

Time to invest in top management training

Mike Hudson

The time has come for the not-for-profit sector to take senior management training seriously.

Twenty years ago the sector was small, organisations offered a few services and were often funded from one or two sources. Today the sector employs nearly half a million people and accounts for 3.4% of gross domestic product. Many organisations offer a wide range of services and simultaneously campaign for changes in public policy.

A recent survey of chief executives by VOLPROF, the Centre for Voluntary and Not-For-Profit Management, discovered that 53% of senior managers from the top 200 charities were recruited from outside the sector. It concluded that 'significantly expanded management development and training programmes' were needed.

A separate survey by Compass Partnership asked chief executives to rank obstacles to training. The highest ranking obstacles were the inappropriateness of current senior management training courses and their high cost.

Senior managers in the private sector have a wide-ranging menu of training options including MBAs at top business schools, carefully tailored in-house training

programmes, intensive short courses and distant learning programmes. Yet it is widely recognised by people who have managed both private and not-for-profit organisations that the latter present a substantially greater managerial challenge. Not-for-profit organisations do not have a 'bottom line' which can be simply applied to determine priorities. They have multiple funders who often place conflicting requirements on the organisation. And frequently they do not have a direct link between service expenditure and sources of income.

Ten years of providing consultancy services to senior managers of not-for-profit organisations has convinced us that their skills are the single most important determinant of the long-term success of the organisation. This is not to denigrate the important role of trustees (who, after all, are responsible for appointing senior management) or the skill and dedication of staff and volunteers.

Nevertheless, the skills which senior managers need are consummate. They need to be able to help organisations to respond to rapidly changing external environments; to inform and empower trustees to enable them to make good decisions; to motivate and manage staff, often working from different sites and providing different services; to make effective use of financial resources; and to co-ordinate, co-operate and sometimes compete with organisations working in the same field.

The sector already has a number of highly talented managers. The problem is that there are too few of them, and usually they have had to 'reinvent the wheel' each time they needed a new skill.

While many management skills are inevitably learned from hard-won experience, there is now a growing body of knowledge about good management practice in not-for-profit organisations. What makes management of not-for-profit organisations unique is the extraordinary range of skills that directors and senior managers are expected to deploy. Typically these include strategic and operational planning, managing relationships with trustees; developing

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long-term fundraising strategy; service delivery, making teams work effectively; understanding financial accounts; developing management information and IT strategy; public and press relations and charity law, to name but a few areas.

Many people accept that the sector now needs to put significantly more resources into senior management training to help managers gain these skills more quickly and in a more efficient way than has hitherto been the case.

My proposition is that the sector needs to grow its own senior

management training programme organically, focussing primarily on chief executives and their senior managers. It might start with a pilot programme, consisting of one day a month for nine months for a group of, say 20 managers. This could then be expanded to include more subjects over time. In ten years' time there would be a range of programmes on offer to suit the difference needs of different individuals. At one end of the spectrum, it might include a one-week intensive course for newly-appointed chief executives, and at the other an MBA in not-for-profit management.

Developing top quality high-level programmes will not be cheap. All the research done so far has concluded that it will need significant subsidy. Funds will be needed both to develop the first programmes and to subsidise many of the participants. The private sector solution of cheap loans that can be repaid from much enhanced salaries is not available to the not-for-profit sector, since most salaries are considerably lower than equivalent posts in the private sector. Trusts, the Voluntary Services Unit at the Home Office, and organisations themselves will all need to contribute if such a programme is to get off the ground.

The rewards, however would be high compared to the costs. What is needed are more skilled and competent managers making better decisions on the £17bn the voluntary sector spends every year and getting better results from their staff. Making the necessary investment is surely within the entrepreneurial capability of the sector.

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