



Purpose and professionalism

Leadership in the NGO sector

The NGO sector in South Africa occupies ever more-crowded terrain. As non-profits struggle to plug huge funding gaps, they face fierce competition for precious private sector resources.

As pressure builds, the number of state-registered non-profit organisations in South Africa has swollen by 80 per cent in five years, according to a report¹ by the country's Social Development department. More than 155,000 non-profits were recorded as registered in the five years to 2015/16, up from 85,248 in 2011/12, and applications to register pour in at the rate of 120 a day.

On such a demanding landscape it could be easy to lose sight of the correlation between NGOs that are viable and sustainable, and those that are sophisticated in cultivating strategy, managing stakeholders and vigilant in tracking the impact of their work and of every dollar spent.

With this in mind, Spencer Stuart invited the leaders of six successful NGOs working in the country to discuss the specific challenges they face, and to talk about the core leadership skills they deploy to overcome them.

In the course of our conversations it became apparent that although those leaders we spoke to focus day-to-day principally on South Africa, many of their insights and experiences resonate with the broader international NGO community.

¹ 2015/16 State of South African Registered Nonprofit Organisations issued in terms of Nonprofit Organisations Act 71 of 1997, March 2016

LEADERSHIP'S ROLE IN SHAPING CULTURE

All successful leaders have a vision of how to translate their abstract ideas into tangible actions and what the outcome will be.

Fostering a strong understanding of organisational mission and strategy is the foundation for motivating a team aligned around that vision. The repercussions of poor alignment at any tier of an organisation are destructive, spreading inefficiencies and discontent in equal measure. At board level it hampers a member's ability to engage in well-informed exchanges on operating priorities and the competitive landscape, as well as weakening the ability to prioritise key activities or issues.

"It's important to lead with influence yet not to dictate"

DR MORNÉ DU PLESSIS
WWF

When Dr Morné du Plessis came in as World Wide Fund for Nature (WWF) in South Africa, he knew he had to balance contain some of his "command and control" instincts in order to allow broader buy-in into the organization. But first, he had to get the right people in key positions in order to drive innovation and creativity.

"I introduced big changes, and I had to make a strong case for them," he recalled. "I had to bring in more people who were aligned to the strategy that I, as CEO, had championed. Yes, there was some animosity.

Yes, it took time to build confidence. But in an NGO like this — and maybe others — it's important to lead with influence yet not to dictate. That's vital to driving a collective team approach and keeping people motivated. Highly competent people would not work for an organization they did not feel they could help shape."

Arriving as CEO at the Nelson Mandela Foundation, Sello Hatang found himself "walking a tightrope". He was surprised to be told that one or two individuals had even prepared his agenda for him, he recalled. "I learned to say no, even though the demands were growing day by day."

An acute sense for an organisation's culture is essential. Tanya Cohen, CEO of Business Unity South Africa (BUSA), a non-profit membership organisation representing business, was concerned that her then-new colleagues were working too narrowly to connect policy areas. After she hired three new policy staff members, "the whole office culture changed within weeks — there was a different energy, a new level of professionalism and engagement in the work."

When culture aligns strongly with strategy and leadership, it can be a powerful differentiator for any organisation, actively driving positive outcomes. But culture is an elusive thing, and before leaders can shape and influence it they have to get inside it — understanding the mindsets, assumptions and behaviours that produce those outcomes that the NGO exists to achieve.

Mamadou Biteye, MD of The Rockefeller Foundation's Africa regional office, for example, works in the context of a foundation-wide effort to further promote a culture of collective responsibility. He sees that as part of "knowing that the work we are doing is not for us, but for those whose lives we are trying to impact".

Navigating an organisation's culture extends to assessing intended and unintended effects. In turn that may mean recognising that what might have worked before, or in another setting, may not work now.

Articulating the aspiration is key to how a leader shapes culture. As Hervé Ludovic de Lys, Unicef's Country Representative in South Africa, described his role: "it's about reconnecting the team to the mandate".

GOVERNANCE AND STAKEHOLDER MANAGEMENT

Good governance delivers credibility, the bedrock on which an NGO builds its fundraising activities. Good governance ensures financial prudence and manages risk; increasingly it includes reputational protection, for donors will desert an NGO in which they have lost trust. Good governance keeps the organisation's core undertaking on course, guarding against the mission drift that can so undermine donor-driven projects.

As some of the best-run NGOs look to develop commercial wings to provide sustainability, this complex strategy must be a matter of governance. Good governance creates organisations that donors trust; poor oversight compromises that.

Professor Ian Sanne is CEO and founder of Right to Care, which seeks to strengthen affordable access to public healthcare relating to infectious and chronic diseases. Professor Sanne leads a highly entrepreneurial culture at RTC and has driven how the NGO funnels its services into tightly ring-fenced not-for-profit and for-profit channels.

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The commercialisation of Right to Care's expertise has brought growth and sustainability. But Sanne, an associate professor of internal medicine and infectious diseases, had to learn fast about governance. He had to set up a board, and made a swathe of "unobstructed, empowered" appointments in legal, finance, HR and operations. "I had to change my mindset from that of a doctor to that of corporate governance," he said.

NGOs, already very purpose and values-driven, often operate in highly political, sometimes antagonistic, environments, so the ability to balance the many competing pressures and interests is key. "We're very careful about the positions that we take that may be unintentionally political," said BUSA's Tanya Cohen.

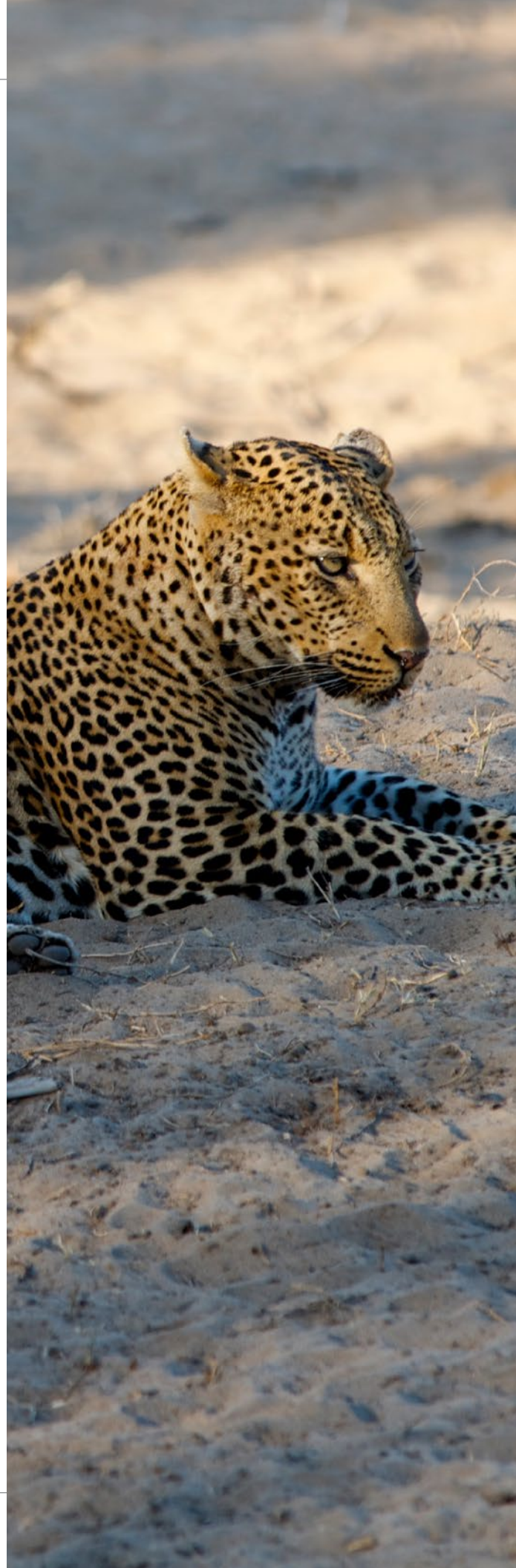
Adept management of multiple stakeholders must intersect at all layers with the demands of good governance. “Good governance is what helps us relate to our membership base and our stakeholders,” Cohen added.

Leaders of such NGOs have to build strong relationships with regional and national political elites — in a sense to develop what might be termed a political licence to trade. Simultaneously, they must forge good strategic relationships with the donor community, and never put those relationships at risk.

It can therefore be useful to leverage the networks and skills of board members to help to secure access to political decision-makers and business leaders in order to pursue the policy-influencing mission that donors expect. The imperative for stakeholder management at this level is to keep the NGO clean.

The WWF’s Dr du Plessis also emphasised the importance of adroit political stakeholder management — his own organisation has relationships across 16 major government departments.

Sophisticated stakeholder management, underpinned by credible governance, supports the Nelson Mandela Foundation in its aim of what CEO Sello Hatang defined as “bringing to the table people who do not want to sit at the same table.” And, he added, although the foundation aspires to be a trusted broker of dialogue, “that doesn’t mean we are neutral; we have to be clear about who we are and what we stand for.”



FOCUSING ON FINANCIAL MANAGEMENT AND ACCOUNTABILITY

It is increasingly vital that an organisation can show that its resources — bluntly, other people's money — are in the hands of those with the financial and strategic skills to manage them properly. "Accountability to donors, and to understanding value for money, is rising as a key driver to engender trust," said Unicef's Ludovic de Lys. "Indeed, it is a necessary condition for fund-raising."

So, for example, to preserve the Nelson Mandela Foundation's reputation as a trusted "brand", and thus its donor flow, CEO Sello Hatang has four finance experts in a management team of 27.

"Accountability to donors... is rising as a key driver to engender trust"

LUDOVIC DE LYS
UNICEF

Such professionalisation can also prevent the distractions of confrontation that might surface due to a perceived lack of a specific expertise or authority inside the organisation. For example, the Right to Care board is composed primarily of accountants, and RTC has invested R8 million in IT systems to keep track of its work. As growth had been so rapid, Professor Sanne, as CEO, recognised that he needed to bring in a strategic CFO.

Several of the leaders in our discussions recalled arriving in post to meet team members who were passionate about their work, but because no performance metrics were in place they had no sense of accountability with regard to targets, outcomes and mission. At BUSA, Cohen introduced a swathe of systems and processes unfamiliar to her staff, but the impact has been significant, she said.

"What non-profits need are people with more entrepreneurial skills," added The Rockefeller Foundation's Biteye. "But when I say that, what I mean are people who are asking, 'what's my ROI here? What's my rate of return? Why am I investing this dollar here, and what am I getting for it?' We see too many NGOs that focus on things they have an emotional connection with, but not an objective connection."

One final point: it emerged in our discussions that the pursuit of financial security must be nuanced and far-sighted enough not to end up deflecting an NGO from its actual mission. An overly narrow prioritising of financial systems and financial security can push aside focus on an NGO's impact, so care must be taken to guard against that.

OPERATIONAL DISCIPLINE AND DATA MANAGEMENT ARE CRITICAL

The importance of appropriate systems and process cannot be overstated. From our discussions with leaders of NGOs — in South Africa and elsewhere — it is apparent that some organisations are hobbled by operational systems that are completely inappropriate to the work they are doing.

“How do you make sure your decisions are based on data?”

MAMADOU BITEYE
THE ROCKEFELLER FOUNDATION

An operational type of focus is critical: the skill to dissect problems within operational systems. That means knowing how and when to get the right people on board, but coping with the fact that not all NGOs can afford a chief operating officer or high-level technology specialist.

Yet driving strong operational discipline extends to being abreast of technology, as leaders increasingly examine ways to leverage technology in the service of managing operations, marketing, reaching both new and existing supporters, and reducing costs.

And for NGOs to stay relevant, they depend on financial, operational and strategic insights, often synthesised from complex data. Data management, especially in research-based NGOs, provides the platform for new insights and strategic initiatives, brings credibility to the work of the NGO, and attracts further funding and support.

Mamadou Biteye outlined the challenge: “How do you make sure your decisions are based on data? Where do you get that data? How do you mine it?”

With the right systems in place, operational strategy can be set up to recognise any disconnect between the organisation’s mission and what people are actually doing, allowing the organisation to deliver on its promises to stakeholders.

Unicef’s Ludovic de Lys recalled that when he arrived in South Africa he saw that his team was doing excellent work at the technical level, “but there was not enough connection between the different technical pieces — it was very much a silo approach.” Recognising that disjunct meant managing the change needed to fix it.



EMBRACING SUSTAINABILITY AND INNOVATION

In the for-profit sector, many companies are embracing sustainability as part of their business strategy. Sustainability surfaces in many kinds of innovation: a useful place from which to discuss how NGOs are leveraging their work as a means to long-term viability.

Some of the best-run NGOs are developing commercial wings to provide the sustainability that increasingly donors look for. This complex strategy must be managed exceptionally carefully so that it does not damage the NGO's non-profit status, harm its reputation, or waste donors' money. As Professor Sanne noted, "Funders now seek us out — we have to really balance our needs against the agendas that arrive with them."

Right to Care mines its research and innovation to underpin strategy and growth, using "for profit" channels to attract capital and support the ring-fenced "not for profit" parts. Proprietary platforms include an ATM-like automated pharmacy dispensing unit; in a country that suffers from a shortage of pharmaceutical staff — undermining efforts to scale up access to retroviral therapy — Right to Care pharmacy automation technology is in the process of being rolled out.

During his 10-year tenure at the WFF, Dr du Plessis has pursued more innovative and more diverse revenue models. For example, the President Living Planet Fund was established; it invests in environmentally friendly businesses and is open to pension funds to invest in. This fund provides some annuity income for the WFF.

This innovation grew out of Dr du Plessis' and his executives' belief that investments needed to be sustainable in order to have a demonstrable impact on broader conservation issues in South Africa — sustainability and long-term viability was the driver. Setting an example too is important because, Dr du Plessis believes, “an organisation is as good as its donors think it is.”

Without innovation a non-profit falls behind and is not a sustainable entity.

This kind of understanding is part of the continuum for developing strong, but highly selective, strategic relationships with the donor community. Every NGO must constantly self-examine: is it still relevant for the job it is trying to do? How does it introduce fresh ways of communicating, of fund raising, of delivering its programmes? Without innovation across these areas a non-profit falls behind and is not a sustainable entity.

Mamadou Biteye at The Rockefeller Foundation is charged with using the resources of the US philanthropic in “transformative” ways, and that often means playing the role of a facilitator to support a more diffuse form of sustainability. The key is to marry responsibility with innovation. Biteye discussed with us the foundation's work providing “proof of concept” to help young people into employment:

“These high school graduates come from the slums so corporates don't see them as people they can hire. For us to convince them, we deploy our money to say, ‘OK, we'll provide the resources. We'll fund their training, and we'll pay them for the first three or six months while they work for you so you don't have to put in your money. You can see what kind of performance and productivity they bring. If you're convinced, then you hire them on your own resources.’”

Certainly, a rich seam of innovative approaches underpins sustainability. Every few months Unicef's Hervé Ludovic de Lys organises what he calls a “CEO breakfast”, hosted by individual businesses, as a means of fostering corporate engagement with companies that are partners of Unicef or are interested in partnering. “It's not a fundraising platform, it's an awareness-driven platform. There's no pushing and it's all under the Chatham House Rule.”

In the purpose-driven setting of an NGO, a cultural resistance to change can be a roadblock.

He articulated the shared mission of many of the very different organisations to whose leaders we spoke: “Our aim is to move from philanthropy to sustainability.” Traversing that distance, great as it is, demands leaders who are comfortable working in purpose-oriented cultures; being accountable for returns that

are purpose-led, rather than profit-led. Funders today look for NGOs that are well governed, since strong financial management underpins sustainability.

Leaders must be fluent in reading an NGO's culture if they are to drive cultural change. A strong but poorly aligned culture can be as great a liability as one that is weak, for it will work against strategic priorities. And in the purpose-driven setting of an NGO, where a deep sense of mission may well drive the culture, a cultural resistance to change can be a roadblock.

Shifting those roadblocks maintains focus. Yet leadership must be vigilant and agile enough to guard against allowing long-term purpose and ideals to get in the way of practical and immediate concerns. That can set up debilitating mission drift that dilutes effort, funds and trust, on which all NGOs, and those they serve, so depend.

As du Plessis noted: "An NGO uses money as inputs, but the outputs are measured in completely different currencies (e.g. conservation hectares added, green jobs created, additional litres of water in run-off, etc.)."



Every NGO operates in a specific space, defined by unique challenges. Because NGOs are so frequently formed in response to social need or perceived threat, their mission can be difficult to define or ring-fence. It can be understood as a social contract or an unwritten pact between individuals; one that is deeply felt but not always deeply understood.

Distinctive skills are required to lead such organisations. We expect their leaders to have strong internal and external influencing skills, passion for the organisation's mission and profound knowledge of the sector. These are the core attributes on which a successful NGO may be built; increasingly, they must go hand in hand with greater professionalism and a more corporate approach.

The CEO has the biggest influence on an organisation's culture and related behaviours. When that culture supports strategy there is a stronger likelihood that mission impact will be enhanced.

For this to happen, a leader must bring to the NGO a range of abilities, including: an affinity with the mission; strategic thinking; high-quality stakeholder management; hands-on operational leadership; and outstanding communications skills. That leader should also be highly collaborative, yet able to drive decision-making.

Funders today look for NGOs that are well governed, with strong financial management leading to sustainability. Ethics in governance starts at the top.

An innovative leader can steer an NGO towards fulfilling its mission. When innovation is coupled with resilience, you have a powerful cocktail for success.



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