

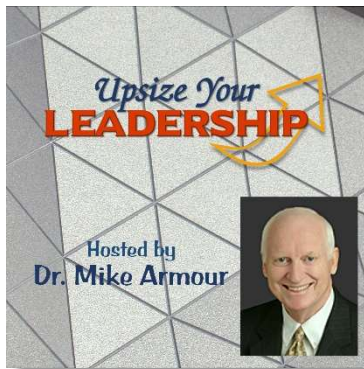
The Challenge of Non-Profit Leadership

An Interview with Richard Baggett

Hosted by Dr. Mike Armour

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Many organizations which I've assisted are non-profits. Today I'm sharing a recent interview with a longtime friend and professional co-worker in the non-profit arena. In fact, he has devoted his life to leadership in the non-profit world. He is also a consultant to non-profits internationally.

In the interview I asked him to reflect on his decades of experience and to offer his insights on the unique demands of non-profit leadership. Our conversation explored a wide range of topics, from articulating vision to marketing to attracting volunteers to fund-raising to working relationships with the board. If you are involved with non-profits in any way – as a leader, an executive, on the staff, a volunteer, the member of a

board or advisory panel – today's episode is especially for you as we look at how to Upsize Your Leadership.

Mike: My guest today is a longtime friend and professional colleague for many years. His name is Richard Baggett.

Richard is one of the most knowledgeable people I know in the field of nonprofit leadership and management. He has been a leader himself in a variety of nonprofits ranging from orphanages to private schools to international nonprofits. He has also been a consultant to many others.

Richard has been particularly successful as a fundraiser having raised millions of dollars in a number of nationwide campaigns. And he has done extensive graduate work in nonprofit management.

Richard and his wife Denise currently live in Ukraine, where they serve as advisors to a number of American nonprofits operating there and to Ukrainian schools and universities.

Richard. It's good to have you with us on Upsize Your Leadership.

Richard: Thanks, Mike. If I had any sense, I would just quit right now after that introduction.

Mike: Well, you do you deserve every bit of it, I can tell you. With your decades of experience in the nonprofit world, what do you see as the common denominators in successful nonprofits?

Richard: Some of the obvious ones are a vision . . . I will just start was that, a vision. And that's not just sit around and talk about, "Hey wouldn't it be great." But that's an actual painting that inspires everybody and draws people to it.

Clarity of purpose. Differentiation is really important.

Mike: Explain what you mean by differentiation.

Richard: I'll do that by telling a quick story. I was contacted by children's home in Texas, and they wanted to know, as all of them do, "We've been barely making it year-by-year. How can we raise more money?" And I asked the question, "Why should people give you money?" And the director looked at me like I had fallen of a tree. He said, "We're a children's home."

I said, "Yes, I know." I said, "But I happen to know that within your particular religious group there are nine children's homes that all say they do exactly what you told me you do. Why should anyone give you money?" "We're a children's home."

I said, "Okay, let's try this again. There are nine that say they do exactly what you say you do, not counting other similar ministries, not counting. you know, why should anybody give you money. And he never was able to get out of, "We're a children's home. Doesn't everybody just understand that?"

We are in really, really different times in terms of what people give to and why they give. And so to break out of, and create a clarity that will draw people to your takes some real thinking and some real work to differentiate yourself and answer the question, "Why are we worthy to be on your shortlist? Why are we worthy?"

Mike: So, it's the equivalent in the nonprofit world of what we call the unique selling proposition in the for-profit world.

Richard: Exactly. It's branding.

Mike: Yeah, it is. Right.

Richard: And it's very, very powerful. To use that terminology in church-related or nonprofit-related not too many years ago was kind of looked at askance, like, "Oh well, that's that corporate stuff." But as I may talk about a few minutes, the lines have blurred between corporate and nonprofit in terms of affective outreach. Not effective, but affective. A heart matter.

Mike: Right. Okay. So other distinctions. I broke in as you were answering. What others come to mind?

Richard: I want to take for granted that some of the very basic things are taken care of. That is, you got have accountability. You have to have good record-keeping, good communications, and, you know, just basic good management of the organization.

I would say that the relationship between the board and the director is really healthy and good and that there's been investment in people understanding the dynamics and the roles. People are complementary of each other in those roles. It's kind of all-wheel-drive, but respecting . . . everyone respecting and staying in their lanes. So good board participation – not

micromanagement, but participation and support interface with a visionary and talented director is certainly one of the hallmarks of how a nonprofit should function.

Mike: Okay.

Richard: And I would add this. those who are . . . have created some meaningful metric in how to communicate the progress they're making. One of the biggest challenges is, how we quantify success? Well, the nonprofit's, you know, one ratio of expenses can be different from another one. A lot depends on what's important to people. But to find some meaningful metric with your support group where you can demonstrate you are successfully carrying out your message . . . uh, your mission. Your message, yeah, but your mission is really one of the keys and a hallmark of a successful ongoing nonprofit.

Mike: Okay. Well, it sounds to me as you describe these things that it calls for a very special caliber of leadership. What are some significant differences between leadership in the nonprofit world and leadership in the for-profit sector? You've consulted with for-profit communities, for-profit companies, so you've seen leadership on both sides of that nonprofit and for-profit divide. What's the difference in the nonprofit world in terms of leadership?

Richard: I think it's a matter of degree in one particular area that I will mention. Leadership is critical, paramount whether it's corporate, for-profit, or nonprofit. And the dynamics that make for good leadership in healthy organizations can be applied to both.

The difference that I'm seeing is in the . . . well, I'll just say it this way. The nonprofit world operates in the heart domain and the affective domain because they have missions, there they're trying to do good that that draws people. But the everybody's now fishing in the same pond, and the lines are getting tangled. What I mean by that is, corporate groups are, you know . . . they have cause-related marketing, you've got corporate responsibility.

In corporate you have to have a purpose that draws good employees beyond just making money or doing whatever your corporate function is. And so, the appeal to the heart comes from corporate entities as much as it does from nonprofits these days. And so, the non-the nonprofit leader has to provide not only a differentiation, but a clarity of vision and purpose that exceeds all others that are trying to draw people to them.

You know, there are a lot of causes, corporate causes. Corporations want to be seen as helping the environment. You know, sustainability. Income inequalities. There are all kinds of causes that have typically been nonprofit, but corporations are now being active in. And so, the challenge for the nonprofit leader is twofold: clarity; and the other is the engagement of volunteers. Because nonprofits don't have a service or product to offer. They have some difference they're trying to make in the world.

Since they don't have a product or service to offer per se, they have to deal with volunteers. If they're going to scale any, do things, you've got a deal with volunteers. And so, the mentality of engaging with people to get them involved and manage your volunteers is a dimension that's not called on very much in the corporate world, except just occasionally for a project here and there.

And so, the skill that a leader has to have of engagement with people, I think, surpasses what's required in the corporate world, if you want to have success in the nonprofit on any type of scale, to have the impact that you want.

Mike: Well, I think you're absolutely correct on that, and what it boils down to is that the typical leader in the corporate world not only has his or her influence that they can use to bring people to rally around what it is the leader wants to do, they also have managerial authority simply because of where their name appears on the organizational chart. They have the ability to force compliance, if you would, by virtue of the authority position they have.

But in the nonprofit world all you have is your influence. You don't have any ability to compel people. You have to persuade them. You have to inspire them. And that's where that affective domain, that heart appeal as you've talked about it really becomes important, doesn't it?

Richard: Oh, yeah. That's exactly right. You cannot rely on your positional authority, it is influence. It is drawing people. And so, all of the things about good leadership are just magnified in the nonprofit, because you just can't rely on the positional authority as much to challenge people, to draw them in. Well, that calls for all kinds of the leadership skills and relationships with your own employees, with your volunteers, with all kinds of people. You have to make people want to.

I mean, you and I have talked about this a lot. Just think about it. Fundraising in the nonprofit world . . . you have to convince people to give you hard-earned money with nothing in return. There's no investment return. There's no product. There is no, you know, anything other than a shared purpose. So, it's quite a challenge, especially when the corporate world wants to tap into that that domain more and more to sell their products and services.

Mike: Yes. And I know you've done a lot of graduate work in marketing. So you've followed in your study how marketing over the years in the corporate world has changed from selling a product to selling an experience.

Richard: Oh, yeah!

Mike: Everything is sold on the basis of the experience it can provide for you. And so, that moves into that affective domain: what are the things you really love to do? What are the things you really love to be part of? The corporate world is tapping into that, and as a result, as you say, creating direct competition for what has historically been the nonprofit sector.

Richard: Yeah, that's true. In fact, a couple of studies I ran across last year in marketing is that they're finding that a lot of people are getting their personal identity through the products that they buy . . . kind of car, brand of car, or a certain brand, you know, that's got the brand attributes and things. And so, people are actually filling in their identity because of the products they buy and the groups that they do business with.

Speaking of doing business with, let me share this other study with you real quickly. They did a marketing test and they asked people three questions, because these are three things that everyone wants to know about whatever organization they engage with, profit or nonprofit. These are the three things. What do you do? How do I benefit if I engage with you? And who are you? Of those three – what do you do, how do I benefit, and who are you – which one (and I've asked this of a number of people) which one do you think is the one most people said was most important?

Mike: Hmm. My gut tells me, who are you?

Richard: You are correct, and you are the only person that has answered is that way. Ninety

percent of the other people said, “How do I benefit?”, which you know, they teach you that in marketing. But the survey came out clear, and in a category by itself is, “Who are you?” which – that's the affective domain.

Mike: And what led me to that conclusion is because I think people give and support relationships more than anything else. And if they don't feel good about the relationship, what you do and how you do it and what they benefit from what you do is going to be of secondary importance to them.

Richard: Correct. And it even makes logical sense. If people are after identity or after some kind of experience, then relationship moves way up the scale in terms of . . .

Mike: Right.

Richard: . . . actually being part of the dynamic that's involved.

Mike: Let me let me flesh this out just a little bit more.

Richard: Okay.

Mike: You've touched on some of the mistakes you've seen leaders in the nonprofit community make. What are some of the other big mistakes which you see on the part of nonprofit leaders?

Richard: The biggest mistake that I see is not providing relevant clarity inside and outside the organization ongoing. And clarity is . . . you know, you've got understand the situation, the environment. You've got understand your organization and what it's doing and who it is and all that. You have to communicate that. But things change. Things change rapidly.

I worked with one school who wanted to develop a whole new strategy. They had been very successful for a long time, and yet they were struggling. And it was because they didn't realize, among other things, that the top eight reasons why parents sent their children there were still the top eight. They had just totally reversed order. And so, they were really out of sync in trying to communicate.

And so, since things change in the environment and people make a gut decision, they start responding differently. It takes ongoing attention to provide this ongoing clarity so you can differentiate yourself, present yourself, all of those things we talked about. That's the biggest mistake I see. People get to a level of success with something that works and they're really slow to keep up with what needs to be adjusted or responded to.

Mike: Yeah. You know, I sometimes call it learning the wrong lessons from your success . . .

Richard: Yes, yes, yes.

Mike: . . . because we assume that because it was successful that's the way to keep doing it. But that's not always the case, is it?

Richard: No, it's not. You're exactly right. And not keeping up with relevant clarity leads you to work from the wrong model, which I see is one of the biggest problems.

You talk about success, how can you can't live past your success. That's because to get to that

success takes a certain model of understanding how things work, processes, alignments, all kinds of stuff. And so, once that model achieves that level of success, it's like it's bottled. And it's pointed to like, don't challenge this. This is what brought success.

But that changes quickly, as we know. And so, it's really healthy on an ongoing basis to think about the mental model that's driving everything – is it still relevant? – and to the challenge assumptions that are no longer true but are still driving the activities of the organization.

Mike: We've been talking about some of the parallels between the profit and the nonprofit world. One of them is this very failure to adjust your models. It's why there has been such a pattern of disruption in the corporate world with players like Amazon and Netflix and others who've completely disrupted an industry because they came up with a model that others didn't see the value of early on and were therefore too late in adjusting to those realities.

Richard: That is true. One of the best things that I've read that talks about this is a book that came out of a study that was commissioned called *Stall Points*, where they studied organizations, and they all reached this point and then they just went off the cliff immediately. In fact, one of the things they found was that these companies . . . the year before the went off the cliff was the best year in their history. It talks about how this happens. But one of the main underlying – the main underlying reason is the resistance to continuing on an ongoing basis to check your assumptions and the actions which flow from that.

Mike: Good, good. Well, our time is rapidly coming to a conclusion, but I would move back to something you said earlier and touch on it at least quickly, that is, you spoke about the relationship between the board and the leader, the executive leader of the nonprofit. Where do boards of nonprofits commonly need to step up their game from your experience?

Richard: Okay, I'm looking for the right terminology to express . . . A board member, number one, has to have passion for the mission and invest enough time to really understand the environment and things that are going on and be available to the director without being in the way.

Step up their game . . . to pay enough attention and develop enough relationship with the director and the other board members that the board member can offer all of this experience and expertise that they have to offer, but do it in a contributory way that does not interfere.

One thing that I've seen – it seems counterintuitive, but I've seen it a lot. You get a guy or lady, a person that was very successful in handling their business. But they get in on the board of a nonprofit, and they like. "Well, this isn't my field. I don't really understand this. The director is the expert." And so, the board member hangs back and doesn't offer what they really could. That comes from not engaging enough to learn how they could offer that, but not be intrusive, which takes some effort and attention.

Mike: And the other side of that coin is, I think both of us have seen cases where people came in from the for-profit world, having great success there, and came on a nonprofit board and tried to impose their for-profit way of doing things on the model of the nonprofit, when in reality, as you've been discussing, the nonprofit world and the corporate world respond to two different sets of rhythms. And just because it works in the for-profit world does not mean it will work in the nonprofit world.

Richard: That's so true. Which again sounds a little counterintuitive, because a lot of the things

about leadership – business practices, yes, but leadership even more so – are true in both domains. But the nuances of how to make that work in the nonprofit need to be understood . . . well, understood is the word. Just need to be really understood.

Mike: The metaphor I use – it's like an artist who paints on paper, on canvas, on wood. On different substrates. There are certain rules that are the same, no matter whether you are painting on those substrates or painting with oils or using pastels or using acrylics. The techniques are different, but the principles of perspective are the same.

Richard: Right.

Mike: The principles of complementary colors are the same. There are certain rules that are the same wherever leadership is applied. But just as the artist has to be aware of the nuances that change from one medium to another, leaders have to be aware of that, as well.

Richard: That is correct.

Mike: Well, Richard, thank you for these very provocative insights. This has really touched on some topics that invite a lot more reflection, and I know that our listeners have profited from it. I want to wish you the best in your continued work in Ukraine. And thanks again for being with us today on *Upsize Your Leadership*.

Richard: Thanks, Mike. hope I was helpful.

Mike: You certainly were.

Richard: Okay. Thank you.

Dr. Mike Armour is the managing principal of Strategic Leadership Development International, which he founded in Dallas in 2001. Learn more about his leadership development services at www.LeaderPerfect.com.

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