

the rise of mission- critical skills

the competencies enabling
individuals and organizations
to pursue **their callings** | BY ERIC KRELL

Corporate



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Hankamer School of Business

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James Allen Doe

the degree of

Bachelor of Business Administration

with all the rights, privileges, and honors thereunto appertaining.

Given under the seal of Baylor University at Waco, Texas

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mission



CCORGM

What private-sector business skills are prized by nonprofit organizations?

It's an increasingly important, but complex question — and one that ought to command the attention of all leaders and managers, regardless of the sector in which their organizations execute their unique missions.

On the surface, the answer is relatively straightforward. Nonprofits generally value the same skills that for-profit companies prize (strategic thinking, attention to the bottom line, resilient leadership, etc.), but at any given time tend to have a greater need for certain skills. Right now, for example, information technology (IT) management, data analytics, risk management savvy and transformational leadership mark extremely popular specifications in nonprofit executive searches.

However, a closer look at the intersection of for-profit and nonprofit skills shows deeper changes are afoot. Leadership experiences and skills reaped in the nonprofit realm also have growing appeal to private-sector companies as corporations become more mission-based in a variety of ways. More important, the very nature of the most sought-after organizational skills is undergoing a transformation of its own.

Private-sector leaders and professionals have compelling reasons to keep tabs on changing skills requirements within nonprofits. The sector's size and average compensation has grown at a robust rate in the past decade, including during the global financial crisis. Private companies (and private-sector professionals) frequently work with nonprofits (e.g., serving on their boards) as part of formal community-engagement efforts or for more personal reasons. The sector's growing size means more private companies (e.g., financial services companies) count more nonprofits as customers and clients.

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your intention today," says **CHRISTA DIEFENBACH**, vice president of marketing and development at the Nonprofit Leadership Alliance. The alliance's mission is "to strengthen the leadership of the social sector and to sustain the ability of nonprofits to fulfill their missions with a talented and prepared workforce." To that end, the organization partners with colleges and universities to prepare, certify (the Certified Nonprofit Professionals, or CNP, designation) and connect young people to careers with nonprofit partners, such as Boy Scouts of America, Girl Scouts of the United States of America, the YMCA and others.

Given the nonprofit sector's influence on the U.S. economy and its businesses, Diefenbach (who has taught undergraduate nonprofit management courses) believes it makes sense for all business students to take at least one nonprofit management course. She's not alone, of course. One of Baylor University's defining endeavors throughout its 160 years-plus of existence has been preparing future leaders for service to their communities through numerous mechanisms, perhaps most notably the University's Center for Nonprofit Studies.

the business skills nonprofits seek

KENNETH DUDEK is president of Fountain House, a nonprofit organization dedicated to the recovery and ongoing support of men and women living with mental illness. Last fall, the organization won the 2014 Hilton Humanitarian Prize, the world's largest (\$1.5 million) humanitarian award, which since 1996 has been given to nonprofit organizations that make extraordinary contributions in alleviating human suffering.

Dudek says he cannot name one nonprofit executive director who has been relieved of his or her duties in response to changing the programming aspect in the organization. "I have met many who have been fired for lack of financial competencies," he reports. "Financial management is an important piece for nonprofit organizations." Dudek also identifies marketing, branding and digital communications as increasingly important nonprofit skill sets.

Other nonprofit leaders, as well as talent experts and academics, point to similar skills areas when asked to identify what business skills nonprofits desire. **DIVINA GAMBLE**, who co-leads global executive search firm Korn Ferry's nonprofit practice, says the following specification frequently crops up in nonprofit leadership searches: *Expertise in leading a business through transformation or a high-growth period to ensure value to a customer or an end user.*

"Nonprofit boards are increasingly intrigued by the opportunity to hire leaders from the corporate sector who bring experience leading businesses through change and high-growth periods," Gamble explains. "While these corporate leaders must have the requisite passion and alignment with mission, their corporate experience and skills are appealing, transferable and highly sought after within the nonprofit sector."

Gamble points to several private-sector business activities and experiences that are currently in high demand among nonprofit organizations:

- STRONG BUSINESS ACUMEN AND **experience growing a bottom line**
- **solid staff/resource management**
- ABILITY TO **influence multiple stakeholders** AND CONSTITUENCIES
- ABILITY TO OFFER A **fresh perspective**
- SKILLED IN **building strategic partnerships**

THESE DESIRES ARE SIMILAR TO THE SKILLS DIEFENBACH SAYS NONPROFIT ORGANIZATIONS WANT THEIR LEADERS TO POSSESS, INCLUDING:



Baylor's **Nonprofit Technology Collaboration** was launched four years ago as a way to help small nonprofits in the Waco community build more sophisticated IT capabilities to support the objectives of their missions.



STRATEGIC AND CRITICAL THINKING

The purpose of this thinking is to align organizational resources in ways that increase the impact of an individual project or of the organization's underlying mission.

FORWARD-LOOKING

"You really need to keep your eye on trends and the changing environment," says Diefenbach, "and then use those insights to make programmatic decisions and management decisions."

FINANCIAL MANAGEMENT PROWESS

As **VAN GRAY**, associate director of Baylor's Center for Nonprofit Leadership & Service, puts it, nonprofit organizations, like their private-sector counterparts, "**need to be profitable. Without profitability there is no sustainability.**"

Diefenbach emphasizes that nonprofit executives and managers should feel "very comfortable working with numbers, constantly seeking new numbers and data, and using this information to make better decisions."



RISK SAVVY

"It appears to me that for-profits tend to be less risk-averse—they are more willing to take risks," says Diefenbach, who notes that many nonprofit organizations could benefit from a greater willingness to make more and larger risks—so long, of course, as these bets are smart and grounded in rigorous risk-management thinking. "Because we often have limited resources in our sector," she adds, "we may not be as willing as we should be to take chances that can generate significant improvements in our impact."



Technology management skills, especially those related to data analytics and social media, are in high demand within the nonprofit sector. "Digital media has changed the way we communicate with our donors, funders and even members," notes Dudek. Deploying digital media to support marketing initiatives and constituency relationship management efforts requires nonprofits to establish a basic, yet still relatively sophisticated, IT management capability—something that can be rare among smaller nonprofit organizations. "Small nonprofit organizations, like many small, for-profit businesses, often treat technology as an afterthought," says Baylor Information Systems Professor **GINA GREEN**, who includes some of her research in this area in a working paper titled, "IT Supported Relationship-Building in Small Non-Profit Organizations."

Green says technology needs vary among nonprofits. While some organizations are looking for data scientists and social media experts, others have IT "systems" that consist mainly of manually managed spreadsheets. Baylor's Nonprofit Technology Collaboration was launched four years ago as a way to help small nonprofits in the Waco community build more sophisticated IT capabilities to support the objectives of their missions.

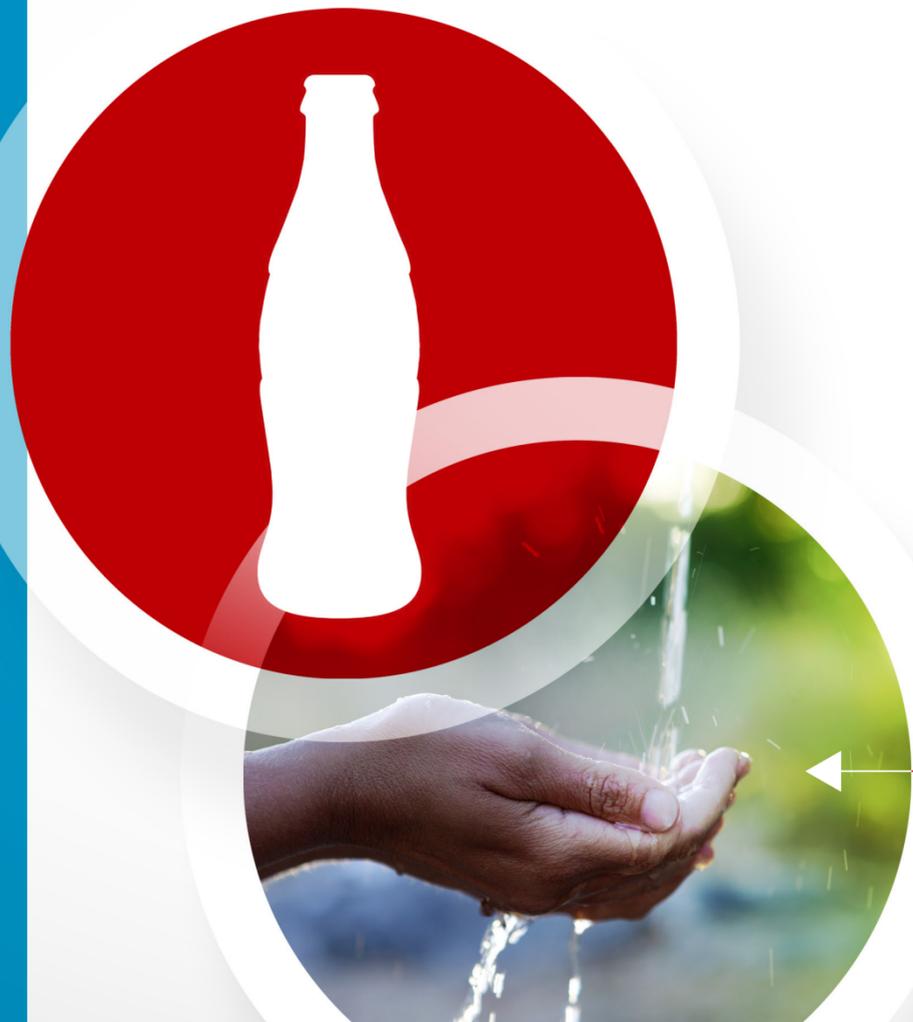
‘transdisciplinarity’ and expanding missions

While there is no doubt that nonprofit organizations have specific business-skills needs, it is also evident **1) very few talent needs are unique to nonprofits or for-profits; and 2) many experiences and skills honed in the nonprofit sector have growing appeal to for-profit companies.**

Gray does not believe there is a significant difference between the skills nonprofits desire and those for-profits desire. “They are both organizations,” he says. “Yes, they may have different missions, but they share many of the same elements of success.” They also share a similar taste in talent, notes **DEBBIE ESPINOSA**, president of the Association of Certified Nonprofit Professionals who also serves as a member of the Nonprofit Leadership Alliance Board of Directors. She is a 20-year nonprofit management veteran who has served in leadership positions for Fair Trade USA, the Boy Scouts, the Girl Scouts and more. “A lot of business acumen is developed in the nonprofit world because you often work with a relatively small staff while wearing three to five different hats at the same time,” Espinosa says. “You’re conducting statistical analyses of various communities, developing programs, marketing programs, raising capital for programs and much more... The leadership skill sets are relatively similar.”

Gray sees more private-sector companies “borrowing a page from the playbooks in the nonprofit sector” in several areas, including how organizations engage with an increasingly diverse and global set of stakeholders, and place a greater focus on understanding shared values and addressing social issues. Corporate social responsibility (CSR) has achieved credible corporate-function status, and a recent U.S. Chamber of Commerce report on the profession predicts it will soon break free of its silo and integrate more deeply throughout the enterprise.

Gray points to companies, like Coca-Cola, whose long-term profitability and, ultimately, sustainability as a business, hinges on addressing clean-water challenges in parts of the world.



It’s notable, and even a bit shocking, that Coca-Cola’s mission is the second result that appears among the 195 million links a Google Search of “corporate mission” produces. A decade ago, many hard-nosed executives would roll their eyes at the notion of an organizational mission as anything more than a conference-room wall hanging. Today, few of them even bat an eyelid when discussing the importance of their missions, organizational values and the importance of the company behaving in ways that demonstrate its mission and shared values. A recent IBM survey of global chief executive officers found that “empowering employees through values” represented the top priority among chief executives. Increasingly, the mission of for-profit companies is to fulfill a mission that serves shareholders *and* a broader set of stakeholders.

This shift also is evident in the sudden emergence of the “B Corporations,” companies that earn a certification, from nonprofit organization B Lab,

based on meeting rigorous standards of social and environmental performance, accountability and transparency. The certification was created in 2007, and there are now more than 1,100 Certified B Corps (including Etsy, Patagonia, Method and Seventh Generation) pursuing what B Lab describes as “a higher purpose than profit.”

As the mission focus of private companies continues to grow, even relatively minor differences in talent requirements between the sectors may lessen. That said, it seems a safe bet that these talent requirements also will change, possibly dramatically.

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A research report, “Future Work Skills 2020,” conducted by the Institute for the Future (IFF), identifies 10 skills expected to be in high demand across all sectors within the next decade. Some of these skills sound similar to current talent specifications (e.g., novel and adaptive, virtual collaboration and cross-cultural competency). Others, like load management (an “ability to discriminate and filter information for importance, and to understand how to maximize cognitive functioning using a variety of tools and techniques”) and sense-making (the “ability to determine the deeper meaning or significance of what is being expressed”), sound like something out of the latest William Gibson novel.

The most sci-fi-sounding skill of the future the IFF identifies may be the most useful in guiding the executive-recruiting, leadership development and recruiting activities within nonprofit and for-profit companies in the coming years.

“Transdisciplinarity” is defined as a “literacy in and ability to understand concepts across multiple disciplines.”

Given the growing complexity of many global problems, it is unlikely suitable organizational responses to these issues can be addressed through the application of a single discipline. The IFF researchers predict organizations will increasingly seek out managers and leaders with transdisciplinarity skills: **“The ideal worker of the next decade is ‘T-SHAPED’— they bring deep understanding of at least one field, but have the capacity to converse in the language of a broader range of disciplines.** This requires a sense of curiosity and a willingness to go on learning far beyond the years of formal education.”

A promising way to develop this skill, it seems, is by acquiring skills and experiences in different functional areas, different industries and different sectors. Just ask Espinosa, who was recently hired by BuroHappold Consulting Engineers, as the private-sector company’s manager of operations, North America, based on the hard-core business acumen she amassed during two decades addressing complex challenges in the nonprofit sector.

bbr.baylor.edu/mission-critical-skills

BREADTH OF UNDERSTANDING OF CONNECTIONS ACROSS THE BUSINESS

DEPTH OF UNDERSTANDING IN A PARTICULAR AREA