

Next Generation Organizations

9 Key Traits



By Marla Cornelius and Tim Wolfred

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About CompassPoint

CompassPoint Nonprofit Services (www.compasspoint.org) is a capacity building and leadership development organization that provides nonprofits with management tools, strategies, and resources to lead change in their communities. Our staff members are nationally recognized experts and thought leaders on the emerging trends and issues impacting the nonprofit sector. With a presence in San Francisco, the East Bay, and Silicon Valley, we deliver programs and services to community-based organizations and individuals in executive transition, leadership development, coaching, strategy and business planning, governance, finance, fundraising, and technology.

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Introduction

The nonprofit sector is experiencing a unique moment of transition stemming from demands that we manage our organizations in profoundly different ways than we have in the past. In this paper, we first outline briefly the major trends and environmental influences that are the sources of the demands. We then draw our picture of the “next generation organization”—the nonprofit that embodies these new ways of pursuing mission impact. To sharpen the picture, we provide examples of next generation practices adopted by two community nonprofits.

At CompassPoint Nonprofit Services, we deeply understand the effect this mandate has on nonprofits. For one, CompassPoint is a nonprofit itself and impacted by the same issues as our nonprofit clients. Secondly, over the course of CompassPoint’s 35 years of experience working with social change organizations, our capacity-building practice has become a kind of nonprofit management and leadership lab. We continually experiment, test, and evolve our practice in response to these trends and to our clients’ ever-changing needs. For those organizations that routinely ask themselves, as we do, questions about impact, ideal management structures, and leadership practices, we have developed an organizational self-assessment and reflection tool, *Is Your Organization Next Generation?*, to help facilitate the conversations we hope this paper ignites (see appendix).

Sector Transformation is Underway

Longer-standing among the current trends impacting our sector, and particularly within philanthropy, has been the acute focus on mission impact and its measurement. Nonprofits are often required to demonstrate a return on donor investment and provide “evidence-based” data that will back up claims of accomplishment and that justify their existence. Organizations are routinely asked to demonstrate and articulate their effectiveness and accomplishments through the use of tools such as financial ratios, performance indicators, dashboards, and benchmarking standards.

The demand for transparency is a second trend. Sector watchdogs, such as Charity Navigator, Great Nonprofits, and GuideStar, publish easily obtainable information about a nonprofit’s finances, and to a lesser extent, its reputation and public standing.ⁱ Also on the rise is the use of planning tools, such as theories of change and logic models, designed to draw connections between organizational outcomes and programmatic strategies. While some would assert that simple mathematical ratios have little to do with mission impact, the push for performance metrics—and with them a desire for increased transparency about the impacts organizations are actually achieving—has led to a better articulation of what is really meant by mission impact. Inspired, in part, by social entrepreneurial organizations that strive to address social problems with creativity, innovation, and a relentless drive for change, this shift in perspective is making way for more sophisticated management tools and leadership strategies.

Moreover, the current economic crisis is significantly impacting the nonprofit sector and adding pressure on organizational performance. It is anticipated that thousands of organizations have reduced staff and budgets due to the retraction of public, private, and individual funding. Many will merge, and closings will not be uncommon. Even organizations that endure (or even thrive) will face blowback from this recession—a heightened scrutiny on performance resulting in organizational Darwinism.

With Obama’s campaign and subsequent election came another influence, a new style of patriotism ignited by his call to service and emphasis on the need for Americans to volunteer and give back to their communities. The success of Obama’s grassroots campaign and community-organizing tactics have re-energized veteran activists and encouraged newcomers to get involved. But this new volunteerism is not just about service, it is paired with policy advocacy. This “Obama effect” is influencing nonprofit strategy; the connection between direct service and social change has been strengthened. More and more organizations are shedding their charity-model roots for a social justice orientation. As a case in point, the widely read book, *Forces for Good*, names advocacy as one of six promising practices that define effective organizations.ⁱⁱ Encouraged and influenced by this shift, increasing numbers of nonprofit leaders are attending to their policy and organizing skills and even boards of directors are beginning to see involvement in advocacy efforts as a hallmark of good governance.

With the aging of the Baby Boomer generation, succession planning is becoming more common. With it has come a heightened focus on staff development and building internal bench strength. The sector has turned its attention to developing a viable leadership and management pipeline. Many nonprofits now explicitly articulate professional development as an organizational value, striving to provide staff with opportunities for personal enrichment and career advancement. A special focus has sprung up within the last three years aimed at recruiting, supporting, and developing the “next generation” of nonprofit leaders.

In some cases, the confluence of these external forces and internal dynamics has *directly* contributed to nonprofits intentionally making changes: leading differently, restructuring, and adapting operations to remain viable and relevant. In other cases, we see organizations that were *already* behaving differently. These early adopters were either ahead of the curve in transforming themselves, or they were different from their very beginnings—fundamentally cut from a different cloth.

These prominent trends, among others,ⁱⁱⁱ are having a profound effect on how some nonprofit leaders are managing and leading their organizations. This has inspired us to attempt a description of certain behavioral characteristics and organizational practices in nonprofits that are adapting to the changing environment. This paper’s objective is to describe these distinctive organizations and offer a perspective of how they might be ahead of the impact curve. To borrow from a recently popularized term, “next generation leaders,” we’re calling them *next generation organizations*.

Next Generation Organizations

What exactly does a *next generation organization* look like or do? We offer this list of characteristics and draw on specific examples from two nonprofits to demonstrate how certain traits are operationalized. You can read more about the two organizations whose stories are woven into this paper—the Mutual Assistance Network and Justice Matters—on the following pages.

Our list of characteristics is not comprehensive and a next generation organization would not necessarily demonstrate every characteristic, but it would likely embody a number of these nine key traits:

1. Impact Driven
2. Finance and Business Savvy
3. Continuous Learning
4. Shared Leadership
5. Wired for Policy Advocacy
6. Multicultural and Culturally Competent
7. Ambiguity of Work-Life Boundaries
8. Constituents as Thought Partners
9. Boards as Value Add



Next Generation Organizations in Action!

Mutual Assistance Network: The Mutual Assistance Network (MAN) was created in 1992 as an informal grassroots organization with a mission to improve the quality of life in Del Paso Heights, a “high-risk” neighborhood in Sacramento, California. It was staffed by local residents and social work interns and was located in the offices of a county social services agency. In 1994, MAN incorporated as a 501(c)(3) nonprofit organization after moving into its own facility. Programs ranged from job training and retention programs, to a Family Resource Center, to youth development programs that included tutoring and athletic leagues.

At its inception, MAN looked much like a traditional social welfare agency serving low-income individuals and families. The majority of its programs were designed to address the specific needs of individual clients in one-on-one and group interactions with MAN staff.

Over time, MAN has evolved to become a coordinator and incubator of programs provided by and for neighborhood residents. MAN now considers itself a neighborhood association, engaging all of Del Paso Heights in improving the neighborhood and the lives of its residents. For example, MAN’s Birth and Beyond program involves families across all economic strata of the neighborhood, not just “high risk mothers” who are in the home visitation program. Youth still get mentoring, but now it’s in the context of socialization activities such as sports leagues and dance and gymnastic classes.

Richard Dana, who became executive director in 2000, started as an intern and has led this evolution in focus and strategy. MAN currently has 32 staff members, including AmeriCorps volunteers, and an annual operating budget of \$1.5 million. The Del Paso Heights residents are 35 percent African American, 30 percent Southeast Asian, 20 percent Latino, and 15 percent White/Anglo.

Justice Matters: Justice Matters (JM), in Oakland, California, was created in 1996 with a mission to provide leadership development opportunities for young people of color to advance social justice movement building. In 1998, Justice Matters added an educational justice project. In 2002, the leadership development program was phased out, and the promotion of racially just education policies and practices became the central mission of Justice Matters.

Justice Matters pursues its current mission with community organizing and movement building efforts designed to promote the adoption of community informed, racially just education policies within public school systems.

The current vision of Justice Matters derives from the following ideology and values:

1. Education is a public good that must be shaped and driven by the intrinsic desire of youth to be part of an engaging learning experience that embraces both their minds and souls. Students of color are not empty vessels to be filled; they come to school with strengths that stem from the experiences of their homes, families, communities, cultures, and histories.
2. Communities of color have a right to demand that their cultures, languages, worldviews, socio-political realities, and families be an integral part of schooling.
3. Students and their communities must be at the decision-making table advocating for their interests and visions for schools.

Olivia Araiza, Executive Director, states, “We are a visionary racial justice organization and we run our organization that way.” JM has seven staff members. The current annual operating budget is \$825,000 with half of its revenue coming from foundations and the other half from major donors.

Trait 1: Impact Driven

This trait, impact driven, is in many ways the foundational ingredient for a next generation organization, and all other traits are largely a means toward this end. For next generation organizations, success is defined as mission impact. The drive to achieve permeates their organizational culture and working style. They are obsessively results-oriented and welcome new ways of thinking about solutions. Next generation organizations have little tolerance for sacred cow preservation, embracing failure as acceptable on the path to eventually arriving at successful programs.

To be fair, the nonprofit sector does not make it easy for organizations to flex this muscle. In the for-profit sector, it is well understood that failure is a frequent byproduct of innovation. However, in the nonprofit sector the unbalanced power relationship between organizations and funders makes the prospect of failure more risky. Albeit at times unconsciously, funders send powerful messages when they choose to divest in an organization that does not produce immediate results or when they refuse to provide general operating funds to help an organization weather trial and error periods.

Another counterforce to risk-taking behavior is life cycle. As organizations grow and mature, there is a natural tendency for structures to become rigid and for individuals to behave and think predictably. When leaders perceive that there is too much to lose, risk-taking diminishes. Ironically, next generation organizations see risk aversion itself as the real risk and have a different take on some common concerns:

CLIENTS	Traditional Organizations	"We've been delivering this service forever; our clients rely on us."
	Next Generation Organizations	"The community has changed; our clients rely on us to remain relevant."
STAFF	Traditional Organizations	"Our staff would never go for it; we might lose their loyalty."
	Next Generation Organizations	"We need stimulating work and interesting challenges to attract and retain the right kind of staff talent."
FUNDERS	Traditional Organizations	"Donors might not understand our new direction; we could lose funding."
	Next Generation Organizations	"Donors want to know that we understand trends; if we are not thought leaders we'll lose funding."
BOARD	Traditional Organizations	"Change is scary; our board is too conservative."
	Next Generation Organizations	"Our board seeks people with divergent viewpoints."

Impact Driven in Action!

Mutual Assistance Network, at its point of incorporation in 1994, looked much like a traditional social services agency serving low-income individuals in Del Paso Heights with support and training programs led by professional staff. Over time, MAN realized that it could have greater impact and be more effective in educating individual clients by assisting the neighborhood to create institutions that assist its residents. It has moved from being a community development center to being a neighborhood association.

MAN has made a bold and strategic choice to discontinue some long-standing (and popular with funders) one-on-one service programs in favor of group socialization programs. As an example, MAN now sponsors a neighborhood youth sports league in which some of the youth also receive mentoring and academic tutoring from the adults involved. Previously MAN provided a stand-alone mentoring program for youth. MAN also incubated a weekly farmers market that is now a daily produce market selling produce raised by Del Paso Heights residents and staff. This shift in focus has resulted in a dramatically reduced need for operating revenue; MAN's annual budget has gone from \$2.1 million to \$1.5 million. The executive director stresses that the decline is entirely the outcome of the strategic decisions, not the current economic recession.

MAN relies heavily on data to measure its impact and tracks four metrics of community well-being. Between 1998 and 2003, median income in Del Paso Heights increased from \$16,627 to \$25,702. Unemployment dropped from 22% to 14%. Teenage motherhood declined from 19% to 15.8%. And the violent crime rate declined from 147.7 to 101.29 per 10,000 residents. In a more recent look at crime rates, there was a 44% drop in crime from 2005 to 2008. This dramatic drop occurred in the absence of any increase in police presence or of any special interventions like anti-gang programs. These data confirm for MAN that its innovative move to a group socialization strategy and away from dependence on traditional client-focused services was the right one for producing change in the Del Paso Heights community.

Justice Matters is devoted to revitalizing educational systems that are failing low-income students of color. One of JM's strategies is advocating for non-traditional teaching strategies. For example, out of a belief that art communicates—inspires and motivates—across communities in ways that words don't, JM is experimenting with art as an educational tool in ethnically and racially diverse Bay Area school systems. JM instructs teachers in the use of art for transmitting knowledge across a broad array of topics, from math to history to English classes. JM is convincing local foundations to take a risk with them in funding JM in these art-infusion strategies to achieve better educational outcomes for students of color.

Trait 2: Finance and Business Savvy

In next generation organizations, people at all levels of the staff and board are comfortable talking about and planning for the financial viability of their organization. For those who are not formally trained in nonprofit finance, developing financial literacy is expected and supported. Next generation organizations do not have an outdated notion of mission-based work that pits management against program. Instead, they effectively manage to a dual bottom line: financial viability and positive social impact. They recognize that a mission statement, while critical, does not identify what Jim Collins called the organization's "resource engine" in *Good to Great and the Social Sectors*. That is, how an organization's particular portfolio of programmatic, administrative, and fundraising activities work interdependently to attract resources.

Next generation management teams understand that strategic decision making is continuous—not episodic like traditional strategic planning—and only effective when informed by the simultaneous collection and analysis of financial and mission-impact data. In a next generation organization, you are likely to find an executive director who does not relegate the money questions to the finance manager—perpetuating the falsehood that finance people manage money and program people manage programs. Instead, the executive director adeptly plays the role of financial leader within the organization, partnering with the finance manager to understand and communicate the story of the organization's financial health to others inside and outside of the organization. As a result, you are also likely to find program staff who are not resistant to understanding budgets, but rather seek to continuously deepen their understanding of the organization's underlying business model.

Financial transparency is a core practice at next generation organizations. Rather than "protecting people from bad news," next generation leaders engage staff in the financial realities of their organizations. In so doing, they are sharing the responsibility for financial viability and developing the capacity of all staff to link their personal performance to the sustainability of the organization. Ultimately financial leadership becomes another form of shared leadership, with staff at many levels seeking out new resources, making smart decisions around expenses, and thinking creatively about how to strengthen the business model over time.

Trait 3: Continuous Learning

In many ways, next generation organizations are similar to Peter Senge's definition of the "learning organization." He suggests that there are five characteristics that compose a learning organization:

- **Systems thinking**—a problem-solving approach that seeks to understand the interrelatedness of issues as part of an overall system, believing that the only way to fully understand why a problem exists is to understand it in relation to the whole environment.
- **Personal mastery**—expressed in an individual’s drive to perform and an organization’s commitment to provide professional development and learning opportunities.
- **Effective use and discarding of mental models**—the ingrained assumptions and values that underpin behaviors and actions. Learning organizations are facile at both understanding their mental models and putting them to work effectively, but also recognizing when certain models are no longer useful and therefore need to be “unlearned.”
- **Organizational shared vision**—necessary to motivate and incentivize staff. It is most effective when the vision is drawn from all individuals within an organization, versus imposed from above.
- **Team learning**—the process by which individuals in an organization learn together to enhance their organization’s problem-solving capacity. Coupled with the process of knowledge sharing, organizations also need structures in place to facilitate team learning so that ideas can be disseminated and implemented throughout.^{iv}

Ultimately, the goal of a learning organization is to facilitate the learning of an organization’s people so that it is continuously transforming itself.

Continuous Learning in Action!

Mutual Assistance Network provides both career planning and job-specific skills training for all staff, most of whom have been recruited from the Del Paso Heights neighborhood. Each staff member then sets both annual career advancement goals and job performance goals. For instance, staff providing financial counseling attend courses in personal finance taught by a local bank.

At **Justice Matters**, each staff person is required to create a personal leadership development vision and to set concrete goals and action steps towards reaching that vision. He or she can then receive up to \$1,500 annually for development activities.

As an example, the operations manager has an arts background. To assist the organization with its goal of using art as a communications tool in its work, he is pursuing a certificate in how to integrate art into education. Another staff member, in pursuit of his vision to move into a more significant nonprofit leadership position, is working on a master’s degree in Leadership & Ethics; he has a flexible work schedule to make his graduate studies possible.

Trait 4: Shared Leadership

Next generation organizations understand that they are more nimble and more effective when everyone in the organization shares responsibility for ensuring that their programs meet their community impact goals. They employ shared leadership or “leaderful”^{iv} practices whereby all members of an organization are involved in decision making and have legitimate influence within the organization. Power is diffused throughout and leaders who have positional authority readily share their power and engage others across organizational staff lines in questions of large and small consequence—from issues of strategy, direction, and purpose to questions of staffing, benefits, and operations. It is in this way that next generation organizations intentionally develop the leadership capabilities of staff so that multiple people are contributing to the leadership process.

According to Joseph Raelin in *Creating Leaderful Organizations*, “the turbulent world that characterizes our organizations today, staffed by increasingly diverse and skillful people, can no longer be pulled together by bureaucratic authority nor by charismatic personality.” Shared leadership is inclusive, recognizing that leaders must embrace diversity of all kinds—perspective, background, experience, and culture—for an organization to be vital. Next generation organizations value participatory democracy.

Shared Leadership in Action!

Both the **Mutual Assistance Network** and **Justice Matters** seek input from their key constituencies in setting organizational directions and operational goals for specific programs.

At MAN, top-level organizational decisions are handled by a team of five managers. Program heads are empowered to design the shape and content of their programs. For example, for MAN’s summer youth camp, the camp manager and his four staff each summer create the program for the camp. In another instance, the decision to convert the weekly farmers market to a daily produce market was requested by residents and implemented by the market’s staff, who are community residents.

Justice Matters’ educational justice programs engage both parents and their children’s teachers in identifying the barriers to academic success encountered by the children and in devising strategies for removing those barriers. To facilitate parent involvement, JM has created a “parents academy” that convenes regularly to give input to program design and monitor outcomes.

On a staff level at JM, the executive director and associate director share leadership as they work across from one another at a table in a small conference room, rather than sit at desks in separate offices. As management issues come to them, they discuss them on the spot and make an action plan.

Trait 5: Wired for Policy Advocacy

The next generation nonprofit leader has the pursuit of social equity in her professional and personal DNA. So her job description includes public policy work in pursuit of structural changes that would ultimately eliminate or dramatically reduce the need for her community service agency to exist. Community organizing skills are of equal importance to skills in fundraising, financial management, board development, and strategic planning. And within those organizing skills is an aptitude for utilizing the social media technologies for rallying clients, colleagues, and fans of the movement to advocate for specific policies and legislation.

Similarly, the next generation organization fosters these skills in its staff and builds advocacy activities into its programs. For instance a homeless services agency sees its work as greater than delivering quality programs that provide shelter and employment training for local citizens. The agency's mission speaks to ending homelessness, which translates into advocating with city and state officials for policies that mitigate the causes, such as a shortage of low-cost housing in the city and limited client slots in mental health and drug abuse programs. In pursuing those policies, the agency's staff is in active alliances with the leaders of the city's other homeless advocates, with the executives of the nonprofit housing developers, with the mental health and substance abuse treatment providers, and with business leaders seeking to improve the city's quality of life.

Wired for Policy in Action!

Mutual Assistance Network encourages residents to move into positions on civic bodies that set policy for their Del Paso Heights neighborhood. Currently residents sit on the Redevelopment Advisory Committee and on the First 5 Sacramento Commission (channeling state funds to health promotion programs for children). Three residents have been elected to local school boards.

At the core of **Justice Matters'** impact strategy is the organizing of parents and teachers to change policies and practices in local schools such that the schools become educationally just, i.e., culturally appropriate and thereby successful with the diverse racial and ethnic populations that make up their student bodies.

Trait 6: Multicultural and Culturally Competent

Multiculturalism creates an appreciation and utilization of cultural differences in personal interactions and in organizational practices. Groups that operate in a multicultural framework have inclusive practices, understand and work to undo social and economic inequity, and share resources and power.

Next generation organizations go beyond valuing demographic diversity in their workforces. They infuse multicultural perspectives and practices into their work—in their governance, leadership, and programs. Their staff and board understand cultural competence and aspire to improve in appreciation, recognition, and understanding of individuals' cultural differences and similarities. They are effective in working across communities and with people from cultural and social backgrounds that are different from their own. Their programs are responsive to diverse ways of learning and meet people where they are. They partner with others to build their capacity as agents of multicultural responsiveness and equity. They recognize various forms of power, privilege, and disadvantage that are attached to social and political categories (e.g., race, ethnicity, gender, class, and sexual orientation) and seek to operate internally and in the community in ways that counteract oppression.

Multiculturalism in Action!

Mutual Assistance Network hires staff that live in the multicultural, low-income neighborhood it serves. As does Justice Matters, it then provides the training and schedule flexibility needed for skill development, including their abilities to work across cultural boundaries.

Justice Matters believes that the pursuit of racial justice in American society is most effectively led by people of color. It is staffed entirely with people of color, as is the membership of the board. It seeks to operate both internally and in the community from a racial justice perspective. To that end, attention is given to looking at how the organization is run, asking the question, "Rather than automatically adopting traditional organizational patterns, how might we run Justice Matters in ways that do not create barriers to being successful? How do we structure our work processes such that we take advantage of perspectives we've gained from the struggle we share as people of color?"

Child care is not affordable, so work patterns are flexible so that mothers of young children can work a significant amount of time at home. Staff members are hired based not on academic credentials but on talent and passion for Justice Matters' mission. They are then given time and resources to pursue the schooling that will build their skills for the work that Justice Matters does.

Trait 7: Ambiguity of Work-Life Boundaries

Many have criticized Baby Boom leaders for the unhealthy sacrificing of their personal lives for their mission-driven jobs. And while younger leaders expressly voice distaste for this pattern it is not because they work less or are less motivated. Rather, next generation leaders believe that maintaining good work/life balance is essential to staying effective in their jobs. And while next generation organizations value self-care, attention to individual needs, and life balance, they also recognize that individuals don't live their lives neatly bifurcating work and personal. The proliferation of social media enables individuals to more easily blend their time and interests. Profiles on Facebook provide examples of how people define themselves as an amalgamation of family relationships, friendships, political interests, and employment. Instead of fighting to keep these boundaries impermeable, individuals seek fluid definitions that allow them to establish relationships dynamically.

Keeping pace with individuals' needs for flexibility, next generation organizations, much like a quintessential start-up, wholeheartedly embrace ROWE—results only work environments. Staff performance is judged by results and not timesheets. Rather than dictate rigid structures that have little to do with performance, ROWE offices allow staff to make their own schedules, work remotely, and engage in work styles based on personal preference—as long as they get results.

Ambiguous Work-Life Boundaries in Action!

The lives of **Mutual Assistance Network** staff, who are working to advance the quality of life for the Del Paso Heights neighborhood in which they reside, are naturally a blend of work, family, and social activities. This absence of boundaries makes for a workforce highly motivated and perfectly situated to create change in its neighborhood. However, MAN leadership has found it necessary to reinsert some boundaries to prevent staff from losing balance and tilting too strongly in the direction of work tasks. One rule is that no one can take office paper work home.

Justice Matters similarly provides excellent examples of permeable boundaries and results-oriented work patterns. Staff have abandoned a 9-to-5, in-the-office work pattern in favor of schedules that allow them to attend to work, schooling, and family needs in ways that work for them. At the same time, staff members are held accountable for a set of performance goals normal for full-time employees. As an example, some staff are mothers of young children and have negotiated flexible schedules to meet the needs of parenthood, e.g., starting work early and leaving early to pick up a child after school. Olivia Araiza, the executive director, was a new mother when she was promoted to her position. She negotiated a schedule that allowed her to work half-time from home and half-time in the office so that she could attend to her infant.

Olivia observes that “we understand we all do our best when we're not stressed out. [We seek] a structure that promotes staff sustainability, staff creativity, the ability to have deep impact. We get excited about the possibilities of making impact [and that can] lead to unrealistically heavy workloads. So we have to keep reminding ourselves that we can have deeper impact if we choose to do less and do it better.”

Trait 8: Constituents as Thought Partners

Although next generation organizations can be of any type or field—from arts to human services to advocacy—one thing they seem to have in common is a fundamentally different viewpoint of constituents. More traditional nonprofit models are predicated on a charity mindset that sees constituents as clients with needs—for arts education, for a variety of social services, or for someone to champion their cause with policy makers. The more traditional response tends to the maternal or paternal in creating programs to take care of those needs for the constituents—whom it is believed cannot do it for themselves.

Next generation organizations design programs and services with a different mindset about constituents. Clients are equal partners in creating cultural experiences, in acquiring basic quality of life resources, and in advocating for social justice. They are not passive recipients of good deeds from charity providers. Just as staff has influence in the organization, even more so do clients. Next generation organizations understand that those to whom they are accountable are in the best position to participate in problem solving.

This “client as asset” mentality is expressed in myriad ways. Next generation organizations include clients in programming decisions. They influence and at times participate in service delivery. They lead action campaigns. And they partner to build other leaders in their communities. For example, more and more direct service organizations are transforming their model from social work to social change. The goal is to build communities where citizens are engaged, empowered, and assertive. One way this is done is by training service recipients to be community organizers and volunteer service providers in the very programs that they use.

Trait 9: Boards as Value Add

An organization’s board of directors is also an important constituent group; yet, the nonprofit board has almost become synonymous with “dysfunctional,” “disengaged,” “problematic,” or worse yet “irrelevant.” This unfortunate summation of a board’s worth is embedded in a problem of board purpose. As Chait, Ryan, and Taylor discuss in their work *Governance as Leadership*^{vi}, nonprofit staff have become skillful managers, leaders, and stewards potentially rendering their boards of directors’ role nebulous at best and ineffectual at worst.

Instead of power struggles with the executive director over roles and responsibilities, the next generation board is viewed through an asset-based lens, believing that boards can add value to an organization in two significant ways:

- The board as a whole performs a governance service beyond what individuals can do;
- Members are valued partners providing staff with an extra set of hands to work and brains for thought partnership. In this way, the board’s work is integrated into the work of the organization.

In contrast to orderly governance models and parliamentary procedures that strive for efficiency (e.g. the Carver model and Robert's Rules of Order), next generation organizations prefer to engage trustees in provocative dialogue about mission impact, not isolate or limit their sphere of influence. The next generation board derives its priorities from organizational needs and judges itself not by efficiency measures, but by the quality of its leadership as it relates to organizational impact.

Boards as Value in Action!

The majority of the **Mutual Assistance Network's** board of directors is made up of Del Paso Heights residents, which means they are also constituents of MAN. The entire board, Del Paso Heights constituents and the other members who bring expertise relevant to the work of MAN, partners with MAN managers and staff in setting policies and strategies for building the Del Paso Heights community. To support the board in its partnership role, MAN schedules a variety of activities to develop the leadership skills of board members, skills which also prepare them to contribute to other leadership groups in the community.

Conclusion

No one nonprofit is likely to embody all the characteristics described. For our organization, CompassPoint, and for every organization we know, they are aspirations. These characteristics stem from our desire to be relevant and effective in improving our community and changing the world, from our desire to have the greatest impact possible. We believe they are the emerging best practices for living our values and having an impact as an organization.

Readers will see additional characteristics in next generation organizations that we have not covered. Or see some characteristics on our list as "last generation" or so broadly embedded in the nonprofit culture as to not merit attention.

Each characteristic exists on a continuum and can have unique dimensions in each organization that sets out to embed it into its culture and practices. "Shared leadership" can be more or less shared in any one agency. Time and resource limitations can restrict the degree to which an organization engages its external constituencies in its decision making. Cultural competence requires an ever expanding set of "linguistic" skills as we seek to partner with the many racial groups and social identities that inhabit our society.

We have written this paper to inform CompassPoint's nonprofit capacity-building work with clients. We are eager to learn from the perspectives of others. While we were conceiving and working through drafts of this paper, some of our colleagues have published their thoughts on cutting-edge trends in the sector, e.g. *Convergence: How Five Trends Will Reshape the Social Sector*^{vii} and *Leadership Development and Leadership Change*.^{viii} We look forward to an ongoing dialogue with social change advocates known and unknown.

Is Your Organization NEXT GENERATION? Self-Assessment & Reflection Questions

Assessment Codes

- 1 = We do not do this at all.
- 2 = We do this very little or irregularly.
- 3 = We practice this at times, but not regularly.
- 4 = We do this regularly.

Characteristics	PRACTICES	Code
1. Impact Driven	1. The organization has defined its impact, has a way of measuring it, and does so regularly.	
	2. The organization embraces failure as acceptable on the path to eventually arriving at successful outcomes.	
	3. There are structures, incentives, and supports in place for individuals to take risks.	
	4. The organization does not preserve sacred cows; it is “solution agnostic” and will try new things to achieve impact.	
2. Finance & Business Savvy	5. All staff and board of the organization understand the organization's business model.	
	6. The executive director views herself as a financial leader responsible for the organization's financial health over time.	
	7. Meaningful and timely financial information is shared and discussed with all staff and board.	
	8. The organization pursues annual surpluses (profit) without apology so that it can maintain appropriate cash reserves and invest in its own capacity to deliver impact.	
	9. Recognizing that people are by far its greatest asset, the organization invests in competitive salaries, attractive benefits, and regular professional development for its staff.	
3. Continuous Learning	10. The organization has a process in place for knowledge sharing among individuals and across teams.	
	11. The organization recognizes when certain services models or frameworks need to be discarded and new ones developed.	
	12. The organization has a process in place for knowledge sharing among individuals and across teams.	
	13. The organization carves out time for individual and collective reflection, including lessons learned.	
	14. The organization devotes resources to bring in diverse perspectives on how the organization can improve its work.	
4. Shared Leadership	15. The organization distinguishes and honors positional power as well as cultural power; it understands that shared/collective power and leadership contribute to mission sustainability.	
	16. The organization demonstrates a value of shared leadership by putting into place concrete practices that operationalize the value (walking the talk).	
	17. The organization spreads leadership down and throughout the organization, fostering an environment of inclusion and shared accountability.	
	18. Managers are committed to developing leadership in others; they trust staff and are comfortable sharing power and decision making.	
	19. There are structures, incentives, and supports in place for staff to develop leadership skills and gain leadership experiences.	
5. Wired for Policy Advocacy	20. The organization includes policy and advocacy as part of its program work.	
	21. Policy and advocacy activities are written into staff job descriptions; staff receive skills training in policy advocacy.	
	22. The organization partners with other organizations, networks, collaboratives, or coalitions that are involved in policy advocacy.	

Is Your Organization NEXT GENERATION?

Characteristics	PRACTICES	Code
6. Ambiguity of Work-Life Boundaries	23. The organization stays in tune with the aspirations staff have for their lives and careers and supports their aspirations through projects, responsibilities, or professional development opportunities.	
	24. The organization seeks to bring talent, networks or knowledge that staff carry from areas outside their work into the organization (note: be open to something not working out by setting ways to measure impact before going into new territory).	
	25. The organization understands that staff are in different stages of their lives and may benefit from a re-imagination of how, when, or where they're expected to meet their job responsibilities. We take into consideration how the organization needs to position itself and adapt to staff's changing needs.	
7. Constituents as Thought Partners	26. The organization values the clients as assets and partners, not just service recipients.	
	27. The organization understands that those to whom they are accountable are in the best position to participate in problem solving.	
	28. The organization includes clients in program design, service delivery, community activities, or evaluation activities.	
	29. The organization sees clients as credible candidates for staff and volunteer positions and prioritizes their recruitment.	
8. Boards as Value Add	30. The organization engages board members in provocative dialogue about mission impact and does not isolate or limit their sphere of influence.	
	31. The board derives its priorities from organizational needs and judges itself not by efficiency measures but by the quality of its leadership as it relates to organizational impact.	
	32. The organization takes an asset-based approach to board recruitment; it encourages members to contribute in ways that engage their strengths.	
	33. The organization has a strategy in place to match board member skills, talents, interests, and passions with organizational needs.	
	34. If the board were to disappear tomorrow, it would have an immediate and significantly negative impact to the organization.	
9. Multicultural & Culturally Competent	35. Multiculturalism and cultural competence are organizational values and priorities and have been incorporated explicitly into organizational strategies.	
	36. The organization dedicates resources for board and staff to explore their understanding of culture and difference and to deepening their cultural competence.	
	37. The organization regularly assesses and updates its programs and services to ensure that they are responsive to a diverse constituency.	
	38. The organization has inclusive practices, understands and works to undo social and economic inequity, and shares resources and power.	
	39. The organization recognizes various forms of power, privilege, and disadvantage attached to social and political categories, e.g., race, ethnicity, gender, class, and sexual orientation, and seeks to operate internally and in the community in ways that counteract oppression.	

Endnotes

ⁱ See Charity Navigator at charitynavigator.org, GuideStar at guidestar.org, and GreatNonprofits at greatnonprofits.org.

ⁱⁱ See Forces for Good: The Six Practices of High Impact Nonprofits, by Leslie Crutchfield and Heather McLeod Grant.

ⁱⁱⁱ For additional information about current nonprofit trends impacting the social sector, see *Convergence: How Five Trends Will Reshape the Social Sector* published by The James Irvine Foundation and La Piana Consulting.

^{iv} For a complete discussion on learning organizations, see The Fifth Discipline, by Peter Senge.

^v See Creating Leaderful Organizations: How to Bring Out Leadership in Everyone, by Joseph Raelin.

^{vi} See Governance as Leadership: Reframing the Work of Nonprofit Boards, by Richard P. Chait, William P. Ryan and Barbara E. Taylor.

^{vii} *Convergence: How Five Trends Will Reshape the Social Sector* published by The James Irvine Foundation and La Piana Consulting.

^{viii} *Leadership Development and Leadership Change*, Building Movement Project in partnership with Movement Strategy Center, the National Community Development Institute, and the Partnership for Immigrant Leadership and Action.



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