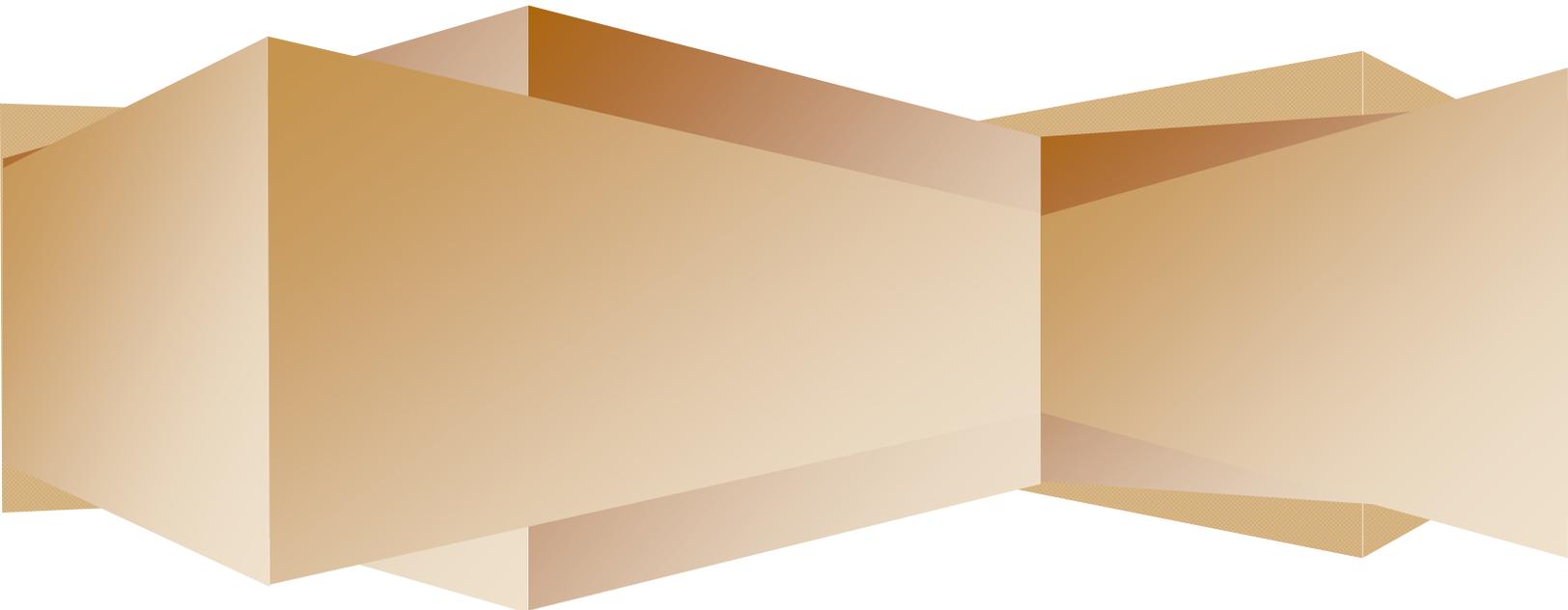




HOW TO CHANGE CULTURE AT THE BOARD AND STAFF LEVEL

A discussion paper based on Verity's Bridge2Success Executive Breakfast Forum "Implementing Cultural Change at the Board and Staff Level"

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HOW TO CHANGE CULTURE AT THE BOARD AND STAFF LEVEL

An introduction

In today's volatile marketplace, many nonprofits look to attract and retain board members and staff who will direct their attention to increase productivity, shift funding reliance from the government to the private sector and increase brand awareness. This discussion paper addresses the complexities of implementing a cultural shift and the introduction of new business approaches vs. the practical reality of executives facing these issues.

For the purposes of this paper, and as agreed upon by our forum participants, culture can be defined as follows:

*"A pattern of shared assumptions that the group learned as it solved its problems of external adaption and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems."*¹

While it's easy to agree upon on a definition of culture, devising a method to facilitate cultural change within the nonprofit sector is much more difficult. As this discussion paper will illustrate, there are a number of obstacles including, the differences between managing a for-profit vs. nonprofit; retaining good staff while enabling change; and embracing innovation despite the organization's legacy.

This discussion paper is the first in a series we plan to release, which will address issues that are currently keeping executives and influencers of the nonprofit sector up at night. We hope that in reading this paper that you will gain a better understanding of the challenges within the sector and that you become better equipped in managing them.



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¹ Elspeth J. Murray and Peter R. Richardson "Major Elements that determine Culture," in *Fast Forward: Organizational Change in 100 Days*. (Oxford University Press, Inc., 2002), 216.



Bridge2Success Executive
Breakfast Forum
September 25th, 2012

Our Participants

- **Rick Blickstead**, CEO, Wellesley Institute
- **Anne L. Brayley**, VP, Philanthropic Services, Toronto Community Foundation
- **President & CEO**, Mental Health treatment, research and teaching centre.
- **Georgina Kossivas**, Bursar and CFO University of St. Michael's, University of Toronto
- **Ingrid Perry**, President & CEO, Bridgepoint Health Foundation
- **Elisabeth Ross**, CEO, Ovarian Cancer Canada
- **Anne Vézina**, Acting President and CEO, Canadian Cancer Society
- **President & CEO** National Health Charity

Change Management vs. the on the ground reality

THE CHALLENGE

A group of senior leaders from the nonprofit sector met on September 25, 2012 to discuss the topic "Implementing Cultural Change at the Board and Staff Level". The group contrasted the change management theory with their reality on the ground and shared their valuable experiences and knowledge.

CONTEXT

The group of senior leaders came to the table with superior education and in the

majority have held executive roles in both the private and nonprofit sectors. The quote, "leadership roles in the nonprofit sector are more complex and the sector's complexity is analogous to playing chess versus checkers in the private sector," resonated with the group. In response to the complexity of the sector the participants cautioned that cultural change must be approached with great caution and care - but there is an increasing imperative to act.

Cultural change must be approached with great caution and care – but there is an increasing imperative to act.

Identifying a burning platform to mobilize change

A common tenet of change management theory is that change is often enabled by identifying a "burning platform." The theory posits that the threat of the burning platform mobilizes the organization to action and thus change is enabled. The Bridge2Success Breakfast Forum participants described the culture of the nonprofit sector as being conservative and internally focused; leaders face inertia by many of their stakeholders and senior volunteers. In this environment it is challenging to identify the burning platform that change theory so commonly recommends, although the very lack of such a platform may indeed ultimately become the platform!

The executives, who are closest to the organizational threats and opportunities, clearly feel that the sector is being impacted by: volume of duplication of charitable efforts across the sector.

- volume of duplication of charitable efforts across the sector
- global economic and political threats,
- donors who are feeling the effects of the slow and uncertain marketplace
- the regulatory environment that is imposing restraints in order to balance budgets, but no corresponding effort to make compliance easy or cost effective, and
- increased scrutiny of media and charity watchdogs.

Hosts

- **Tim Arnill**, President & CEO, Verity International Limited
- **Colleen Fleming**, Forum Moderator Managing Director, Bridge2Success Verity International Limited

Communication and education are time consuming, but critical success factors

Executives have to spend an exorbitant amount of time educating and communicating the reality of the macro-economic environment before they can gain support for a change initiative – Forum Participants

The objective of the consultative phase is to identify the current common purpose of the organization, challenge assumptions, and ultimately unite all stakeholders. It was emphasized that with the multiple stakeholder environment, it is critical to take time for the consultative process before moving to the change initiative. The old saw "the devil is in the details" should be heeded. They also recognized that the marketplace is moving quickly due to many micro and macroeconomic and societal factors including technology. These leaders continue to experience tension between the urgency of the market place and the responsiveness of their respective organizations. Some participants also humbly noted that their leadership style was also changed by the consultative process. It was concluded that nonprofit organizations that are mature in their governance practices, thus enabling paid staff to lead, will have competitive advantage.

Retaining heroes, heroines, and values while embracing change

The leaders were cognizant that they didn't want to discard the historical culture and passion that enabled their organizations to contribute to specific causes and to Canadian culture as a whole.

What is needed is to build on the historical culture by adding more externally focused and informed business approaches. For example a common objective of the participants has been to increase productivity of both the human resources and the assets of the organizations. The hesitation to release staff under-performing staff could no longer be supported. The leaders did agree that they would move more slowly to terminate employees than they did in their roles in the private sector. They would offer coaching and other developmental opportunities but did feel they ultimately have to terminate underperformers if a new organizational culture was to take hold. Many nonprofits do not have the money to formally develop staff and now there are skills gaps. Leaders wanted to give current employees an opportunity to learn and permission to fail as they embraced new skills and attempted to gain the trust of their workforce. The value of treating people with great sensitivity in termination was emphasized and is respectful to the historical values of the sector.

Productivity gains are also being sought by the participants by introducing new functional skills to their teams such as marketing, branding and digital outreach. It was noted however that the donor relationship management could not be forsaken. The restrained donor environment and the prolonged global slow-down are making these new skills an imperative. Leaders spoke of "turning" their team members several times over a period of years until they arrived at a better mix of talent. The leaders' decisions are being guided by increasing the productivity of their organization for its ultimate sustainability.



Emerging Themes

- Historical culture must be built upon
- Leaders move more slowly to terminate employees in the nonprofit sector vs. in their private sector experience.
- There is a lack of funds for nonprofits to formally develop staff, thus leading to skill gaps

"NFP's feel a greater 'caring relationship' to their people."

Rick Blickstead

Summary

"I firmly believe the CEO must partner with volunteer leaders - particularly those who are part of the broader stakeholder network"

Ingrid Perry

Verity's Bridge2Success Breakfast Forum on Implementing Change at the Board and Staff Level was a success due to the knowledge and experience of our participants, and the practices of their respective organizations.

While there is no single solution on how best to help facilitate change within their organizations the ideas they shared are applicable and scalable for all nonprofit organizations – large or small.

Colleen Fleming, Forum Moderator
*Managing Director, Bridge2Success
 Verity International Limited*



Mobilizing the change agents

"Cultural change is driven by inspiring goals" Anne Vezina

Cultural change initiatives in the nonprofit sector are not necessarily led by the board. The business leaders often lead the corresponding change initiative at the board level because volunteers are not necessarily well versed in governance and the business of the organizations. Leaders felt some stress managing this "dance" between board and staff leadership.

Once the cultural change initiative is underway it was identified that it is critical to "go for gold" and not shy away from stretch goals that inspire the teams to action. This is the time to ensure all human resources are committed and enthusiastic about the journey. The structured and integrated change initiative must be accompanied by results that are measurable and frequently communicated. One participant commented that the adoption of symbols of the change initiative also helps to unify participants around a common purpose and introduce some fun to the process.

The Canadian public and oversight bodies such as boards and government must recognize the complexity of leadership in the sector and the value this career choice brings to society. The belief that employees in the sector should be rewarded with a "do-gooder" discount will not serve Canada well. The nonprofit sector itself must be open to private sector skills. The leaders in the room ask "are we all living the same dream" of a Canadian Civil Society?

Bridge2Success (B2S) is Verity's distinctive practice area dedicated to unique needs of the nonprofit sector. From coaching executive-level "Bridgers" (leaders moving from the public or private sectors to the nonprofit sector), to consulting to the boards that hire them - our unique services make the relationship work and the organizations stronger.

Bridge2Success is the link – seamlessly "bridging" the skills between private and public sectors and the nonprofit sector, benefiting the individual, the organization and the overall

Distinctive Services

Bridge2Success offers a specialized array of services that are a direct response to these needs.

- **Board-level Consulting** – From how to work with a new CEO/ED from the corporate environment, and to set him/her up for success, to how to get a board to operate together effectively.
- **Executive Coaching** – Coaching for the new CEO/ED, with a focus on how to transition corporate, "For-Profit" skill sets to the nonprofit world, including building skills to support productive board relations.
- **Selection Consulting** – Working with the board to establish and manage/oversee the process of selecting a new CEO/ED and/or members of the board.

Specialized People

Our advisors are carefully selected to bring a unique skill set to our customers and individual clients – knowledge, experience, as well as business and consulting acumen. They are all experienced leaders and board directors, with a keen understanding of the unique challenges Nonprofits face. And most importantly, they have the passion to make a difference.



Unique Needs

The nonprofit sector is growing. At the same time, its organizations are facing increased scrutiny and transparency over processes and efficiency and fierce competition over funding dollars and donations. Its own best practice research has identified that the combination of private and nonprofit sector experience – the Blended Skill Set – is critical to support sustainability.

- Aligning the work and the sensitive relationship of the board and the CEO/ED, as well as managing the performance of a CEO or Executive Director (ED); and
- Meeting the expectations of stakeholders for rigorous processes for selecting a new CEO/ED and managing the renewal of the board, e.g. Slate Selection process.

ABOUT VERITY

Unlocking the potential in people

Products can be copied. Customer service levels can be matched. Information technology quickly becomes obsolete.

It's your people who drive competitive advantage and sustained performance.

Verity unlocks the potential in your people.

Consulting solutions for the people side of business

Verity International Limited is a boutique Canadian human resources consulting firm that focuses on the people side of business. We have decades of experience working as a trusted advisor with a wide-range of organizations, individuals and executives.

“Our mission is to help leaders align their people to build sustainably successful organizations—known for excellence in performance, innovation and employee engagement.”

We clearly understand the balancing act of managing the complexities of human performance, while meeting the demands of all stakeholders.

Our consulting and coaching solutions are unique and tailored to the specific situation. We believe in developing solutions that are specialized and results oriented—solutions that unlock the human potential that drives organizational performance and individual dreams. This is our core skill, our passion and the heart of our approach.

In operation for over 25 years, we have four distinct practice areas:

- Bridge2Success
- Talent & Organizational Consulting
- Executive Advisory Services
- Career Management & Transition

We operate in all major cities across Canada through our national Verity Filion partnership and in over 40 countries globally as a founding member of BPI group.

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