

# Undermanaged: The leadership deficit in nonprofit organizations

by [L. Gregory Jones](#) in the [August 11, 2009](#) issue

“Nonprofit organizations tend to be overled and undermanaged.” Thomas Tierney, chair and cofounder of the Bridgespan Group, has published several important studies on “the leadership deficit.” But what does he mean by this apparent contradiction?

Tierney’s point is that nonprofit organizations are long on commitment, offering inspiring visions of the work they are doing and the causes they are serving. Yet at the same time they’re undermanaged, or ineffective in actually organizing themselves to be effective.

“It is a simple but kind of obvious insight that has implications,” says Tierney. “If I want to grow, I better be well managed. If I want to have more impact, do more with every dollar I have, I better be better managed.”

Management deficits of nonprofit groups have been exposed and challenged in the wake of the economic downturn. Those of us in faith-based organizations have discovered our fragility in scary ways. When the economy was growing, when endowment returns were expanding and donors were flush, we could hide that fragility. Now, not only have we gotten a wake-up call, but it came in the middle of the night. We’re grumpy and want to go back to sleep, but our minds are racing with anxiety.

Where do we turn to address the management deficit? The challenges are broader and deeper than simply developing training programs. We need to find ways to integrate Christian commitments, understandings and practices with the best management convictions, insights and practices. This will require us to overcome bad linguistic habits as well as odd phobias. Take our attitudes toward money. The term *nonprofit* invites us to think that because we aren’t about financial success as measured by shareholder profits, we don’t need to worry about money. We need to use the term *social sector*, which more accurately describes the arena in which faith-

based organizations operate.

Our bad linguistic habits create problems that are intensified by our odd phobia about money. It's odd because Jesus talks so much about it, and a phobia because it's a conversation stopper in most churches and other faith-based organizations. Recently a Christian lawyer began his observation about faith-based strategic planning by saying, "I hate to bring up something as crass as money."

Yet we need to be developing sound business plans for our organizations and engaging issues of money directly—because how people deal with money has a lot to do with our discipleship. We also need to engage these issues creatively, because strongly developed management practices will enable us to budget, plan and raise money in ways that offer far more long-term resources than do hand-to-mouth strategies.

Conversely, we as Christians have much to say about management in the light of our traditions of wisdom about money and its uses and misuses. A colleague who teaches international finance challenged me to explain why the churches have been so silent on issues of greed, especially over the past decade when the effects of greed were becoming more prevalent culturally.

The opportunities for integrating faith and management offer prospects on other fronts as well. Christian organizations need to learn about human-resource functions, but wisdom within Christian faith and life about practices of forgiveness and reconciliation, or about the practice of "interpretive charity," offers insight to human-resource specialists.

Management and leadership experts will challenge Christian organizations to invest more in long-term leadership and management development. Christian organizations can inspire greater commitment, at least insofar as we are clear about our mission and organized to serve it.

We need to develop opportunities for engagement, including degree and nondegree programs, pedagogies of integration, and scholarly resources that bring together wisdom from Christian faith and secular management.

Taking the long view won't solve the problems we face in the short term, but neither will Band-Aid strategies. The issues are systemic, cultural and intellectual—and personal. In 2006 the Bridgespan Group estimated that we will need 640,000

additional leaders in the social sector over the next decade. Its most recent report says that those estimates are low. Faith-based organizations, including seminaries, church-related colleges, camps and social justice institutions, are only a part of that number, but nonetheless a crucial part of Christian witness in the United States.

If the social sector is overled and undermanaged, I fear that the faith-based social sector is its poster child. We can and must do better.