



ENGINE *of* IMPACT

*Essentials of
Strategic Leadership
in the Nonprofit Sector*

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The best nonprofits are able to master seven essential elements. As with a high-performance engine, success depends on each of these components functioning well at the same time.

Unfortunately, only 11% of nonprofits excel in all seven areas. More than 80% of nonprofits struggle with one or more of these elements, providing significant opportunity to achieve more impact.

1 MISSION

Successful nonprofit organizations pursue a clear and focused mission. No nonprofit can thrive if it loses sight of its core purpose or if it falls prey to mission creep. Research shows that more-focused companies outperform less-focused ones—a finding that is highly applicable to the nonprofit sector.

2 STRATEGY

We define a nonprofit's strategy as a planned set of actions that are designed to achieve its mission. The best nonprofits develop and follow a rigorous, comprehensive strategy that informs all of their program work. In doing so, they often draw on the few strategic concepts that truly matter to nonprofits.

3 IMPACT EVALUATION

High-performing nonprofits conduct regular evaluations (including randomized controlled trials when appropriate) to assess results, and they rely on a feedback loop that enables data to shape and reshape strategy.

4 INSIGHT AND COURAGE

The leaders of effective nonprofits excel at reckoning with challenges and opportunities. The heart and soul of these leaders—their ability to see things others don't and go where others won't—are often an essential starting point for pursuing work of enduring impact.

5 ORGANIZATION AND TALENT

Sustaining a high-impact nonprofit requires that leaders recruit the right people and place them on the right teams. Staff members, however capable they may be, will succeed only within a solid organizational structure.

6 FUNDING

Effective nonprofits generate adequate funding to meet both program needs and operational needs. By targeting the right donors in the right way, they are able to break the “starvation cycle” that has long hampered many organizations.

7 BOARD GOVERNANCE

Nonprofit excellence ultimately requires an approach to board governance that bolsters the practice of strategic leadership. An effective board will draw on a range of engaged, curious, and impact-driven members to guide top-level decision-making.