

# The Essence of Leadership

## Thoughts on Leading Nonprofit Organizations

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For over 35 years, I've watched private sector executives struggle with the challenges of leading in times of change. For the past eight years, my practice has focused on nonprofit organizations, with some side work with the federal government. All of this "leader watching" has led me to some biases about leadership:

- First, leaders exist at all levels – not just at the top.
- Second, leadership is a personal thing – there's no secret formula.
- Third, leadership will fail unless it's built on strong and genuine values. Norm Schwarzkopf said, "Leadership is a combination of strategy and character. If you must be without one, be without the strategy."
- Finally, while there are admittedly special challenges in nonprofit institutions, the potential for outstanding leadership is far greater in the nonprofit sector than in private industry.

So, on point one: who are leaders? Robert Jarvik, who invented the artificial heart, said "Leaders are visionaries with a poorly developed sense of fear and no concept of the odds against them." I like to think of leaders as people at any level who can drive the achievement of significant goals – people without whose vision, motivation, encouragement, and support, the goals would not be achieved – people who can persuade others to change the way they think and act.

And these leaders do not have to come from the top. In most organizations today, people work in collaboration, in teams. During my career at Watson Wyatt, highly motivated, creative individuals who were a part of much larger teams often took the initiative to create substantial change – in one case, building our Tokyo office to a strong market position in Japan, in another, creating a dominant U.S. flexible benefits practice. Wherever you are, you have the potential for leadership, too.

In this regard, Peter Drucker said: "No institution can possibly survive if it needs geniuses or supermen to manage it. It must be organized in such a way as to be able to get along under a leadership composed of average human beings."

My second point is that leadership is derived from the personal abilities and traits of the individuals doing the leading – there is no set model for successful leadership.

There are 288,000 volumes on leadership listed on Amazon – ranging from “Leadership Secrets of Attila the Hun” to “Primal Leadership: Recognizing the Power of Emotional Intelligence” to a book entitled “Leading Ladies: Transformative Biblical Images for Women’s Leadership” – which among other things extols the leadership virtues of Mother Teresa.

So that’s it – if we can only find the common thread between Attila the Hun and Mother Teresa, we’ll know the true secret of leadership.

In fact, one of Amazon’s featured volumes is entitled “The 21 Indispensable Qualities of a Leader.” Twenty-one indispensable qualities! . . . . The list isn’t intimidating, just long: character, charisma, commitment, communication, competence, courage, discernment, focus, generosity, initiative, listening, passion, positive attitude, problem-solving, relationships, responsibility, security, self-discipline, servanthood, teachability, and vision.

These books can give you ideas, maybe inspiration, perhaps a hint or two. But can you imagine Jack Welch running around with this list, berating himself at the end of the day because maybe he paid too little attention to generosity?

Let’s apply this list to other renowned leaders. Did Winston Churchill have outstanding listening skills? I’m not so sure about that. Was John F. Kennedy a model of self-discipline? Did Harry Truman promote a broad, far-reaching vision?

Books about leadership don’t give you the answers. What differentiates great leaders is not style, image, process. In these respects, successful leaders are often very different.

Then what do they have in common? My list, based on leaders I have known and watched, is fairly short:

**First, they have strong personal integrity.** There is no question about their honesty and values, and they always put the interests of the organization first.

**Second, they have integrity of mission.** They have a genuine, deep concern for an important, worthwhile mission – there’s nothing false or contrived – and the vision is so strong that it can easily be felt by others. It’s tangible, it’s exciting, it draws people in.

**Third, the mission is more important than the leader.** The best leaders I’ve known are not self-promoters. While they are comfortable with power and authority, they do not abuse their position, or emphasize the perquisites of their office, or use their status to distance themselves from others. In fact, most of them greatly enjoy interacting with the rank and file, being where the real work is done.

**Fourth, great leaders have a genuine interest in the views of others.** They can empathize. There was an excellent example of this in a “NOVA” public television

special about NASA's successful landing on Mars. NASA's leadership was divided on the best landing sites – the scientists looking for science-rich environments, with lots of wind and geology and the potential for showing past forms of life; the engineers looking for a flat, windless plain where the risks of a landing failure were far less. It was an understanding of these differing, valid points of view that enabled NASA's leaders to work out solutions that achieved both objectives.

**Fifth, the most successful leaders are adept at understanding people's individual skills and deploying them in the right places.** I'd like to illustrate this with three examples from my own career.

At Watson Wyatt, the importance of understanding individual capabilities was demonstrated to me with remarkable clarity in a training session where teams of our consultants (in groups of six each) competed in a task assembling cut-up shapes into perfect squares. Each member of each team was given an envelope containing the shapes and two rules: 1) there could be no written or verbal communication during the competition, and 2) the team that assembled all their squares first was the winner.

I watched as the consultants struggled with their pieces, trying to make their individual squares. One consultant, an actuary named Diane, assembled hers in under two minutes. Then another consultant on her team, whose name was Gus and who was getting nowhere with his shapes, pushed them all in front of Diane. She completed his square in another minute or two, during which Gus encouraged, with emphatic body language, the other four consultants on his team to let Diane do their squares. Which she did, in record time. When she finished, the second place team had only two squares done.

Until this experience, I hadn't had much respect for Gus, even though he reported directly to me and managed one of our most important consulting teams. He worked 9-5; I was a workaholic. He delegated tough work to others; I rolled up my sleeves and jumped right in. His idea of impressing clients was to take them to a football game; mine was to do good work.

But – and you know this is coming, of course – Gus' team was one of the stars in our company, primarily because he respected his people, knew their strengths, allocated work where it would be done best, and got out of the way.

So great leaders must recognize that building a strong team doesn't mean hiring only people like themselves.

I had a similar lesson during a brief tour of duty in Iraq in 2003. Following the U.S. invasion, the Coalition Provisional Authority (CPA) arrived to find the country in chaos. Among other things, Iraqi workers were rioting in the oil fields because there was no system to pay them – all the infrastructure had disappeared with the fall of Saddam Hussein. The CPA needed to develop from scratch a salary structure for the entire public workforce (over 95% of the jobs in Iraq), and to do it in short order.

The Defense Department asked for my pro-bono help and suggested I contact Dave Oliver, a retired Admiral then serving as the Finance Minister for the CPA. Oliver told me that we had eight weeks to complete the project but that the first consultant he'd contacted said that projects like this take six to ten months. "How long do you think it will take?" he asked.

"Eight weeks," I replied. "My man," he said, and two weeks later I was in Baghdad.

Before leaving, people who knew Dave Oliver said he could be difficult, using words like contrarian, crusty, and "tough old goat" to describe him. You'll either hate him or love him, I was told.

Well I loved him. Why? He didn't personify some of the expected attributes of great leadership – charisma, compelling vision, empathy, or compassion. He was a bit gruff and crusty, and certainly of a different background from mine – 30 years of military service, mostly in nuclear submarines, compared to my 30 years dealing with corporate executives. But there was no question about his integrity, his purpose, his intelligence, or his willingness to lead.

And he was a master at letting you perform to the best of your capabilities. For example, about halfway into my work, I mentioned to him that I had come to the conclusion that building variable pay based on performance into the Iraqi salary structure was a very good idea.

"I think that's a terrible idea," he replied.

"Why?" I asked, not expecting such a quick negative reaction.

"I don't know," he said, leaving my office. "Let's discuss it next week."

My response of course was to give my recommendation considerable additional thought. Eventually, before my next meeting with David, I realized that salary differentiation based on individual performance was counter to Iraqi culture, and that trying to shoe-horn this feature into the new Iraqi salary program would seriously complicate the program.

"Still hot on varying pay based on performance?" he asked me a week later. "No," I responded. "You were right. But I'm not going to tell you why." He smiled and went off to do other work, leaving me to complete the salary project.

Think about the brilliance of the leadership here. Admiral Oliver could have rolled up his sleeves and debated about pay for performance, or taken my recommendations and revised them to suit his views before submitting the final program to Bremer. Instead, he trusted that if I gave the issue sufficient thought, I would come to the right conclusion (either agreeing with him, as I did, or building a case strong enough to convince him to agree with me). As a result, I continued to be committed to completing "my" project, rather than ending up frustrated with interfering higher levels of management.

A final example from my career illustrates the difference between leadership and management at the top of the organization.

When I became the Chief Executive of Watson Wyatt Worldwide in 1993, the firm was struggling. Once a highly profitable actuarial firm, the company had strayed into a variety of unrelated businesses and was losing ground to the some key competitors. My first task, I thought, was to develop a new, focused strategy for the firm.

To assist in this effort, I asked the leading professional services firm consultant, David Maister, to spend a day with me reviewing strategy options. During the meeting, I pushed hard to get Maister to tell me what strategy he would employ if he had my job, but his response was generally a series of Socratic questions.

“You know our business and our competitors as well anyone,” I told him, “so why the reluctance to recommend a strategy for us? Defining one is my highest priority.”

Maister turned to me in frustration. “You don’t understand your job,” he said. “You think your job is defining strategy. It’s not. Your job is to build an organization that will always pick the right strategy.”

Maister was right. Strategy is critical, but building an organization capable of defining strategy is more important. Although defining the right strategy is clearly critical to success, creating organizational excellence represents a higher level of leadership.

That said, it’s the mission that gives nonprofit leaders an edge over those in the private sector. In the nonprofit sector, mission is palpable, and it is a vital element of leadership. Rarely is it as strong in the private sector. In the private sector, executives are trying to motivate people to increase profits. In the nonprofit sector, leaders are saving the environment, feeding the homeless, educating the young, curing the sick.

Endeavors like these are much stronger foundations on which to build highly motivated teams, and from which to lead.

*This article is based on a presentation given in September 2008 to Leadership Fellows of the Nonprofit Roundtable of Greater Washington D.C.*