



## ***21<sup>ST</sup> CENTURY LEADERSHIP NEEDED NOW***

*By Alex J. Plinio and James Abruzzo*

**On March 15, 2005, Rutgers University launched the Center for Nonprofit and Philanthropic Leadership. Housed at Rutgers Business School and located on the Newark, New Jersey campus, the Leadership Center realizes a vision that co-founders Alex J. Plinio and James Abruzzo have shared for over a decade: developing and supporting leadership that improves nonprofit organizations and foundations and strengthens the impact these organizations and their leaders have in building a civil society.**

### **Alvin Ailey American Dance Theater: A Brief Personal Reflection on Leadership**

*In the mid-1980s, the Alvin Ailey American Dance Theater (AAADT), a world-renowned dance company with a history of stunning, influential performances and choreography, began to flounder in its governance, finances, and marketing. On the verge of financial collapse, the company turned to business executives to help out. Three new trustees were recruited to the board by board chair Stanley Plesant to help rejuvenate the organization. As an executive at Prudential Financial and former President of the Prudential Foundation, I came on the board to focus on governance, strategic planning, and fundraising; the president of Kraft Foods to focus on marketing; and the Senior Vice President at a real estate company to focus on real estate.*

*At a planning retreat shortly after joining the board, I listened to the visionary founder, Alvin Ailey, talk about his hopes and dreams for the company. He lamented that he had not been able to articulate and institutionalize his vision more completely. His articulation came through his body movement, not his voice, he said. Staying up until 3:00 am that night, I took what I heard Ailey say in the planning meeting and wrote up a draft of the organization's vision. When I showed Ailey this statement the following morning, he lit up with excitement, and his enthusiasm and the experienced leadership on the board provided the spark for an ambitious planning and implementation effort.*

*Working with Ailey's vision, the board launched its first strategic plan, and everyone worked together to strengthen the board, upgrade staff and the corps of dancers, and raise needed funds. Subsequently, the board was ably led by Phil Laskawy, then CEO of Ernst & Young LLP, and Henry McGee, President of HBO Video. Over time, the board recruited other new trustees and excellent staff leadership, including Michael Kaiser who is now head of the Kennedy Center in Washington DC. As AAADT executive director, Kaiser led the organization to a higher level of financial and outside funding achievements.*

*Laskawy filled the board with strong new members who used their skills, networks, and personal contributions to fuel subsequent strategic plans. Sadly, Alvin Ailey passed away in 1989, but the company attracted another remarkable leader, Judith Jamison, who had both artistic vision and fund-raising skills. Working together, the new leadership team—Jamison as artistic director; an exceptional new executive director, Sharon Gersten Luckman; and the board team led by Laskawy—transformed the organization, which now has substantial funding, world-wide artistic recognition, a new home/dance center, and the strongest board and staff it has ever had. The company provides a wonderful opportunity for a diverse corps of dancers and choreographers while being true to Ailey and the African American experience he sought to bring into the mainstream of American art and culture. Value-centered, mission-driven leadership, both staff and board, made the difference for this preeminent dance company, unsurpassed on stage, in its administration, and its governance.* —Alex J. Plinio

We created the Center for Nonprofit and Philanthropic Leadership to institutionalize a vision of effective, value-driven leadership. Over the course of our own careers, which span nonprofit, corporate, and philanthropic work, we have become acutely aware that leadership is absolutely key to creating our vision of a civil society—in New Jersey, in the United States, and internationally. And leadership skills need to be a major focus of career training and education for the sector. The Center's mission is to assist leaders at both board and staff levels to create or improve organizations that have relevance, value, and impact. Individual leaders' visions, talents, ethics, values, and determination shape effective organizations, and it is their organizations, in turn, that help to build a civil society.

## **Why leadership?**

Strong leaders build and drive strong organizations and, through alliances with others within and outside of their fields, also inspire and motivate other leaders. Leaders assure that their organizations' positive impact is sustainable. Intelligence, education, and ability are the entry tickets to attaining positions of responsibility that create new experience, but characteristics of empathy, motivation, self-awareness, and others are what differentiate average leaders from leaders who excel.

Until recently, the nonprofit and philanthropic sector has been relatively devoid of a focus on leadership. Although we are now seeing an increase in concern—in accountability and leadership succession, for example—the focus on nonprofit leadership is far less than in the for-profit world. As part of the planning process for the Center, we decided to conduct a scan of nonprofit and philanthropic leaders (both practitioners and academics) to survey their opinions on

leadership, leadership training and education programs, and other issues in the sector. We retained Mary Ellen Capek, a founding officer of the National Council for Research on Women and co-author of *Effective Philanthropy: Organizational Success through Deep Diversity and Gender Equality* (MIT Press, 2006), to conduct the research starting in 2004. Securing anonymous feedback of over 100 peer-nominated nonprofit and philanthropic leaders, the scan produced some interesting findings. For example, when respondents were asked about qualities they looked for in effective nonprofit and philanthropic leaders, the top responses revealed differences that sector leaders feel are important for those heading nonprofit organizations compared to those heading foundations:

<u><i>Nonprofit Leader Characteristics</i></u> <u><i>Leader Characteristics</i></u>	<u><i>Foundation</i></u>
<ul style="list-style-type: none"> <li>● <i>Vision</i></li> <li>● <i>Knowledge/Willingness to Learn</i></li> </ul>	
<ul style="list-style-type: none"> <li>● <i>Strong Management Skills</i></li> <li><i>Relationships with Grantees</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Egalitarian</i></li> </ul>
<ul style="list-style-type: none"> <li>● <i>Articulate/Strong Communication Skills</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Vision</i></li> </ul>
<ul style="list-style-type: none"> <li>● <i>Commitment, Focus, and Passion</i></li> <li><i>Communication Skills</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Articulate/Strong</i></li> </ul>
<ul style="list-style-type: none"> <li>● <i>Ability to Work with other Organizations</i></li> <li><i>Play, Motivator</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Collaborative Team</i></li> </ul>
<ul style="list-style-type: none"> <li>● <i>Decisive, Risk Taking, and Innovative</i></li> <li><i>other Organizations</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Ability to Work with</i></li> </ul>

***Perhaps more significant, the sector scan also identified a need for “common ground”:*** ***opportunities for foundation and nonprofit leadership to meet as peers, to share common concerns and find ways to work collaboratively for common cause as well as to foster the growth and development of new leaders.*** Foundations and corporations provide resources and nonprofit organizations deliver programs and services, and each one depends on the other side of “the table” for effective functioning and to gain desired impact. Expanding cooperative relationships between the leaders of effective foundations and corporate giving programs and the leaders of value-driven nonprofit organizations is essential to making the sector thrive and grow. For this reason, the Center for Nonprofit and Philanthropic Leadership embraces both sides of the sector, foundations/corporations and nonprofit organizations. We believe that strengthening and supporting both foundation and nonprofit leaders will have the greatest impact on individual organizations and on the sector as a whole.

## **Value-driven leadership**

It is our experience that many individuals in the sector, or those attracted to it, are motivated by the meaning of their work more than they are by personal enrichment. They are motivated when they see how their organizational and personal achievements positively impact problems and challenges in the world and the human beings affected by them. They are more interested in uplifting the human spirit and helping to create a civil society than they are optimizing economic value. We call this “value-driven leadership.” Rather than a singular focus on creating personal wealth or wealth for stockholders, value-driven nonprofit and philanthropic leaders are motivated to create value for those they seek to serve and for society. This does not mean these leaders don’t look for annual and long-term financial health for their organizations. Or that, as leaders, they do not want fair and equitable compensation for themselves. It means that their primary motivation and focus is not economic. They balance business with the mission for sustainable results.

This is the kind of value-driven leadership that we are embedding in our Center. Leaders, both board and staff, who have clearly-articulated values have opportunities to create organizations that reflect their values and attract to their staffs and boards people who have similar values. This in turn can have significant impact on the organizations they interact with and on the sector at large. Over the past several years, it has become all too evident how leaders without well-developed sets of personal values can jeopardize the future of their organizations. Our Center aims to be a resource offering both academics and practitioners training in value-driven leadership coupled with pragmatic tools and strategies for accountability and ethical behavior that will better equip them to institutionalize their values in the process of fulfilling their organizational missions. Ultimately, leadership is mission-focused, and the Center’s goal is to strengthen value-driven leadership for building a more effective, functional civil society.

## **Can Leadership be Learned?**

Paralleling our commitment to value-driven leadership is the belief that leadership can be learned. While some individuals may have leadership qualities that are inherited or reflect their life experiences, we believe that individuals can learn to be leaders and that the necessary skills can be taught and assimilated in many different ways. In addition, to remain viable, it is important for leaders, like their organizations, to be able to learn and change. If change is constant and individuals and organizations stay the same, then at some point change becomes overwhelming: there must be a commitment to continuous improvement and learning, even among the most successful of leaders and organizations.

Recent Center lecturer, psychologist and consultant Daniel Goleman, relates leadership success to “emotional intelligence.” Emotional intelligence is defined by components including self-awareness, self-regulation, motivation, empathy, and social skills. Goleman argues these are competencies that can be learned and provides for various learning strategies. His paradigm is consistent with our practical understanding of leadership and is reflected in the Center’s approach.

## **Why Rutgers Business School?**

We chose to locate the Center for Nonprofit and Philanthropic Leadership in Rutgers Business School because of the School's commitment to entrepreneurial leadership and the nonprofit sector and because of the Center's synergy with the University's mission. Rutgers University is committed to teaching, research, and community. As the sole comprehensive public research university in New Jersey's system of higher education, Rutgers' mission provides for the instructional needs of New Jersey's citizens through its undergraduate, graduate, and continuing education programs; conducts cutting-edge research that contributes to the medical, environmental, social, and cultural well-being of the state and our nation; and aids the state's economy and implements public service programs in support of the needs of its citizens.

Located on the most diverse campus in the country, in downtown Newark, the Center utilizes the resources of the Business School and the University's commitment to the city of Newark as a microcosm for its focus on value-driven leadership. The University, the Business School, and the Center also have a commitment to work in an international context, and we draw on broader domestic and global communities to develop model programs for the Center. Given our belief in continuous improvement and lifelong learning for both individuals and organizations, we expect that Center programs will change over time as new learning and capacities increase.

### **Why now?**

Public and private foundations and nongovernmental organizations are at various stages of economic and programmatic development in many countries. However, in the United States, which has evolved the most institutionalized history of philanthropy—driven in part by the values of individual initiative and freedom as well as by incentives from federal income tax deductions for contributions to charitable organizations—these organizations' economic and social impact is clear.

In 2005, for example, over 68,000 US grantmaking foundations with over \$500 billion in assets gave an estimated \$33.6 billion in grants to nonprofit organizations to support a variety of activities, including research, health, education, arts, and culture, as well as systemic and charitable efforts to alleviate poverty and improve people's lives—up 5.5 percent from the previous high of \$31.8 billion recorded in 2004.<sup>1</sup> In the State of New Jersey alone, there are nearly 25,000 nonprofits, including several of the nation's largest charitable foundations. New Jersey nonprofits employ more than 240,000 individuals.

Both foundations and nonprofit organizations, however, have significant influence beyond the monetary values of their endowments or their mission work. By virtue of their “power of the purse” and other more subtle forms of influence, foundations are key players in US social, economic, and public policy sectors. In many ways, our citizens are not fully aware of the tremendous impact these organizations have on the environment, arts, social programs, public policy, education, and health. And for nonprofit organizations that have learned to work together in their respective spheres of interest and influence, much can be accomplished.

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<sup>1</sup> Loren Renz, Steven Lawrence, and Josefina Atienza, *Foundation Growth and Giving Estimates: Current Outlook* (Foundation Center, 2006). Available online at: <http://fdncenter.org/gainknowledge/research/pdf/fgge06.pdf>.

However, our 2004 nonprofit and philanthropic sector scan found serious concerns about the well-being of the sector. At the same time that the gap between haves and have-nots in the US is widening, both federal and state governments are shifting the social “safety net” and other economic responsibilities to nonprofit organizations and individuals. This is reminiscent of effects the sector felt in the 1980s. At that time, these effects created a need for new organizations like the Independent Sector, and a large number of new leaders emerged. In addition to the growing demand for programs and services, there is a growing demand for new leaders: leaders of nonprofit organizations and foundations are retiring or leaving their jobs at an unprecedented rate. And at the same time that current leaders of nonprofit organizations and foundations are retiring, the nonprofit/philanthropic sector is facing its own concerns over issues of accountability and threats of increased government oversight. These factors make strong leadership in the sector a crucial topic for 2006 and beyond.

### **Center Programs, Services, and Activities**

The Center works through programs and activities that include a certificate program in leadership, symposia and workshops, research, graduate degree courses, and specialized consulting, including “common ground” dialogues and providing training and advice for small, private foundations.

The Center takes a holistic approach that weaves together these programs and activities, academicians and practitioners. For example, the Center’s certificate program features a series of intensive lectures, discussions, and meetings over three to four days in which executives nominated by their organizations participate with others to explore topics of importance to leaders, including shaping and communicating the mission; working with and influencing the board; nurturing and developing staff; and assuring the leader’s personal self-fulfillment. The Center’s research and consulting imbues these sessions with current data and information as well as practical case studies. Faculty members come from academia, nonprofit organizations, foundations, business, and government. Leaders are offered coaching, peer mentoring, and consulting assistance.

The symposia and workshops, opened to wider audiences, foster dialogue on strategic leadership, governance, and management issues. The symposia feature national and international leaders in the sector partnering with faculty from Rutgers Business School and other schools within and outside the University. The Center’s first set of lectures featured noted author and researcher Daniel Goleman, speaking on the subject of “Emotional Intelligence and Leadership.” Whenever possible, the latest research and thinking on specific subject areas are linked with practitioners who must “live with” the subject in their work and careers.

Last fall, we offered our first course at Rutgers Business School, “Empowering Leaders to Create a Civil Society.” This course and others will eventually lead to an MBA with a concentration in nonprofit and philanthropic leadership. The concentration will combine business school curriculum with specialized courses in nonprofit accounting, marketing, and fundraising—all of which now exist in current Rutgers Business School course offerings. Here, too, in our coursework, we adopt a holistic approach, bringing in results of the Center’s consulting projects (students are invited to participate in these projects), current research and issues, and well-known

practitioners in the foundation, nonprofit and when applicable, government and corporate sectors.

The Center also provides counseling and consulting. We recently received funding for a Leader Common Ground Program, which brings together small groups of nonprofit executives for peer group discussions and one-on-one counseling on topics concerning leadership of their organizations. Leaders' "emotional intelligence" is assessed and MBA student consulting teams review their respective organizations' performances. Plans are also being developed for a consulting unit that will provide opportunities for Rutgers Business School faculty to offer management consulting to nonprofits and for Rutgers students, through internships, to apply learned business skills and experience to the challenges of leadership in the sector. The unit will actively serve the nonprofit community of Newark and the state and further position Rutgers as a leader in the growth of the region. We believe our efforts will help to seed the sector with future well-educated and experienced leaders.

Finally, the Center focuses on research. The Center has already initiated research on issues of concern to the sector and has received support from the Prudential Foundation and the Victoria Foundation to underwrite this activity. Its first research project, the nonprofit and philanthropic sector scan, helped inform the beginning programs of the Center. The Center will continue to build on this research in future work with a commitment to link academic and theoretical perspectives with hands-on practitioner experience, and sector-scan participants will be engaged from time to time on issues important to the sector. This summer, the Center launches the first Leadership Index in conjunction with New Jersey's largest newspaper, *The Star Ledger*. The index will report twice a year on key issues that are on the minds of our state's leaders as well as on their confidence level for the future of their organizations and the sector.

### **What Is Different About the Center?**

There are over 240 programs that train individuals to build careers in the nonprofit and philanthropic sectors.<sup>2</sup> Many of them are focused primarily on management instruction and/or offer a narrow range of programs and services. A limited number, including centers at Case Western, Harvard, and Northwestern, have broad-based programs that are focused on leadership in the sector: we look forward to learning from them.

We expect to leverage our relationship with Rutgers, its 45,000 students and faculty, and especially the added value that will be derived from our direct relationship with a major business school. We hope to make more widely available our model for individual leaders' life- and career-planning.

We also look forward to sharing our belief in value-driven leadership and the practical knowledge we developed in over sixty years of combined experience. This experience spans domestic and international executive management and consulting, research, higher education, large corporation and foundation leadership, nonprofit and for-profit board service, and the start-up of several nonprofit and philanthropic organizations. We intend that this experience work to

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<sup>2</sup> See, for example, Seton Hall University's list of current offerings in university-based programs: <http://tltc.shu.edu/npo/>

help other leaders in the sector achieve success for themselves and their organizations and help advance development of our civil society.

**Alex J. Plinio** previously served in many executive roles at Prudential Financial where he led the start up and served as President of the Prudential Foundation. A native of Newark, Alex has founded and served on the boards of many organizations devoted to community development, youth education, and the arts. He was Chairman of the Newark Collaboration Group and a founding board member of the Governor's Schools of New Jersey, Gifts in Kind Inc. and the Independent Sector. He has served as President of AFS USA, a leader in international and intercultural education and student and teacher exchange. He serves on the Boards of the Association of International Practical Training and The Alliance for International Educational and Cultural Exchange. His publications include *Resource Raising: The Role of Non Cash Contributions in Corporate Philanthropy*, and he is a recipient of the Private Sector Initiatives Award from the President of the United States.

**James Abruzzo** is an internationally-recognized nonprofit management consultant, researcher, and educator. He currently serves as Executive Vice President and Managing Director of the Nonprofit Practice of DHR International. As a management consultant, he has provided ongoing strategic advice to many national and international nonprofit organizations and to regional organizations including the Newark Museum and the New Jersey Performing Arts Center. He taught at Columbia University and has an academic relationship with the nonprofit management program at the Free University of Berlin, Germany. The author of *Jobs in Arts and Media Management*, Abruzzo is also creator of the "Metropolitan Cultural Index," published concurrently in New York, Chicago and Berlin and has served on many nonprofit boards, including Alvin Ailey American Dance Theater and Dieu Donne Papermill, Inc.