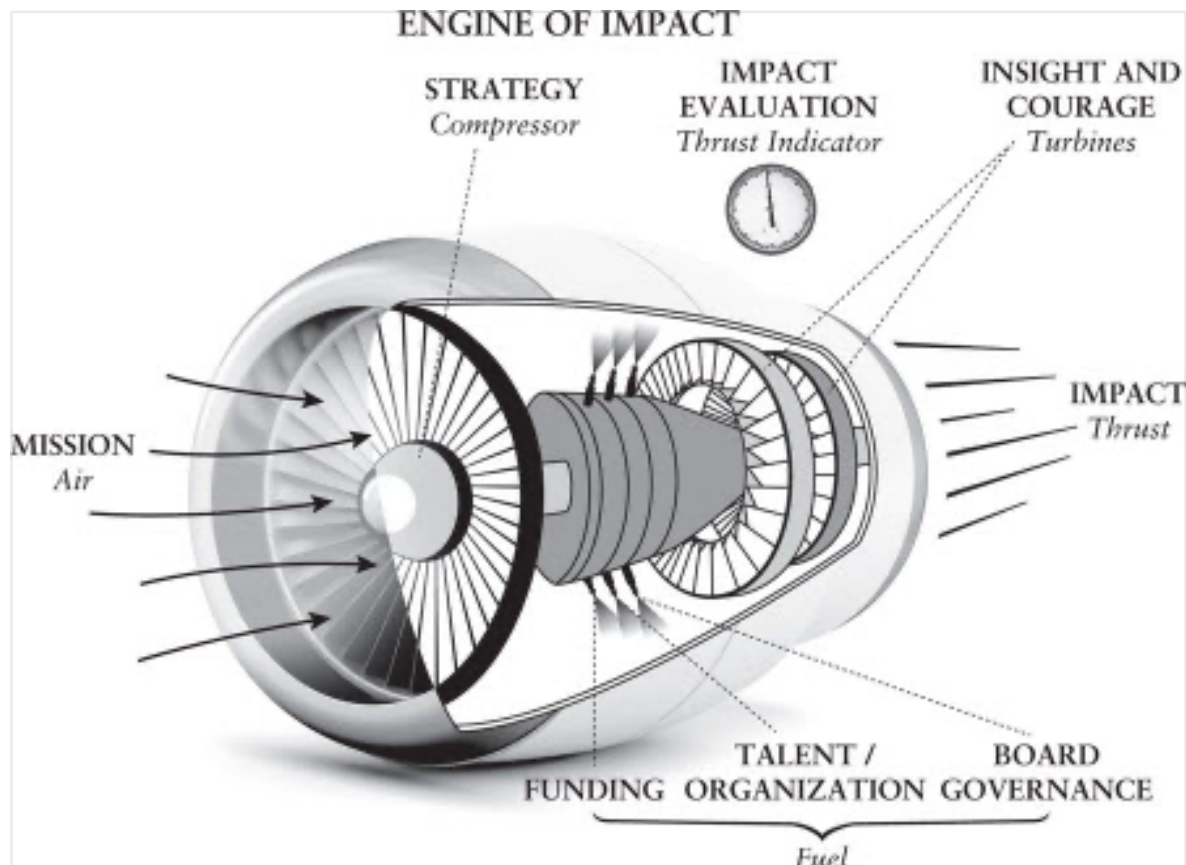


Strategic NPO Leadership

<http://www.bethkanter.org/engine-of-impact/>



Source: Engine of Impact

As the authors describe, the practice of strategic leadership is not just doing good work but also doing the work in a highly intentional and effective ways.

To explain their approach, they use the metaphor of an engine as illustrated above to break down the components of strategic leadership.

1/ It starts with the organization's mission or the air.

2/ Next comes the compressor or strategy that takes the air of the mission and applies pressure to it. In other words, creating a strategic plan.

3/ Impact evaluation is the thrust indicators, providing measurement and evaluation of the performance.

4/ The turbines, which generate power for the engine, are insight and courage.

The fuel for take off includes

5/ funding,

6/ talent,

7/ organization, and governance.

When the engine works well, it creates thrust or impact. The chapters in the book unpack each of these components that can help nonprofit leaders steer their engines towards greater impact.

The book devotes a chapter to the topic of scaling – which is about how far that engine can take your nonprofit. According to the authors, scaling can be a powerful way to increase impact but for only for certain nonprofits under certain circumstances. The first step is to understand readiness to scale. On the book site, the authors provide a [diagnostic](#) that helps nonprofits gauge that readiness based on assessing all aspects of the engine model.

I love frameworks, but sometimes they are dry and boring. Not in this book. The authors have created a “Readiness to Scale Matrix” which includes five categories, presented with engaging visual metaphors to make it memorable. This framework was my favorite insight of the many great ideas and advice in the book.

The five categories are:

- **Scale Jail:** Nonprofits that do not have a well-built engine and have little or no fuel.
- **Field of Dreams:** They have a proven engine of impact but need to develop a solid plan for funding the necessary fuel to scale.
- **Small is Beautiful:** These are small nonprofits that serve a specific population really well and don't need to scale because they are focused on serving a limited group of specific beneficiaries. Makes me link of the [“Small but Mighty”](#) performance indicators for small nonprofits from Leap Ambassadors.
- **The Waterfall:** This is an organization with a weak engine due to a flawed theory of change and weak impact evaluation, but there is a lot of fuel because the organizational leaders excel at marketing. This is not sustainable.
- **The Promised Land:** The organizations in this category have earned the right to scale because they have a well-built, provide impact model and by finding the fuel that they need to sustain growth.

There are many more great insights in this book for nonprofit leaders. [Engine of Impact](#) should be in your essential reading stack now!

<https://pndblog.typepad.com/pndblog/2017/11/review-engine-of-impact-essentials-of-strategic-leadership-in-the-nonprofit-sector.html>

Engine of Impact outlines the challenges nonprofits currently face — lack of impact data, transparency, and sustainable operational support; donors' tendency

to give impulsively to well-known organizations rather than high-impact ones; ineffective boards — and then explores a number of tools that nonprofits can use to address those challenges. They do not include venture philanthropy or impact investments, which Meehan and Jonker, somewhat "controversially," are skeptical of. Instead, they urge nonprofits to embrace the "essentials of strategic leadership" — mission, strategy, impact evaluation, insight and courage, funding, talent/organization, and board governance — which, when brought together thoughtfully and intentionally, create an *engine of impact* that drives organizational success.

Quoting liberally from business management expert Peter Drucker, Ashoka founder Bill Drayton (an early mentor of Meehan's), *Good to Great* author Jim Collins, and other luminaries, the authors illustrate each component of strategic leadership with concrete examples often drawn from the work of Kravis Prize winners such as the Afghan Institute of Learning (AIL), BRAC, Landesa, and Helen Keller International. And while they concede that some of them may be obvious, they are quick to note, based on survey results, that they are not all well understood or effectively implemented.

They emphasize, for example, the importance of a well-crafted mission statement, and caution organizations against mission creep, even if avoiding the latter means saying no to a new funding source. Indeed, saying "no" seems to be a critical part of strategic leadership, in that the urgent need to achieve maximum impact in a time of enormous challenges and limited resources is too important for nonprofit leaders to be distracted by non-mission-aligned activities — or by debates over semantics (e.g., "theory of change" vs. "logic model"): "if you ever find yourself caught in a debate about these terms' usage," Meehan and Jonkers write, "we suggest you leave the room immediately. We do."

One somewhat puzzling note is Meehan and Jonker's warning against setting up a straw man in the debate over quantitative vs. qualitative data while seeming to do just that — as if nonprofit and foundation leaders in 2017 are all either purely "analytics" or "poets" and don't recognize and value, to some degree, both types of data, as do Meehan and Jonker, who urge their readers to make all impact measurements "quantifiable" but to only "count what counts." It's also important, in their view, to invest in evaluation — the sooner in the process the better — in that such investments create feedback loops that can drive improvement and advance strategic thinking. Alas, according to the Stanford survey, few funders require (or fund) impact measurement, and only 57 percent of nonprofit executives and staff regularly use findings from evaluations to refine their theory of change or adjust their overall strategy. Taking such a step, as well as making unpopular decisions and saying no when necessary, requires insight and courage, write Meehan and Jonker — qualities exhibited by the likes of successful social entrepreneurs such as Drayton, Landesa founder Ron Prosterman, and AIL founder Sakena Yacoobi. Indeed, they are the kind of essential leadership qualities that "even inexperienced" funders can recognize, the authors write, and as such

they should be included in funders' grantmaking criteria.

Once an organization has built its engine of impact, that engine needs fuel, which is where talent, funding, and board governance come in.

Meehan and Jonker argue for a "team of teams" model that "emphasizes decentralized autonomy, meritocracy, and a sense of partnership"; minimizes bureaucracy; maximizes talent development and leadership opportunities; and, they believe, will become "the new standard for nonprofits, foundations, and even for-profit global businesses." They also urge organizations to get "the right people on the bus, the wrong people off the bus, and the right people in the key seats before [figuring] out where to drive the bus"; to compensate high-performing leaders well; and to see succession planning as the "inherently difficult" but important function that it is.

The board plays a critical role in all of these areas, as it does in ensuring that mission-focused goals, strategies, and impact measurement systems are in place. Therefore, boards themselves must be designed for transparency and efficient decision making, while board members must bring their "work, wisdom, and wealth" to bear on the organization's efforts. The latter, in Meehan and Jonker's view, is no minor detail: "board members should give at a personal stretch level and should prioritize [their] organization within their charitable giving" — a reasonable, if somewhat audacious, demand.

"Audacious" also is what strategic nonprofit leaders need to be when it comes to securing funding. After their own board members, the authors advise, nonprofit leaders and development staff should target individuals, who account for the bulk of charitable giving in the U.S., rather than foundations, whose grants typically are project-based and more often than not fail to cover the cost of evaluations, leadership development, and capacity building (especially in the area of fundraising). Meehan and Jonker focus on what they call "plutophilanthropy," the kinds of major gifts from ultra-wealthy donors that have long benefited colleges and universities, medical centers, and high-profile cultural institutions. Social service providers should invest in educating and cultivating donors with the wherewithal to make such gifts by engaging their families and networks, developing individualized cultivation plans, and, for younger philanthropists, fostering a strong sense of community.

So, how many U.S. nonprofits are ready to follow Meehan and Jonker's advice and "tune" their impact engine with the aim of scaling their efforts? Believe it or not, only one in ten (11 percent). Not sure where your organization falls? The book offers a "readiness-to-scale matrix" (supplemented with a diagnostic on the book's [website](#)) for assessing whether an organization lacks a well-built engine and fuel ("Scale Jail"); has a proven engine but needs to secure a good fuel source ("Field of Dreams"); provides a specific service to a specific population and thus has no reason to scale ("Small Is Beautiful"); has a poorly built engine but receives significant funding "because the leaders...excel at creating the kind of buzz that

fills the atmosphere at social sector conferences" ("The Waterfall"); or has "earned the right to scale their impact by creating a well-built, proven impact model and by finding the fuel they need to sustain growth" ("The Promised Land"). Cute labels aside, the authors showcase options for increasing an organization's impact without increasing its size, measuring its cost-efficiency, and leveraging technology to expand service delivery — if not necessarily increase donations. As the repeated use of the phrase "earn(ed) the right to scale" makes clear, Meehan and Jonker believe that only nonprofits that can demonstrate, through quantifiable measurement, their impact and capacity to maximize it, should — and will — thrive in the Impact Era. What's more, their sense of urgency is palpable throughout the book. While none of the concepts they present are revolutionary, they have been reinvigorated and realigned for this moment. Which makes *Engine of Impact* an energizing, if sobering, read for nonprofit leaders, board members, and funders alike. If the book elides the fact that donors rarely base their giving on impact data ("[W]e hope that situation will soon change"), it is nevertheless an optimistic book whose authors are confident that "in a nation and a world divided...a nonprofit sector poised to bring unprecedented resources and, for the first time ever, a set of robust tools that will support the fact-based decision making that maximizing impact requires" will succeed in creating the change the world desperately needs.

Last week I attended the launch of the book, [Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector](#) by William F. Meehan III and Kim Starkey Jonker, with a Foreword by Jim Collins. The authors identify seven leadership best practices of high performance based on their extensive experience in the nonprofit and philanthropy sector. Together these best practices form an "engine of impact" that nonprofits need to build, maintain, and hone over time to scale with results.

As a member of the [Leap Ambassadors Community](#), a group of nonprofit leaders, funders, and practitioners who believe that performance matters, the book, the ideas and insights shared by the authors resonated. I wasn't surprised to receive a copy from Mario Morino, the visionary behind the Leap Ambassadors Community and author of an influential book on the topic, [Leap of Reason](#) with a note mentioning that one of the authors, Meehan, is a long-time esteemed colleague and mentor.

The book is a great read, packed with insights as well as high level frameworks and practical applications. This book should be on the holiday reading list for any nonprofit leaders and their boards (and their donors) who want their organizations to thrive and magnify impact. These principles once applied can help organizations sustain their work because they will be able to attract and leverage funding.

....what we found surprised us – and flew in the face of perceived wisdom in the field. Achieving large scale social change is not just about building an organization

then scaling it up site by site. Many of these groups are not perfectly managed. Nor are they all well marketed. And at least half don't score well on conventional ratings, because **they care more about having impact** than they care about having low overhead budgets. They do what it takes to get results.

The 12 Nonprofits

Criteria- A nonprofit founded in the US recently (1965-1994) which has achieved substantial, sustained results and created larger systems change.

1. Share Our Strength
2. Teach for America
3. Exploratorium
4. Habitat for Humanity
5. La Raza
6. The Heritage Foundation
7. Self-Help USA
8. City Year
9. America's Second Harvest
10. Center on Budget and Policy Priorities
11. Environmental Defense
12. Youth Build USA

1/ Advocate AND Serve

Changing laws is hugely powerful, so is doing grassroots work on the ground with real people. Doing both is a synergistic effect.

- start at the top - executives and board must be committed to both

- know the law - talk to lawyers and experts about lobbying
- Develop a plan by talking to other nonprofits that have done it
- Hire policy experts who can acceleration your advocacy efforts
- Find flexible funding from donors who aren't shy of politics
- preserve your integrity by never fudging data or sacrificing core principles

2/ Make Markets Work

There cannot be fear of corporations and the business, we must recognize the power of business and harness the forces of the market.

- change business practices to do less bad or more good
- partner with businesses to leverage corporate power and resources, or do cause-related marketing
- run your own side business
- hire people with business backgrounds
- know your risks of each path

3/ Inspire Evangelists

Great nonprofits turn donors into enthusiastic evangelists who spread the word and their love of the organization

- create meaningful and emotional experiences
- express your core values
- leverage the power of your community to make more change

4/ Nurture Nonprofit Networks

Great nonprofits see other organisations as partners and allies, not competitors. They work together and build the capacity of others to create more change.

- grow the pie by looking for ways to increase resources for the cause
- cultivate coalitions of orgs that push for a common goal
- know when to go your own way when you need to take a stand
- share knowledge and use your expertise and lessons to help others

5/ Master the Art of Adaptation

Great nonprofits must respond to their environments and change their programs, organizations according to what works. Entrenched bureaucracies fail.

- focus on results, not tactics
- experiment and evaluate the changes
- balance structure and innovation to not get out of control

6/ Share Leadership

Executives of great nonprofits know that they need to develop leaders who have the power to make the organization even better than anyone alone.

- learn to let go of some power in order grow
- appoint a strong second in command - a great COO makes a big difference
- develop leaders in the executive team - give them the power and responsibility to make a difference
- Work with your (larger) board to keep them engaged and contributing to your organisation

Sustaining Impact

Figure out what your org needs to have an impact and invest in that, even if makes look less "lean", making sure to diversify your funding streams through foundations, donors, and government.

- First figure out your mission then pay great people who buy into the mission.