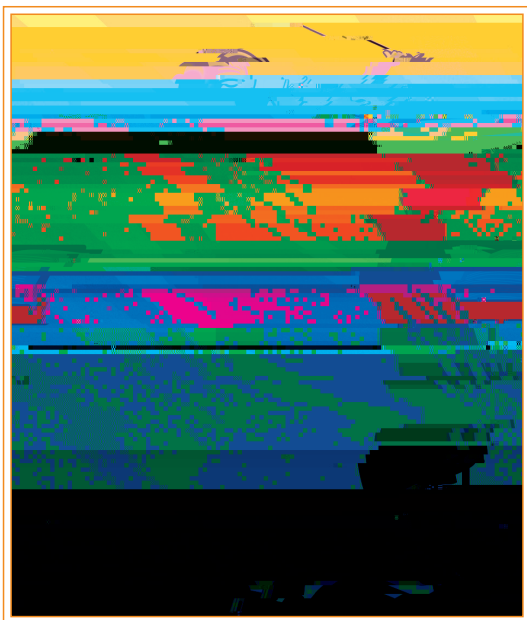


INVESTING IN LEADERSHIP

FIVE QUESTIONS TO ASK ANY
ORGANIZATION BEFORE YOU GIVE



ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

Some of the most important information a donor can gather before investing in an organization has to do with people, not spreadsheets. The people who work, volunteer and care about a nonprofit organization often provide a clear reflection of how the organization operates.

It would be inefficient not to mention very costly to try to interview a wide cross section of stakeholders. That's why examining the leadership of an organization can be so helpful to donors. It's a way for thoughtful philanthropists to get a window into the strengths and weaknesses of the entire organization, to understand its operational culture.

Leadership is one of a number of factors that determine the effectiveness of a nonprofit organization's work. Visionary leaders possess the ability to assess the way things are and then

inspire us to help create new solutions. In this sense, leadership does more than set policies and define goals; it creates a paradigm for a better world.

When venture capitalists research potential startups, they first evaluate the entrepreneurs who guide them. So, too, can effective donors evaluate leadership in potential grantees. Strong leadership or the lack of it can be a decisive factor in making funding choices.

This brief guide, part of the Philanthropy Roadmap series, is designed for both emerging and established philanthropists. It sets out five key questions that donors can ask to evaluate leadership.

- 1
What is the leader's vision?
- 2
How does the leader make and communicate decisions?
- 3
Is the leader a good team-builder?
- 4
How does the leader handle conflict?
- 5
Does the leader balance passion with strategy?

FINDING THE RIGHT FIT

It takes different leadership skills to guide organizations at different stages:

A startup might need a leader with a grand and compelling vision. A growing organization might need someone who is good at building systems and teams under steady financial management. A mature organization might need a stabilizing leader who can make use of established systems in more sophisticated ways; for example, someone who is an expert in board relations.

WHAT IS THE LEADER'S VISION?

Most philanthropy seeks to create social change. A nonprofit leader's vision is like a blueprint for that change. It's far more than a dream. It details not only what the organization seeks to accomplish, but also what role it will take in its field and in the communities where it operates.

It's not uncommon for strong leaders to rely on powerful communication skills to inspire their colleagues and other stakeholders, painting a compelling picture of how the organization's work will create a better world. But that inspiration becomes much more powerful when it is also strategic and practical.

one of them saying to me, “So are you telling me that what you want to do is to invest in small literacy organizations around the world and start a children’s book-publishing venture and redefine what literacy means in the twenty-first century? And I said, ‘Yeah.’”

“I walked out of there thinking, ‘Well, that’s that.’ But a day later they called me and said, ‘You got the money—\$100,000 over four years, \$25,000 a year.’ I think they must have thought I was hallucinogenically optimistic. But you know something, you make bets on people, and they made a bet on me. And that’s what the Global Fund for Children does. We make bets on leaders.”

ÒÉ you know something,



IS THE LEADER A GOOD TEAM-BUILDER?

Organizations undergo changes that require staff to show unity and agility. Naturally, team building gets significant lip service. But what does it mean?

Clarity of vision defines an organization's purpose. But a strong team is also built on resilient relationships operating within a strong group identity. Good leaders rely on an understanding of the needs and perspectives of staff and the populations they serve. They balance that empathy with honesty.

Beyond these fundamentals, there are two questions many leaders must confront as they seek to build a motivated team.

It pays the donor to approach this subject with tact, but it should not be ignored. How an organization deals with difficulties often says a great deal about its core values and potential.

FROM ROBIN HOOD TO HARVARD

GLENN DUBIN

Glenn Dubin is a billionaire hedge fund entrepreneur (Highbridge Capital). He is also one of the founding board members of the high-profile Robin Hood

DOES THE LEADER BALANCE PASSION WITH STRATEGY?

Most nonprofit leaders have passion for their work. If they don't, donors might well ask why. It could be that the organization has been operating for many years—with a leader so experienced and an operation so well-established that commitment has refined into a kind of calm competency. On the other hand, that competency may have slipped into complacency based on a lack of engagement. In any case, it's worth checking on.

For most organizations, though, passion is quite common. Here, donors might consider asking how the passion is being translated into specific plans.

Many of the best disaster relief organizations demonstrate complete passion and commitment to the cause of saving lives and alleviating suffering. But they must do more than have conviction about their cause. They must prepare. They don't know where the next tsunami, earthquake, fire or man-caused crisis will occur. Still, they stockpile supplies at strategic points, they create relationships with partner organizations worldwide, they devise contingency plans that can be adapted quickly, and they hire staff and advisors with the experience to guide their response to disaster.

Shakespeare wrote, "The readiness is all." Where leaders combine passion with practical planning, philanthropists may well find effective organizations to support.

Echoing Green values leadership so much its philanthropy is completely centered on identifying, funding and supporting leaders and their ideas for social change.

Formed in 1987 by a group of successful private equity investors at General Atlantic, Echoing Green has adopted a risk-taking approach to philanthropy. It funds two-year fellowships for young leaders because it believes new, untested ideas pushed by committed leaders have the potential to create transformative social change. Social entrepreneurs who have received their support include Wendy Kopp of Teach For America, Karen Tse of International Bridges to Justice, and Maya Ajmera of The Global Fund for Children (see case history in this guide).

Cheryl Dorsey, President of Echoing Green, says the biggest issue for her organization is whether or not a leader can execute his or her idea. "We give money to innovative, passionate

young people who want to change the world ... to see if their ideas are going to gain traction and [to] see if they can really push change in the fields that they care most about."

With 24 years of experience in finding and encouraging leaders, the organization asked itself this question: What are the qualities and characteristics of our group of social entrepreneurs that make them particularly effective as social change agents? Many of the fellows shared similar traits. Echoing Green put these traits together in something they call "SEQ" (Social Entrepreneurship Intelligence). Here are some of the key qualities, according to Ms. Dorsey:

Leaders exhibit an outcomes orientation. "They are committed to being held accountable to impact."

Leaders demonstrate an ability to navigate complexity and uncertainty while

Leaders are solution-oriented.
“They are deeply engaged in the process of understanding and addressing the root cause of a social problem.”

Leaders use “asset-based thinking.”
This is a way of approaching the world that relentlessly seeks to maximize the strengths, talents and opportunities present.

Leaders are resource magnets.
“They not only draw money to the causes they care about, but they also garner human capital — volunteers, champions, supporters and media attention — all the things that are required to execute on an idea.”

Leaders have a deep and unshakable obligation to a cause.

And if you find it surprising that venture capitalists might be so willing to invest in nonprofit leaders, you might be interested to find out that General Atlantic, the founder of Echoing Green, was itself created in 1980 by entrepreneur and philanthropist Chuck Feeney as a way to invest the capital of his huge foundation, Atlantic Philanthropies.

ÒThe only two things you
need to build in a team,
and you must build all
the time, are identification Ñ
a sense we are a team Ñ
É and interdependence Ñ
that we need each other
to succeed.Ó

PROFESSOR CLIFFORD NASS, STANFORD UNIVERSITY

MOVING FORWARD

A leader is an example, a catalyst, a motivator, a manager and a decision-maker. But above all, a leader is accountable for results — to colleagues, to clients, to communities and, of course, to donors.

A good leader also knows how to track results. She knows the answer to the question: how do we define success? And she can