

Third Sector Leaders

acevo



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Leadership week
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Leading leaders

a snapshot into the
minds of CEOs

By Astrid Kirchner
Head of Leadership Development
acevo

LEADING LEADERS

a snapshot into the minds of CEOs

7 June 2007 saw acevo's Summer Forum "Third Sector CEO: Leadership Challenges Past, Present and Future". Nearly 200 third sector leaders gathered in London for the event.

The forum was part of a year of 20th anniversary celebrations for acevo.

This report is a summary of the information gathered during the event and provides a glimpse into the minds of third sector leaders.

Acevo wishes to thank all the speakers and delegates who took part in this event.

“ Never underestimate the power of bumping into people – a lot of leadership is linking things and people before someone else does – so make sure you're in places where you can make unplanned connections.

Steve James, CEO, The Avenues Trust

”

“ Know where you want the organisation to go. If you're not clear about the future then it's impossible to communicate it effectively to your people.

Lesley Dixon, CEO, Leeds University Union

”

WHAT MAKES AN EFFECTIVE CEO?

The core leadership skills of any chief executive can be summarised as:

- managing upwards: the governance of the organisation
- managing downwards: harnessing the organisation's resources
- managing outwards: representing the organisation

In the middle of these three spheres of influence is the chief executive, with his/her personal style, values and interpretations of the world.



“ Do what you enjoy. If you enjoy it you are normally quite good at it, if you are good at it and you are enjoying it people will follow.

Neil Kerfoot, CEO, Village by Village Ltd

WHAT THE SPEAKERS HAD TO SAY

A summary

The speakers at the event drew on their personal experiences to illustrate their talks. Below are summaries of their perspectives split into past, present and future.

The last 20 years

Baroness Jill Pitkeathley (OBE), Chair, CAF/CASS, talked about how the sector has now increased in diversity and professionalism. In her eyes the sector also has more confidence and a changed relationship with government. It is able to be assertive and to express the wishes of consumers (beneficiaries). She commented that although there are more sources of funding (Big Lottery Fund), the environment is tighter and leaders have to become more politically sophisticated and increase their negotiation skills.

What leadership advice would she give?
Trust your instincts.

Dame Elizabeth Hoodless, Executive Director, CSV, also commented that 20 years ago the sector had much less confidence and that most of the sector's leaders were male with a military background. Dame Elizabeth stressed the importance that in the CSV everyone is a leader and how important it is to walk the talk. In her eyes leadership in the sector could be described as "servant" leadership which implies an ethical use of power and empowerment of the people they serve. Integrity is key. The challenge ahead will be the development of the Next Generation leaders.

What leadership advice would she give?
Every leader should have someone to share the experience with – role models and people who tell the truth – who can be rung up for advice. It is also important to remain curious and passionate about how things work.

Julia Middleton, CEO, Common Purpose, said that all problems are messy and sit across departmental/organisational borders and therefore cannot be solved by silos alone. She acknowledged that the third sector is better able to cross boundaries. Crossing boundaries, however, often means that leaders need to prove themselves in a new area, which is beneficial to the leader's development. Julia made a comparison to the world of films: "a great actor never refuses to audition". She spoke about the importance of turbulent networks and how important it is to move out of your comfort zone and not to stay with the networks that love you.

What leadership advice would she give?
Watch other people and watch their language. Never start believing your own "bullshit" and have people around you who tell the truth.

Leadership advice from Julia Cleverdon CVO CBE, CEO, Business In the Community and Chair of the above session:

Re-charge your leadership batteries, move out of your comfort zone, see the world through someone else's eyes. Change your Chair every three years to get different perspectives.

The present day

Angela Sarkis, CEO, YMCA, talked about the importance of staying mission-led and not getting sidetracked into being funding led. “It is important to be able to say – this is what we stand for, will you give us money?”

Cedric Frederick, CEO, Adepta, divided his presentation into four different challenge areas.

- 1) Creating organisational clarity
Cedric said it is important to maintain a sense of unity and purpose – a clear line of sight. He gave the example of the NASA cleaner who was helping to bring people to the moon. Cedric said that everyone needs to know what the organisation stands for, its values and non-negotiables. He further talked about performance management by these values and the importance of not forgetting who your customers and competitors are.
- 2) Same but different
Cedric talked about the importance of working with the cultural diversity within the organisation, especially under a growth scenario. Cedric mentioned that people’s loyalty is not to Adepta, but to the people they work with and the ones they serve, something which needs to be acknowledged.
- 3) Getting the right people on the bus (even before you know where the bus is going)
He mentioned the importance of creating an environment where leadership can flourish at all levels and the importance of hanging on to top staff.

- 4) Me
Cedric talked about making decisions, questioning and challenging himself. He argues that it is important to understand the “self” first. And as people in his office once told him “the way he walks through the door in the morning sets the tone for all other staff”.

Sue Sayer, CEO, United Response, talked about how sad it was that everything has become so competitive. She chose to focus her presentation on internal challenges.

- 1) Sue talked about making the complex simple, and creating safe environments in which taking risks is possible. It is crucial to help staff get things right and make a difference, working with what is important to each person.
- 2) She mentioned the importance of retaining passion for the cause and trying to make a large organisation feel small by using a personal touch and celebrating success.

Muhammad Abdul Bari Phd, CEO, The Muslim Council of Britain, mentioned that his leadership is rooted in community leadership, a perspective emerging from systems of interlinked communities and effective long-lasting social change. His presentation covered challenges ranging from polarization, diversity, insularity and religious dogma. At the end he stressed that successful leadership needs to take a systems perspective to be able to show how these interlinked challenges can be tackled.

Leading the Future

Nick Wilkie, CEO, London Youth, talked about the complexity of the sector and questioned whether or not there is “a third sector”. He mentioned challenges of new localism, double devolution and internal politics. Looking to the future, he pointed out changes in the workforce and that future leaders may be fully self-supporting with no PA and a “slivers of time” workforce. He predicted the end of the cult of the “hero-leader”. He said of innovation: “there are case studies, but no pattern of understanding”. In terms of social innovation transfer, Nick mentioned that smaller charities may “seed” in larger charities. Nick talked about the importance of clear management as the “oil in the engine room”. He also urged the rescue of positive elitism in order to pursue a graduate scheme for the sector. The sector needs really bright graduates and shouldn’t lose them through voluntary jobs with no career options.

Matthew Taylor, CEO, RSA, started his presentation by describing the sector’s different interfaces. He described the private/voluntary sector interface as incredibly dynamic compared to the public/voluntary sector interface which is slow and not able to keep up with realities of the world. He argued that change comes from people and we need a citizen-centric view. Matthew then talked about globalism and social networking. He encouraged a view that government is a friend, not just a client, and mentioned that new technology is constantly lowering barriers of entry. In terms of leadership advice, he suggested being constantly on the look out for people who inspire you, and remaining self-critical.

“ Spend time getting to know yourself. The more you understand yourself – including your weaknesses – the more use you will be to people who you lead.

Tom Franklin, CEO, Ramblers Association

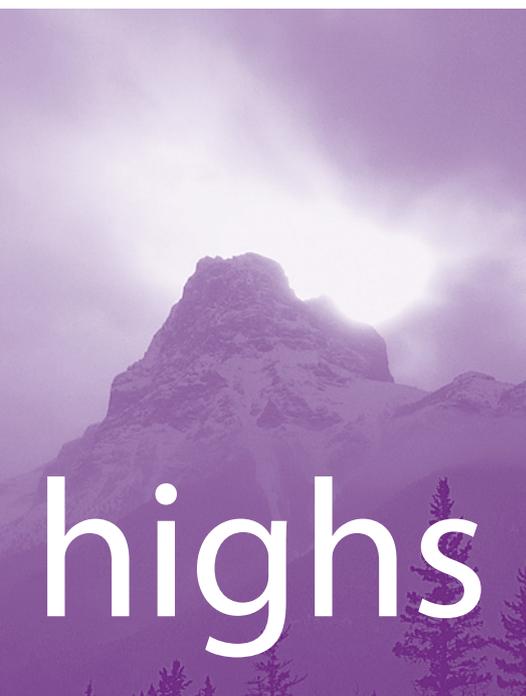
“ Follow your instinct, it's usually right.

Cedric Frederick, CEO, Adepta

THE HIGHS AND LOWS OF THIRD SECTOR LEADERSHIP

what the delegates had to say

During the acevo Summer Forum 2007, we asked delegates to reflect on their highs and lows of third sector leadership. Over the next two pages their thoughts are expressed.



“The increase in professionalism in the sector without a loss of the sector’s unique level of enthusiasm.”

Fundraising success

Making a difference to the local community

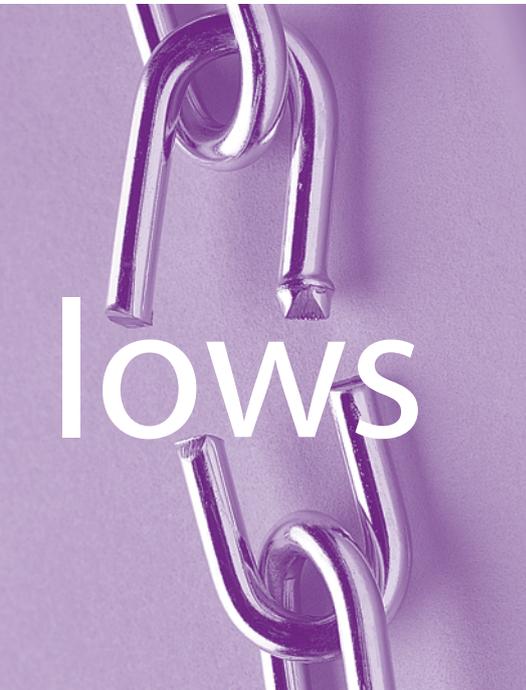
Seeing the difference to people’s lives

Learning from volunteers and staff

Leading a growing organisation

Overseeing an improvement in our service delivery

“My tip for leaders is to keep on learning.
Stephen Gilbert, CEO, Printers’ Charitable Association”



“Trying to bring the trustees into the twentieth century, let alone the twenty-first century!”

Constant arguments with Board members

Having to dismiss employees

Feeling very isolated and lonely

Losing key staff unexpectedly

Bureaucracy

Poor trustee relationships

Getting trustees to think strategically

Terrible Board

“

The best advice I ever received was that the Chief Executive's three priorities should be communication, communication and communication....

Joanna Elson, Chief Executive, Money Advice Trust

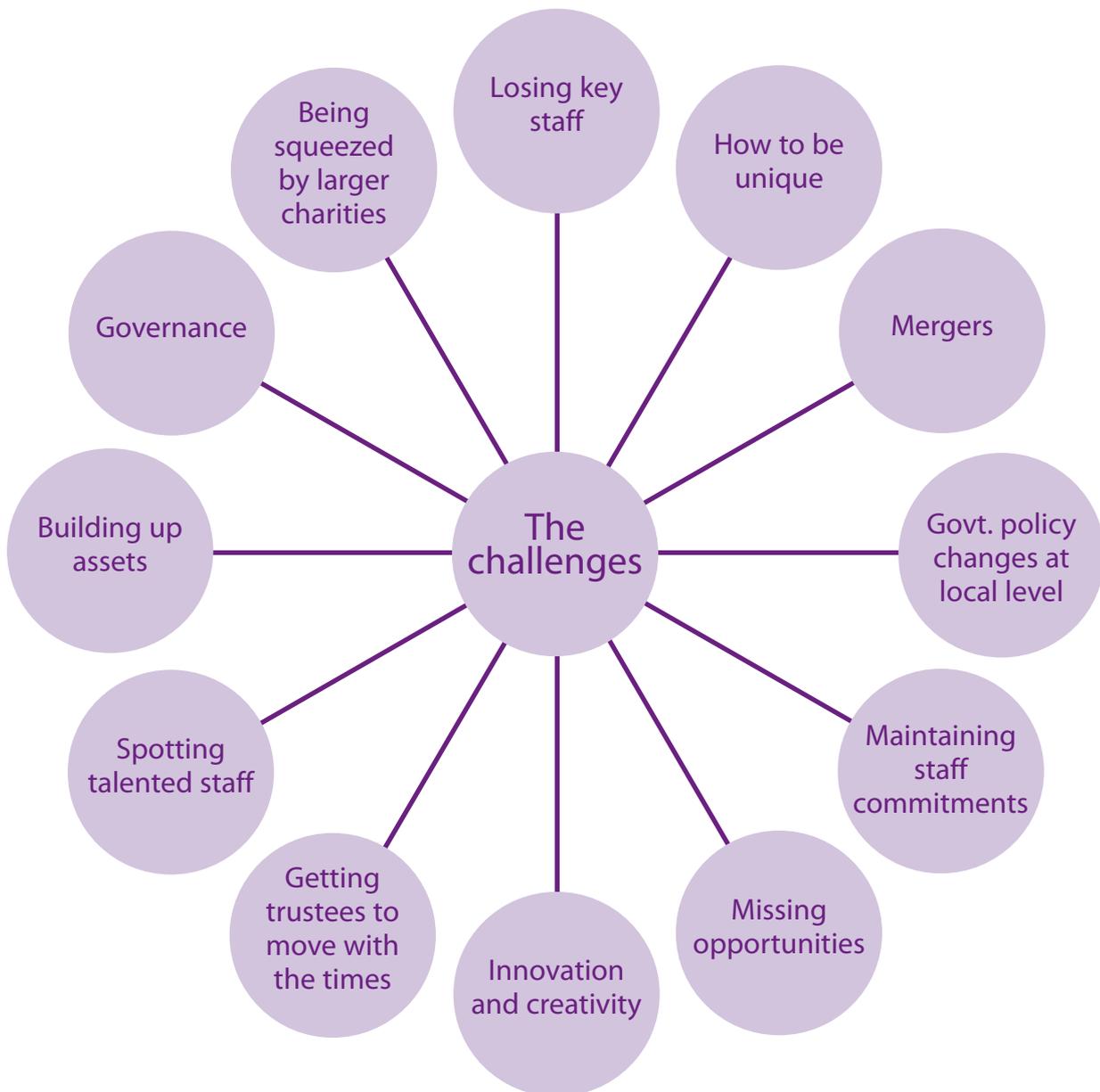
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THE CURRENT STATE OF MIND

A look at the present and into the future

What are the leadership challenges that keep you awake at night and what are the future leadership challenges for the sector?

Understanding the difference between management and leadership



THE ISSUES IN MORE DETAIL

what are the highs and lows:

Staffing issues

“ Achieving a top team – they make such a difference to my life ”

Positive

Seeing staff lead, develop and grow

Working with motivated staff

Seeing staff driving the organisation forward

Having a strong leadership team

Seeing staff members achieve great things

Developing a recruitment and retention strategy

Negative

Letting staff go/making them redundant

Employment tribunals

Diversity of staff

Dealing with staff conflict

Getting staff to engage with a changed world and changing requirements

Employee stress

Trustee Board issues

“ Trustees, trustees, trustees... ”

Positive

Having confidence in the trustees

Having excellent working relationships with the Board

Negative

Dealing with conflict on the Board

Communication breakdown between the Board and senior staff

Lack of trustee support

Adversarial relationship with the Board

Working with a trustee Board who did not have the charity as one of their key interests

Financial issues

“Grappling with funding (or lack of) issues”

Positive

Getting people to invest
Negotiating successful financial deals
Achieving a budget surplus in the first year of the post
Reaching desired turnovers

Negative

Losing benefactors
Not achieving financial targets
Financial pressures

Personal issues

“The position of CEO is one that tests all my skills and experience”

Positive

Being told by a beneficiary “this charity clearly saved my life”
Creating invaluable support networks
Realising that to be a good leader I need to be myself
Working for the third sector is a high
Sharing and being supported by other CEOs

Negative

Overwhelming workload
Feeling unsupported by staff
Realising that colleagues will never truly be my friends or peers
Going into the position knowing nothing about the third sector

THE ACADEMIC PERSPECTIVE

“Leadership development has never been more important. Being a leader is much more challenging as higher and higher expectations are being placed on leaders in an ever more complex world. We aim to add real value by helping third sector leaders work together to challenge assumptions, refresh their thinking and develop new leadership approaches for the future.”

Dr Mark Pegg, Director of Public and Voluntary Sector Programmes, Ashridge Business School

“Many organisations in our sector are now clearer on how they want to develop their leaders – they want leaders they can trust, that can think strategically, can work in partnership and can motivate staff and volunteers.”

Denise Fellows, Head of Consultancy and Development, Cass Centre for Charity Effectiveness

“The importance of investment in leadership development of any kind cannot be underestimated – the challenge is to develop the mindset that investment in development activity is fundamental to the sector's strength and growth. If we fail to invest in ourselves, we will be failing to invest in our organisations and serve the communities we seek to support. Valuing yourself is valuing your beneficiaries.”

Tracy Beasley, Manager, Third Sector Leadership Centre

“Leaders are key figures in the emotional undercurrents of the organisation. Leadership is a political and emotional process in which direction is established and vibrant followership engaged. Leaders become a focus for the organisation's fears and anxieties – and hopes for the future.”

Kim Turnbull James, Professor of Executive Learning, Cranfield School of Management

Life shrinks or expands in proportion to one's courage.

Anais Nin

About acevo

Acevo is the professional body for third sector chief executives, with over 2000 members. We connect, develop and represent the sector's leaders.

Acevo provides a wide range of services to members. We enable our members to connect with each other at our networking events. We offer a suite of

professional development courses and workshops, all focused on leadership development. We offer practical support in terms of helplines and discounted services. We keep our members informed through various communications channels and we also represent them through our policy work.

For full details about acevo please visit www.acevo.org.uk

A LEADERSHIP MODEL FOR EXPORT

An article published in autumn 2007 by the International Leadership in Public Services Journal
By Astrid Kirchner, Head of Leadership Development, acevo

The article will explore the link between authority and leadership in a third sector context. It will outline acevo's leadership model and will provide insights into the current challenges being faced by leaders in the third sector. The article emphasizes the importance of acevo's code of conduct as a guarantee for great leadership.

Introduction

Acevo, the Association of Chief Executives for Voluntary Organisations, is the professional body for third sector leaders. With over 2000 members and 20 years of experience, acevo has significant expertise on issues relating to third sector leadership. Acevo's approach to leadership development is based on the hallmarks of "peer to peer" learning and "developing life-long leadership". Acevo is currently consulting on a code of conduct for third sector CEOs underpinning our drive to professionalize the sector. The code also represents a guarantee for great leadership. As the third sector becomes of increased political importance, it is crucial for its leaders to demonstrate that they are able to lead effectively.

Are CEOs great leaders?

"Do what you enjoy. If you enjoy it you are normally quite good at it, if you are good at it and you are enjoying it people will follow."

Neil Kerfoot, CEO,
Village by Village Ltd

Third sector CEOs need to be very capable individuals in order to own up to the responsibilities entrusted upon them and to achieve what is expected from this demanding role. CEOs, by virtue of their job title, are in a position of authority and leadership within an organisation. Let me, however, explore the difference between leadership and authority further.

Every individual has an external "face", representing the parts of a person visible

to others – such as their behaviours and what they say. Hidden from view are a person's thoughts, their mental models of the world, values and experiences. These hidden assumptions are what influences and drives the external/visible "face" of any individual – including CEOs.

The leader's values and mental models will drive how they see the world and the picture (or vision) of the world/future they will paint for others.

Leadership does not happen in a vacuum and by definition has to do with others (if you were the only person in the world you cannot really be a leader, as there is no one to lead apart for yourself).

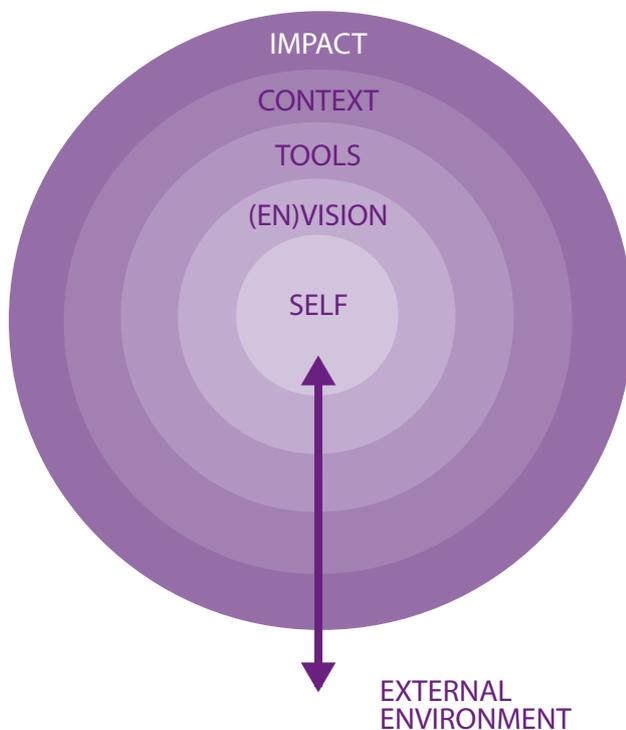
Leadership is also always context dependant. Different situations require different styles, and leaders need to be able to read the situation and choose the most appropriate tools to influence others. The tools available range from enthusiasm and reason to force and coercion. Every leader will have their natural and preferred style.

Whatever the leader does will have a consequence and an impact on others. In the case of the CEO, this will affect the entire organisation and the environment within which it operates. Much of the impact will be based on other people's perceptions, which are not necessarily equivalent to the intentions of the leader. How people perceive the CEO will depend on the external "face" the leader shows.

“What I have learnt is that you are always communicating even when you think you aren't, and when you think you are communicating clearly, others may have a different perception.”

**Joanna Elson, Chief Executive,
Money Advice Trust**

In a simple analogy, the leader's impact can be described as the ripples an object leaves when it hits the water:



The external environment, however, will also have an impact on the leader, shape their understanding and in turn may influence their behaviour. CEOs have the authority to lead their organisation; whether they are seen to be great leaders, however, will depend on their impact and the perception about their legitimacy and credibility by others.

Leadership research has traditionally been associated with what makes successful

leaders. Research by Jim Collins¹ suggests that those leaders who build truly great companies are those that combine humility and will – Collins termed this ‘Level 5 leadership’. Recent research, however, has also focused on leadership failure and toxic leadership.

By contrast, Barbara Kellerman tries to shed light on the matter by looking at what constitutes “bad leadership”². She outlines seven categories thereof:

- **Incompetent** leadership is characterised through a lack of will, skill, or needed intelligence to sustain effective action,
- **Rigid** leadership may be seen as running a “tight” ship, where its leaders do not listen to the ideas of others and stick to their prejudices,
- **Intemperate** leaders lack self-control,
- **Callous** leadership behaviour includes not treating others with consideration and being “uncaring” of others feelings and their needs,
- **Corrupt** leaders believe the end justifies the means and they will put their self-interest above the interest of others,
- **Insular** leadership disregards the welfare of those “outside” the group, and
- **Evil** leadership is described as where leaders and followers engage in atrocities.

“Bad leadership”, particularly in an organisational context, can occur where people confuse formal authority with leadership and abuse their power base.

¹ Jim Collins (2001) “Good to great: why some companies make the leap and others don't”

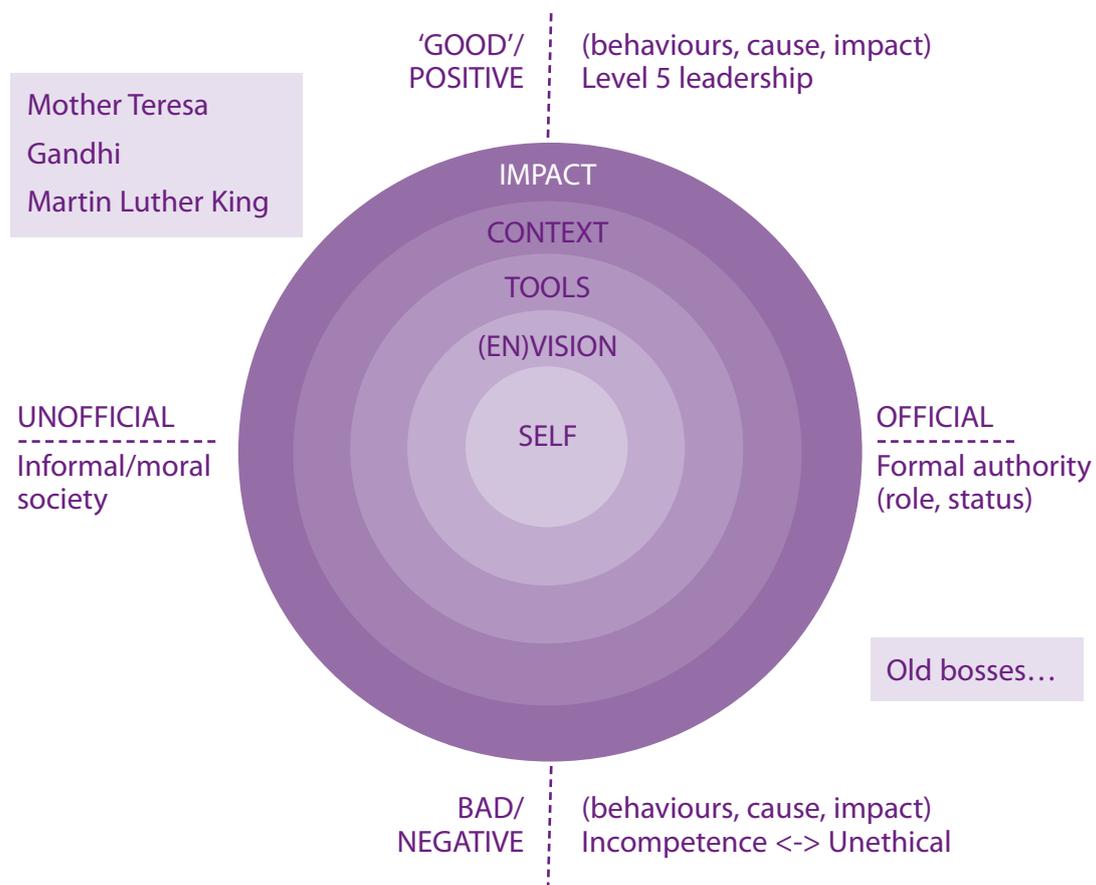
² Barbara Kellerman (2004) “Bad Leadership”, Harvard Business School Press

I recently carried out a number of presentations on leadership around the country. I asked delegates to think about leaders they admire and why, but also to think about the worst leader they have encountered. Inspirational leaders were those with no formal authority, exhibiting empowering behaviours towards others or standing for a certain cause, such as Martin Luther King or Mother Teresa. The worst leaders were those with formal authority seen to be following their own agenda or falling into one of Barbara Kellerman's categories above (old bosses were mentioned most often).

Figure 3 provides a visual representation of the difference between leadership and authority.

Acknowledging the difference between leadership and authority throughout acevo's work, we not only aim to instill professionalism in the third sector, but also integrity and great leadership. Acevo's code of conduct aims to provide a guarantee for the quality of leadership required on CEO level.

Fig 3: difference between leadership and authority



Third sector leadership

“Leadership is the opportunity to live the dream.”

Cedric Frederick, CEO, Adepta

Acevo developed a leadership model addressing the core skills of CEOs. The model puts the CEO in the centre of three different spheres:

- Leading upwards – managing the governance of the organisation
- Leading downwards – harnessing the organisation’s resources and effectively running the organisation, and
- Leading outwards – in terms of representing the organisation and being its figure head

These core skills are the same, whatever the sector, however there are some distinct features relating to third sector leadership.

Fig 4: the leadership spheres of a third sector CEO



Challenges particular to third sector CEOs:

Governance:

Third sector organisations are known to work with the most vulnerable and marginalised people of society, as well as campaign for issues of public benefit. Acevo surveys show that the majority of trustees are white, male and over 55³ – a socio-demographic not representative of the environment most third sector organisations operate in.

Third sector CEOs need to lead organisations in an environment filled with complexity and uncertainty. They must do this under the watchful eyes of a complex array of stakeholders, some of whom are in competition with each other. Third sector leaders must also steer their organisations successfully through a maze of funding and opportunities. They, furthermore, need to manage the expectations of numerous stakeholders (ie: funders, staff, media and government) without losing sight of the beneficiaries, or worse, losing sight of the mission of the organisation.

Running the organisation:

Effectively harnessing the resources of the organisation, as well as translating Board decisions into achievable strategic aims of the organisation, is a key skill for CEOs.

Third sector CEOs need to be extremely flexible and innovative in order to make ends meet, and to manage the organisation in climates of uncertain financial times.

³ Acevo 2006/07 pay survey “Raising our Game”

The third sector leader also needs to be skilled in motivating and maintaining staff morale without financial incentives. Third sector employees are often intrinsically motivated by the values of the organisation and the prospect of being able to make a difference. Managing the passions of employees and volunteers can be challenging at times.

“Having passionate volunteers and staff is fantastic – until you want to change something they don’t agree with. Then all the passion can swiftly turn from a positive to a negative for you as CEO.”

**Craig Dearden-Phillips, CEO,
Speaking Up**

The CEO as figurehead:

Any CEO needs to be able to scan their strategic environments and influence stakeholders for the benefit of their organisation. CEOs in the third sector need to be very politically aware and well networked in order to make the most of opportunities available.

“Never underestimate the power of bumping into people – a lot of leadership is linking things and people before someone else does – so make sure you’re in places where you can make unplanned connections.”

Steve James, CEO, The Avenues Trust

One of the main differences for third sector leaders is that their customer is often not the consumer of the service – this brings with it the challenge to

always have the beneficiary of the organisation in mind when representing the organisation. It also means that a lot of energy that could go on the beneficiaries often ends up being expended on keeping the paying customer – the funder (often government) – happy.

A current state of affairs:

A recent report⁴ following acevo’s Leadership Summer Conference provides insights into what keeps third sector leaders motivated and what keeps them awake at night.

The main reason people want to be a third sector CEO is that it enables them to make a difference⁵. A key positive for people working in the sector is the increase in professionalism in the sector without a loss of the sector’s unique level of enthusiasm.

It is also clear that the main worries of CEOs fall into two priority spheres, the governance and management of the organisation – summarised, through an almost ubiquitous frustration in the sector of, in the words of one CEO, “trying to bring the trustees into the twentieth century, let alone the twenty-first century”.

⁴ Acevo Leadership Briefing – follow up report from acevo Summer Forum “Third Sector Leadership: Past, Present and Future”

⁵ acevo pay survey

Table 1 provides a summary of the main concerns currently faced by third sector CEOs.

Table 1: Leadership Conference Highlights

Highs of third sector CEO-ship	Lows of third sector CEO-ship
Fundraising success	Constant arguments with Board members and terrible Board, and getting trustees to think strategically
Making a difference to the local community and seeing the difference to people's lives	Funding
Learning from volunteers and staff	Feeling very isolated and lonely
Leading a growing organisation	Having to dismiss employees
Overseeing an improvement in our service delivery	Losing key staff unexpectedly

Implications for leadership

According to Rob Goffee et al.⁶ effective leaders must answer the question: “Why should anyone be led by you?” every day in all they say and do. The obvious question to probe is: are all CEOs aware of their impact? In the words of one acevo member:

“Model the values and behaviours you want to see in others – leaders set the climate and culture of organisations and a positive climate is crucial if people are going to be successful.”

Craig Dearden-Phillips, CEO, Speaking Up

Julia Middleton, CEO, Common Purpose and acevo member asserts that leaders need to be able to do what she called “*lead beyond authority*”. The crucial point is: “*It’s not about having authority but choosing not to use it; it’s about having no authority at all. It’s about earning legitimacy with ideas that resonate – and an approach to leadership that means people end up willingly granting authority to you*”. According to her speech at the acevo Summer Conference – “*great actors never refuse to audition*”.

⁶ Rob Goffee and Gareth Jones (2006) “Why should anyone be led by you”, Harvard Business School Press

⁷ Julia Middleton article “Leading beyond authority” in acevo Leadership newsletter, 3rd edition September 2007. In her book, *Beyond Authority: Leadership in a Changing World* (2007), she explores a new style of leadership where authority has to be earned rather than granted.

Third sector organisations are often set up by passionate individuals who have identified a need for change. Their drive and enthusiasm allows them to inspire others into the cause. This gives them a particular kind of legitimacy.

“Being a founder-CEO does give me credibility in the eyes of others. I think staff know that I have earned the role, done what they have done and am personally committed to our mission. This credibility really helps me to lead effectively.”

**Craig Dearden-Phillips, CEO,
SpeakingUp**

All non-founder CEOs are formally bestowed the authority of leading the organisation – the respect and trust of doing so will need to be earned from others.

Conclusion

Acevo’s code of conduct and expected behaviors for third sector CEOs implies trustworthy stewardship of an organisation’s assets. Any leader owes integrity, competence and professionalism to the people who trust them to lead and it is important that the organisation’s leader is competent in all areas of the core skills of any CEO. Subscribing to the code will be a sign of quality for great leadership, and legitimate authority for the sectors leaders. Acevo is proud in leading the way to support our members in doing so.