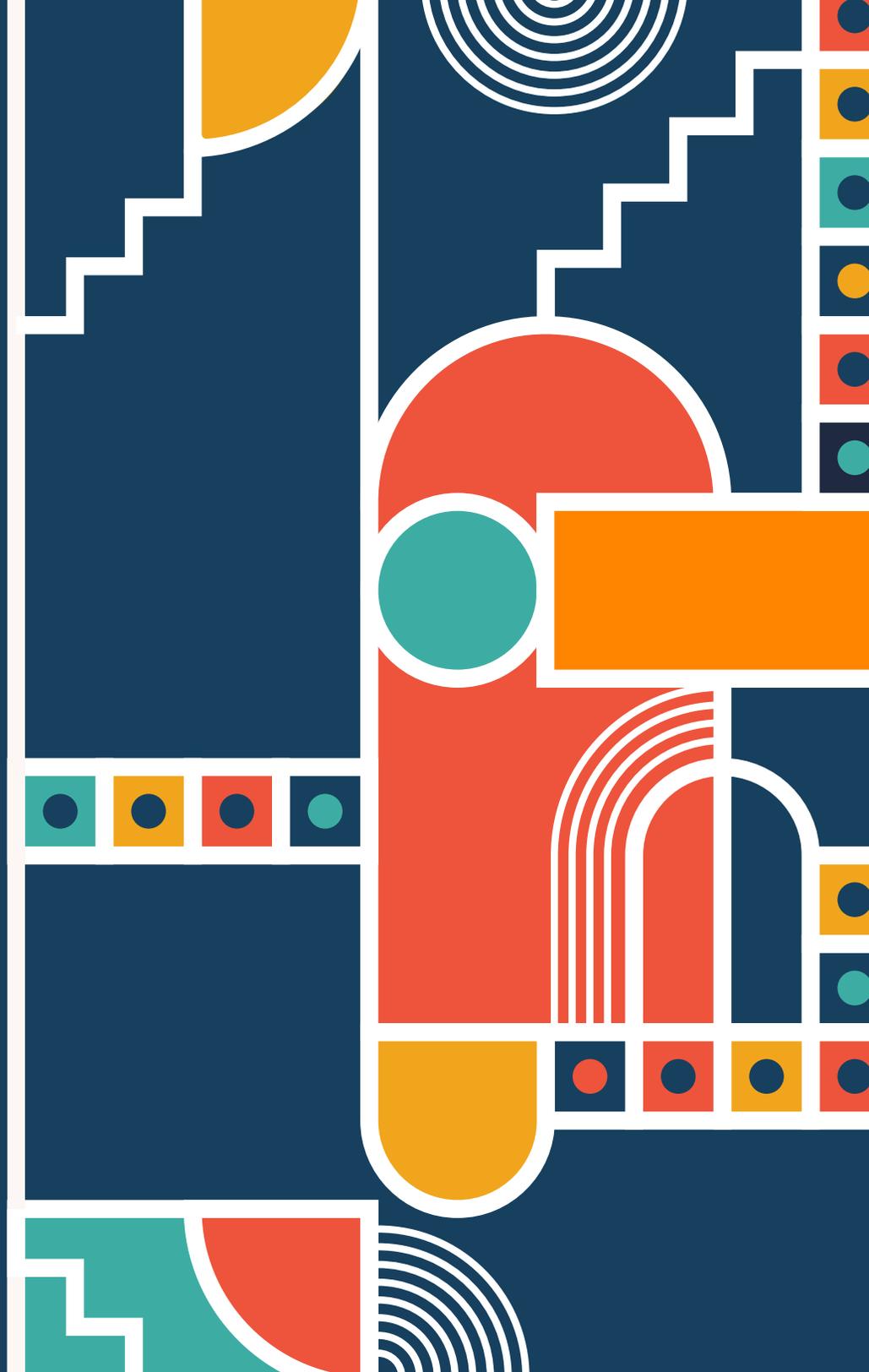


ALTERNATIVE LEADERSHIP

TOOLKIT



INTRODUCTION

Nonprofit and community organizations reflect what is happening in the communities they serve. We are living in turbulent times of political and social upheaval and our community organizations are no exception. We have seen a rise in community leaders questioning and exploring how our nonprofit and community organizations are structured and whether the current and traditional approaches to nonprofit leadership structures reflect the values of the organization and are ultimately serving the community in ways that are authentically connected to the community and take advantage of all the leadership talents of the organization.

This toolkit is a starting point to deeply exploring alternative leadership structures that challenge traditional hierarchical structures that most nonprofit organizations are founded on.

DISCLAIMER: *This toolkit is not intended to be legal advice and does not create an attorney-client relationship. Any legal-related information is for general education purposes only and is not comprehensive. If you need specific legal advice on your particular situation, please consult an attorney.*

HOW TO USE THIS TOOLKIT

The Alternative Leadership Toolkit has two components:

- 1 Alternative Leadership Toolkit written materials.** These written materials provide detailed information on the alternative leadership and links to additional resources.
- 2 Alternative Leadership Toolkit Video.** This short (approximately 15 minutes) video provides highlights of the written materials and additional insight from organizational development consultant Kad Smith and attorney Maha Jafarey.

UNDERSTANDING THE TIMES: THE PROMISE OF ALTERNATIVE LEADERSHIP MODELS

Nonprofit organizations have faced unprecedented challenges in recent times. As a result, organizations are being confronted with the need to resolve both longstanding and emerging difficulties that compromise our ability to fully support the communities we serve. Across the country, conversations are happening within the civic and nonprofit sectors to [address the norms that we have held](#), often without examination. And through the internal examination of our organizational cultures and structures, a widespread aspiration to define leadership differently continues to take shape.

It may be argued that the current traditional hierarchy structures give too much power to certain individuals who may or may not be actively participating in the everyday activities of the nonprofit organization or may not accurately represent the people the nonprofit promises to serve. Therefore, the traditional structure can miss and obstruct opportunities for staff, volunteers, community members, or stakeholders to bring matters such as systemic discrimination forward. It is often through exit interviews or as a result of exhaustion and disappointment that such issues come to light. An alternative leadership structure would aim to overhaul systems of oppression and encourage equitable and meaningful action.

In this toolkit, we provide guidance and references to organizations who are seeking to implement alternative leadership practices. We would like to extend special thanks to RVC Seattle, Change Elemental, Sustainable Economies Law Center, CompassPoint Nonprofit Services, and Urban Justice Center for their public learning and resources on this topic.

ALTERNATIVE LEADERSHIP: WHAT IS IT?

Alternative Leadership within our organizations can be seen through practices that are emerging and derived from leadership traditions that [can be traced to centuries ago within Indigenous cultures and communities of color](#). For the purposes of this toolkit, we will define alternative leadership as:

An approach to leadership that distributes authority, promotes the sharing of power, and challenges the convention of top-down organizational hierarchy.

Because there are so many different ways in which we have seen emerging leadership practices labeled ([shared leadership](#), distributed leadership, flat organizations, etc.) we have chosen to use the term alternative leadership for this toolkit.

Many of us have familiarity with organizations that have invested in top-down leadership and have worked in environments where authority is held amongst a few people. In 2019, [Vu Le wrote about the phenomenon of ED's of Color leaving their jobs](#), arguing that,

“We need to look at different leadership philosophies and structures: The era of the traditional heroic solitary leader who does everything needs to end. It's burning people out. Our sector needs to explore with radically different approaches. RVC's ED/Managing-Director model is one approach. But let's also look into co-EDs, or tri-EDs, or no EDs, or whatever.”

Vu Le's reflections were partly prompted by Ananda Valenzuela's 2018 reflections on how [“The Executive Director Job is Impossible,”](#) focusing on the challenges that organizations run into with traditional leadership structures, namely exploring the limitations of having a sole ED. RVC has since gone on to adopt an alternative leadership model that they describe as: a leaderful self-managing organization where decision-making power is distributed in natural hierarchies. They have also announced their 2022 plan to distribute roles previously held by one Executive Director into four Co-Executive Directors.

Gene Takagi highlights several ways that leadership can be shared in this 2019 writing for Nonprofit Quarterly, [“Shared Leadership: A Lawyer's Perspective.”](#) Whether it is through Co-CEO models, high degrees of program autonomy, or collaborative decision-making, he argues that shared-leadership practices prepare organizations to “attract young leaders or exciting partners.”

The defining difference between an alternative leadership model and traditional top-down leadership is the commitment in *theory and practice* to actively share power rather than consolidate, protect, or hoard it.

DISADVANTAGES AND ADVANTAGES TO EXPLORING ALTERNATIVE LEADERSHIP

While momentum continues to pick up within organizations across the nonprofit sector to commit to alternative leadership practices, it's important to acknowledge that the process of exploring and shifting to an alternative leadership model has the following challenges.

Disadvantages

Time and Energy

The time and energy it takes to unlearn the ways we are accustomed to working in hierarchical structures is significant. This means planning for a long timeline, to allow for lots of time to do some pre-work to explore what alternative leadership is, research and learning about examples of what other organizations have done, and then digging into the work of figuring out what is best for the particular organization.

Patience with Process

Being patient with the process of learning new ways of doing business and unlearning old ways that don't serve us anymore is critical to the success of adapting to a new alternative leadership structure. Understanding that all participants in this process are grappling with their own biases and individual learning and unlearning means having grace and patience for each other and the process.

Depending on what type of alternative leadership practices our organizations choose to try on and implement, we can find ourselves needing to [engage in individual and collective](#)

[unlearning](#), As Mark Boncheck writes, *“Unlearning is not about forgetting. It’s about the ability to choose an alternative mental model or paradigm. When we learn, we add new skills or knowledge to what we already know. When we unlearn, we step outside the mental model in order to choose a different one.”*

The Need for a Clear “Why”

One of the biggest challenges organizations face is articulating a clear “why” or north star on the purpose of the organization undergoing this process of exploring and implementing a new alternative leadership structure. The entire team must understand why this unlearning will lead to desired experiences and outcomes. It can be difficult to agree on a clear articulation of the “why” with so much new information, potential resistance to unlearning old habits, and having a wide range of input from the team.

Uncertainty

One of the clearest disadvantages to trying alternative leadership practices is the lingering uncertainty about how much the unlearning process will shock an organization as a

system. A few questions we might ask ourselves in thinking through a transition to an alternative leadership model:

- How will we ensure this shift doesn't compromise the way services or advocacy is done within the communities we serve?
- What is our commitment to conflict-resolution and repairing ruptures that occur because of more broadly distributed decision-making?

The Building Movement Project highlights in their 2014 report, [*Structuring Leadership: Alternative Models for Distributing Power and Decision-Making in Nonprofit Organizations*](#), that three key challenges appear when trying to implement alternative leadership models based on research with respondents across the sector.

The three key challenges are:

1. Striking a delicate balance

Getting buy-in from staff while making sure people who are not on-board don't impede the process. Including staff in this exploration phase and offering support and information to make the transition is crucial.

2. Accountability

Being as clear as possible about where final decisions will occur and who's responsible is critical.

3. Hard to be nimble

Realizing that being well informed about the decisions we make may require more time, organizations found their work

was more effective and the lack of nimbleness was worth the trade off.

Advantages to Changing to an Alternative Leadership Structure

What makes the challenges listed above worth working through and taking?

Abundance of Perspective

Alternative Leadership models provide the ability to get and give input from more people with diverse perspectives, and specifically from people who are closest to the issues the organization is trying to address.

Innovation

Alternative leadership models at its best allow for staff to collaborate and be creative as they step into increased responsibility and opportunities.

Living into Our Values

Ultimately, the clearest advantage to an alternative leadership model is the promise of it helping us to further live into our values. As members of an organization, we determine the values that guide us and serve as a north-star when setting strategic direction. A chance to practice what we preach, around named organizational values. Whether it's equity, collaboration, transparency, or whatever it may be, we can design our leadership model to actualize these values in practice, not just theory.

ALTERNATIVE LEADERSHIP: A CHANCE TO LIVE INTO OUR VALUES

This section of the toolkit more deeply explores the true advantage of an Alternative Leadership Structure — the ability to live into the organization's values in a meaningful way.

Integrity: A Honest Look in the Mirror

Many of our nonprofits have been established to be bold in the visions we have for our communities and the missions we've organized around. The values we hold can guide us in achieving our missions and realizing our visions. That said, if you've worked within nonprofits long enough, you've likely experienced the gap between our espoused values and what's actually felt.

Integrity can help us align who we are as an organization (or who we want to become), how we want to be in relationship with one another, and what critical needs our work helps to address within the communities we serve.

At the core of being in integrity is the appeal of a moral code that strengthens our understanding of why our work is critical toward achieving our stated mission. Can we be truthful in our quest to understand what leadership practices will serve our organization and the communities which we serve? The continued learning and storytelling of [Change Elemental](#) is one shining example of how integrity helps us to

continue to evolve and adapt into more liberatory practices. In highlighting their journey to rethink their organization's approach to governance, they've shared:

"Even with the perfect container, structure, and systems, it's the people who make up our core team (our staff) and governance team – their own values as well as their willingness to be in the generative tension that helps support shared values – who have accelerated our work in shared power and leadership both on the core and governance teams. Together, we are living into our vision and deepening our practices of shared leadership and shared power to shift conditions towards love, dignity, and justice."

Change Elemental's public sharing has been as dynamic as the evolution of their leadership structure. They have reflected on how their first shared leadership structure was known as a "[Chrysalis](#)," building on the metamorphic imagery of transformation that butterflies go through, to then identify a more recent structure of "[Pods & Hubs](#)."

An image from Change Elemental, highlights how the leadership structure takes shape:

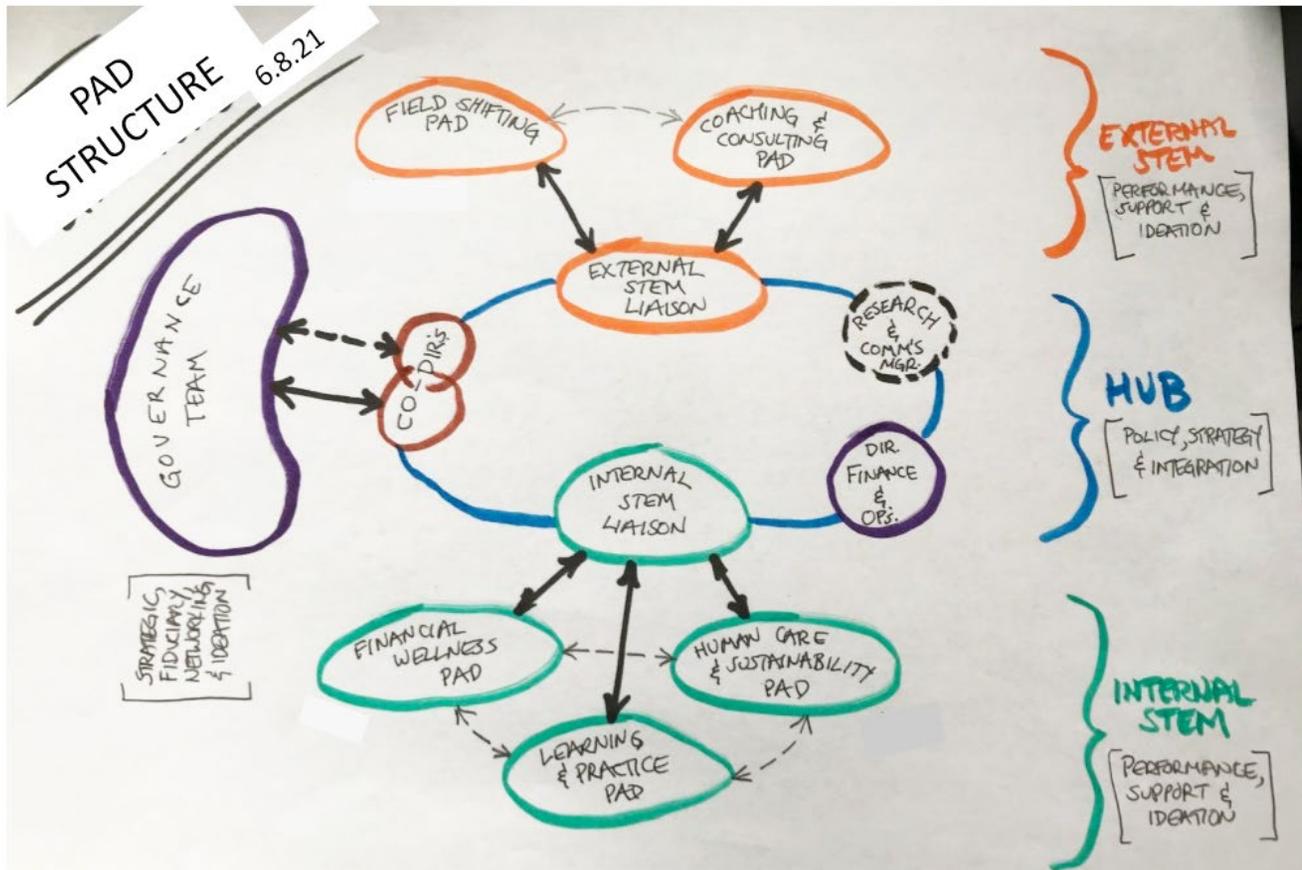


Image credit: Change Elemental - <https://changeelemental.org/resources/butterflies-pads-and-pods/>

Described as: A flowchart of the Pad structure, highlighting the flow of information and communication between containers

It's the demonstrable institutional learning, internal reflection, and commitment to a practice that prioritizes public learning that illustrates why Change Elemental is operating in integrity with their organizational values.

Trust: From Transactional to Transformational Relationships

Considering the possibilities of alternative leadership brings into consideration how our interactions are ~ or aren't ~ rooted in trust.

Trust at all levels of our organization (community, staff, and board) is core to our capacities to implement an alternative leadership structure. In fact, the absence of trust is likely the main inhibitor to most organizations committing to alternative leadership models. Here are a few ways trust can show up at multiple levels of our organization:

Governance

Trust that an alternative-leadership model will not compromise clear lines of legal accountability or fail to meet external expectations (e.g. when working with philanthropic partners who often defer to CEO or ED engagement, name the explicit alternative choice the organization is adopting in place of that).

Positional Leaders

Trust that when we concede power, the organization's efficacy will not suffer because of it. Furthermore, identifying how feeling valued and that you belong isn't due to the title you hold. Celebrate the fluidity of leadership and how sustainable it can feel to trust in people's capacity to step in and out of leadership roles.

Staff

Demonstrate to staff how an alternative leadership model will address unmet needs that occur in top-down hierarchical

structures. Identify clear metrics for success, an accessible explanation of where power will be further distributed, and directly naming how the model will support the staff's ability to step into increased agency, are strategies to gain increased trust.

Community

Articulate how an alternative-leadership model will improve the relationship between the organization's staff and the community members benefiting from our services, advocacy, and partnership. We can elicit trust from our core constituents in knowing that this pivot will not compromise the essential services we provide but actually improve our ability to provide them.

As chronicled in a 2014 piece featured on Nonprofit Quarterly, trust is vital to taking the leap necessary to move into an alternative-leadership model.

"Shared leadership requires some trust, and then tends to increase trust. Allen and Morton, Patrick Lencioni, and many others underscore this point. The first step takes a certain leap of faith: 'Will my staff follow through?' 'Will my executive director give me room to try new things?'"

Ultimately, all of our trust-building efforts require a shift in the way we think about the relationships we form and the interactions we have in our organizations. If our primary mode of engagement remains transactional, we may notice that our ability to garner the trust needed to *feel confident about deviating from the familiarity of top-down hierarchies*, feels like a reach at best. However, if we are grounded in developing transformational relationships it will strengthen our alternative leadership efforts. The most vital value for

navigating the uncertainty and unknown is trusting in ourselves, one another, and our shared vision.

Iteration: Learning by Doing, Comfort with Discomfort

As referenced earlier through the work documented by Change Elemental, one of the most perplexing and promising aspects of alternative-leadership is the iterative nature of continuing to understand while experiences are changing and desired outcomes are occurring.

It won't happen overnight. While changes may be noticeable in a moment in time, the transitions people experience (psychological and process-based) are long-term and evolving. In understanding this iterative nature of change, there's an underlying need for all involved to come to terms with what the appropriate level of patience looks like in tracking progress on individual, interpersonal, and institutional shifts.

As referenced earlier, the good folks at [CompassPoint](#) have continued to highlight their shared leadership journey publicly, moving from a [holacratic organization](#) in 2017 to a Co-ED led organization intent on promoting “*sustainability and well-being, represent our growing principle of centering Pro-Blackness, and most importantly, support the entire CompassPoint community so that we can continue to be a resource to nonprofit and social change leaders pursuing a vision of leadership development that centers liberation.*” Similarly, The Justice Funders have also been gracious enough to highlight their evolving shift from a

co-Directorship model to a worker self-directed nonprofit organization, a concept most notably employed and identified by [The Sustainable Economies Law Center \(SELC\)](#).

There is an opportunity for new nonprofits to start with the value of iteration, acknowledging at the beginning that they expect things to continue to evolve. More often than not, that does not seem to be the case. So when transforming from a more conventional leadership model, understanding the promise of being iterative in our approach affords us the ability to be both pragmatists and pioneers at the same time. **Iteration gives us permission to not know everything.** We build our capacity to trust a process, noting what works and what doesn't, and to continue to be in integrity by reminding ourselves of the purpose of our leadership evolution altogether.

Imagination: Daring to Believe Things Can Change

The final guiding value is **Imagination**. When this is a value that is centered in thinking through alternative leadership, it expands our possibilities. To many, it may seem that alternative leadership is a trend across the nonprofit sector that is in its “infancy” and that we are just beginning to scratch the surface of what may be possible in terms of formal structures and practices. But our imaginations are pulling from both entire histories of collectivism in movement building and futures where interdependence is the remedy for so many of the problems we seek to solve through our organization's missions.

We can and should continue to imagine how our organizations slowly contribute to the transformation happening at the macro level, while immediately transforming what's in front of us daily. [In times of crisis within our organizations](#), reverting to old habits and accepting what has been the standard is understandable. But where does it lead us to? Our imaginations aren't static, they aren't fixed, and they aren't limited. They are dynamic, foster growth, and ever expansive. Because of this, valuing imaginative engagement through alternative-leadership may prove to be extremely helpful in preventing us from retracting in moments of turmoil, but [instead to be like water](#).

SPECTRUM OF ALTERNATIVE LEADERSHIP MODELS

There is no one-size-fits-all model when it comes to alternative leadership models. The leaders of each organization must do the work to figure out the right time, the readiness of the organization's staff, board and community to change, and the best components and structure to meet their needs given the unique skill sets of their staff, board and community members.

There are several examples of different alternative leadership models that we can learn from and potentially emulate.

RVC has adopted a co-executive director model. RVC now has four Co-Executive Directors. Each of the Co-Executive Directors will devote a portion of their time to executive leadership responsibilities, while the rest of their time is devoted to working directly on programs and community relationships.

Urban Justice Center has provided a model that is trailblazing in many regards. The Urban Justice Center is composed of ten projects, each project has its own project director who is responsible to raise their own budget in exchange for an extraordinary level of autonomy. This autonomy leads to a sense of ownership over the nonprofit's mission, purpose, values, and programs. It fosters visionary thinking and growth in unparalleled ways.

Sustainable Economies Law Center, adopted policies that distribute ownership throughout the organization. Each program is run by a semi autonomous circle of volunteers and staff in a larger circle of accountability.

Choose 180, a local Washington nonprofit that supports youth recently announced that they would raise the baseline salary to \$70,000 per year. This is an unprecedented move in the nonprofit sector, where employees are overworked and underpaid. What is most fascinating is that they adopted a collaborative decision making process, the organization created a board-convened human resources committee, and held an organization-wide wage philosophy assessment. This inclusive and collaborative decision making process led to an immediate change in achieving wage equity!

Through such alternative leadership models, employees and volunteers have a vested interest in the success of the organization and can offer valuable insight on the process and procedures required to fulfill the demands of grants and contracts.

CompassPoint has adopted a circular decision making process, they place leadership in the center with personnel in an outer circle. This structure encourages dissemination of information and inspiration from the center, but then encourages personnel in outer circles to organically flow to other divisions, diversify their skill set, collaborate, and take

opportunities to lead different initiatives. Through such a structure, the organization participates as a single unit and not in silos.

Nonprofit Unions. Nonprofit leaders can also encourage employees to join professional nonprofit unions. This also allows for an alternative leadership structure as it gives nonprofit personnel collective bargaining power and encourages collaboration between management and employees. Such “disruptive” actions create more equitable and productive workplaces.

Membership Organizations. The new Washington State Nonprofit Corporation Act overhauls and reforms the governance structures of nonprofit organizations. It offers more clarity on the standards for member-based nonprofit organizations. These standards will allow for nonprofit organizations to distribute or re-distribute power to community members or individuals in a membership structure. It offers a possibility that strategies may take a different direction from that intended by the initial board or founder, thereby increasing the possibility of organic growth and sustainability for the organization.

THE LEGAL PERSPECTIVE ON ALTERNATIVE LEADERSHIP MODELS

Nonprofits provide services that are invaluable to the general public and provide a way for people to work together towards a common purpose. Nonprofits are started by well-intentioned community members, whose sole purpose is to serve the needs of community members. However, most of the time community members do not have a background in social entrepreneurship, business, or law, which often leads to fear of overstepping the boundaries of law and may stifle innovative thinking. This fear has resulted in most nonprofits following traditional nonprofit structures such as vertical command and control hierarchy, with one “leader” i.e. the Executive Director or Chief Executive Officer.

As mentioned in the previous section on “disadvantages,” alternative leadership can be difficult to adopt and navigate for existing nonprofit organizations, mainly because such a model may be disruptive of current systems and expectations. It forces nonprofit leaders to challenge the status quo, give up their own power, restructure, heal from the loss of certain aspects of control, and unlearn traditional, natural hierarchical management practices.

However, times are changing, as nonprofit employees are feeling burnt out, underpaid, and unsupported. Management scholars [O’Toole, Galbraith and Lawler](#) suggested that leadership is not only an individual trait, but an institutional trait. This thought process will lead to a move away from concentrated leadership but a more balanced, equal division

of leadership and a more interactive and collaborative decision making process.

Whether or not a nonprofit organization is structured in a traditional hierarchical or alternative leadership structure, nonprofit organizations need to maintain legal compliance with all federal, state, and local statutes at all times. Failure to do so, may result in the nonprofit organization jeopardizing its tax exempt status and in some cases, risk legal action, and may result in personal liability of board members.

Despite stringent legal compliance requirements, nonprofits can explore alternative leadership models, as long as they explore such models within the parameters of the law.

To help your nonprofit leaders explore alternate models we have compiled a checklist for your nonprofit to use to ensure you remain in good standing under the law:

- 1. Values.** Consider the values shared in this toolkit and any additional values important to the nonprofit. Discuss the values on an individual and organizational level and use those values to guide your decisions.
- 2. Governance Documents.**
 - a. Articles of Incorporation.** Review the articles

of incorporation and ensure that the alternative leadership model does not conflict with the stated mission/purpose of the nonprofit organization.

A nonprofit's articles of incorporation create the corporation under state law. This document is filed with the Washington Secretary of State. Articles of Incorporation require nonprofits to state their mission/purpose.

Nonprofits often forget what was filed with the Secretary of State and in the course of business adapt and change to meet the needs of the community. It is good practice to review the filed copies of the articles of incorporation annually. Furthermore, the articles of incorporation are submitted to the Internal Revenue Service ("IRS") when the nonprofit applies for tax-exemption and then every year on their Form 990 (Annual filing with the IRS). If the nonprofit makes a fundamental change to its mission and does not inform the Secretary of State and the IRS, they could jeopardize their tax-exemption. Finally, consider the impact of the new alternative leadership model on the mission/purpose of the organization. The mission of the organization must be aligned with the new alternative leadership model.

- b. Bylaws.** Bylaws are the rules and procedures adopted by the nonprofit for the regulation and management of the nonprofit. Bylaws are an internal facing document and are not filed with any state or federal agency. Bylaws of the nonprofit will need to be reviewed for compliance with the new structure of the nonprofit.

For example, the Board may decide to have employee representation on advising committees or serve as ex-officio non-voting members of the Board. If this type of change is made, it must be reflected in the Bylaws. Further, membership nonprofits may allow for more diverse representation on the Board and for members to vote on fundamental matters. Again, the Bylaws must be updated to reflect these types of changes.

-  **3. Board Responsibility.** Unlike a for-profit entity, a nonprofit has no "owners" or "shareholders." It is created for a community benefit and is governed by community members. The Board of Directors ("Board") serve as the governing body of the corporation and is responsible for its management and administration. Therefore, any fundamental and substantive change must be approved by the Board. Individual directors have term limits to ensure that the Board has a stable and predictable turnover rate, which should be documented in the nonprofit bylaws.

When exploring or changing to an alternative leadership structure, there must be buy-in by the Board because the Board will need to approve the change and adopt new bylaws that reflect the change. Often at the time of shifting to an alternative leadership model, the minority board members who are not in favor of the new alternative leadership model may choose to leave the board.

All board members of an organization with a new alternative leadership model must understand what their role and responsibilities are as a board member in

the new structure. Board roles and responsibilities can be changed to a more inclusive model, as long as board members continue to meet their fiduciary duties, discussed below.

-  **4. Fiduciary Duties.** The Board has fiduciary duties that require them to act in the best interest of the corporation. Directors may be held personally liable if they breach any one of three duties: duty of loyalty, duty of obedience, and duty of care.

“Duty of Care” means that Board members should give reasonable care and attention to their responsibilities, including but not limited to providing organizational oversight. They should attend at the minimum, all board meetings, review financial statements, and set the parameters for the organization’s personnel. Furthermore, before making decisions, Board members should consider all materials available to them. If such material is not enough, they should seek expert professional advice, for example, advice of attorneys, accountants, bookkeepers, and human resource departments. Lastly, Board members should not simply accept the information presented but must assess the information with a critical eye.

“Duty of Loyalty” means that Board members should exercise their independent judgment and act without personal economic conflict. If they believe that they would personally benefit from the transaction they should refer to their Board Conflicts of Interest Policy and follow the conflicts procedure to identify and

resolve the conflict.

“Duty of Obedience” means that the Board has a responsibility to ensure that the nonprofit is following its corporate governance policies, and is abiding by the mission/purpose (as stated in its articles of incorporation), and is complying with all local, state, and federal laws and regulations.

Under the Washington Nonprofit Act, officers have an additional duty to convey to a superior officer, board, board committee, or another appropriate person within the nonprofit corporation any actual or probable breach of duty or law.

No matter what leadership structure or model a nonprofit adopts, the Board must retain oversight and comply with the mentioned fiduciary duties. All Boards should adopt a conflict of interest policy. In an alternative leadership Model, a Board can rely on conflicts of interest policy to ensure that all conflicts are resolved in a timely manner and that there is no abuse of trust or charitable assets.

-  **5. Strategic Direction.** In traditional nonprofit structures, the Board is responsible for setting the strategic direction of the organization and has the responsibility of drafting the strategic plan. There is nothing in the law that suggests that a nonprofit cannot adopt a more collaborative process in strategic planning. In alternative leadership structures that are community-centered, the strategic planning process should

include staff, community members, constituents, and other stakeholders and the strategic plan should reflect their voices. Employees of an organization represent the leaders within the organization that are closest to the issues the nonprofit hopes to address. Allowing them to lead and/or actively participate in the strategic planning process would result in more practical, inclusive, and equitable programs. Furthermore, such inclusion would further deepen trust, allow openness, and foster collaboration within the organization.

 **6. Financial Oversight and Accountability.** Financial oversight is an aspect of the Board’s fiduciary duties that is important and specific enough to discuss separately. The Board’s duty of financial oversight includes approving the budget, assessing the income stream, establishing proper financial internal controls, and ensuring the financial stability of the nonprofit. Unlike for-profit entities, nonprofits receive income from different sources (this can be a bit complicated sometimes). These sources sometimes dictate how the money donated should be used. For example, restricted funds must be used for the specific purpose dictated by the donor. Under a traditional hierarchical structure, the Board approves an annual budget, thereafter the day-to-day financial decisions are the responsibility for the senior management to follow the Board-approved budget. In an alternative leadership model, the organization will have to consider how to distribute financial leadership and accountability in a way that allows the Board to meet its fiscal oversight duties. There are different ways to achieve Board oversight:

- a. The nonprofit can design an internal budget process that includes the ability of program staff to participate in the budget process. This can include the program staff submitting budget requests for their own programs, being involved in the designing and writing of grant proposals that impact their programs, and having transparency of the full budget for all staff. The Board can still review and approve the budget to make sure it is prudent.
- b. The nonprofit can invest in a high level of accounting skill, this may mean a financial department that guides employees from transaction-level processes to the big picture, and offer financial planning services.
- c. Offer financial responsibility and accounting training to all employees, or individual training focused on enhancing skills in key disciplines relating to organizational operations including budget formation and adaptation.
- d. Divide accounting tasks among employees, this allows for employee growth and internal controls. Focus on the responsibilities as opposed to the roles. The Board can meet its financial oversight of a new system with distributed financial responsibilities as long as they ensure that there are fiscal policies that reflect appropriate internal controls and that those fiscal policies are followed.

 **7. Policies and Procedures.** Personnel policies and procedures are integral to ensuring there is no abuse of power. These policies could map out responsibilities, procedures, and checks and balances within the organization. Furthermore, such policies will also provide a framework and process of reporting and resolving conflicts. Having a “Whistle-Blower Policy” could provide for Board oversight, if it includes employees having a direct reporting mechanism to board members.

 **8. Employees.** Alternative leadership models allow employees and community members to be part of decision making processes that impact them. There are many ways to gather input from employees and community members in decision-making processes that range from surveys or interviews to having actual decision-making authority. Once the structure is in place, there will need to be a clear understanding of job descriptions and roles. To encourage strategic thinking organization-wide, communication and understanding about what program offerings staff are working on and what everyone’s roles are in the new structure is essential. Practices such as shadowing, greater collaboration, on-going feedback, will encourage collaboration, a culture of shared leadership, and breakdown silo thinking and operations.

 **9. Employee Growth and Development.** Consider creating a growth plan that is individual to each employee and their career path. Creating a growth plan in collaboration with the affected individual will lower turnover rate and increase productivity. Consider creating individual and team work plans, this will allow for individuals to have

clear and open conversations about their skill set and career growth. This will also allow the organization to maintain oversight and meet its objectives.

 **10. Legal Authority.** In a traditional structure the Board delegates the authority to certain individuals (traditionally the Executive Director) to execute documents on its behalf. The law does not dictate who should have legal authority within an organization, it is a decision made by the Board. Such authority allows the designated individuals to execute documents including but not limited to contracts, checks, and other official documents. The Board can delegate the same authority to more than one individual through Board resolutions. A nonprofit Board can delegate legal authority to more than one individual, including contract managers, executive directors, director of programs, or legal counsels. For transparency, accountability, oversight, and internal control purposes, the Board should:

- a. Delegate the authority to sign legal documents to individuals through board resolutions (this would create a clear papertrail),
- b. Create clear policies on the process to maintain internal controls,
- c. Redraft job descriptions to incorporate and reflect the additional responsibilities, and finally
- d. Adopt clear processes for quarterly and annual review to review all the decisions and contracts.

11. Finally, once the organization has made a decision to



explore an alternative leadership model, we encourage organizations to draft a document exploring the pros and cons, with input from staff, board and representatives of the communities the organization serves.

For example, the document could explore:

- a. Why do they want to explore an alternative leadership model?
- b. What are the advantages and disadvantages of the current system?
- c. What triggered this conversation (disgruntled personnel, lack of efficiency, high turnover rate)?
- d. Results of exploring different alternative leadership models, interview/survey results of conversations with personnel, community members, and partners?
- e. How adopting an alternative leadership model at the nonprofit will improve or create more efficient practices for the nonprofit?
- f. The plan on how power will be redistributed and how conflicts will be dealt with by the nonprofit.
- g. Address how the Board will maintain oversight of all operations and programs of the nonprofit.
- h. Identify governance policies and procedures that will need to be amended or drafted to ensure legal compliance with state, federal, and local laws, rules, and regulations.

- i. A proposal for a new organizational structure (Map out the reimagined structure).

Lastly, remember like any programs, this is a process and will not happen overnight. It will take time as people learn through trial and error. Eventually, the organization will hire people with espoused organizational values and there will be more harmony between the employees and the different programs and services offered by the organization.

Organizational Development Resources:

- [Structuring Leadership: Alternative Models for Distributing Power and Decision-Making in Nonprofit Organizations, by McAndres, Kunreuther, Bronznick, Building Movement Project](#)
- [Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next State of Human Consciousness, Frederic LaLoux](#)

Legal Resources:

- [Washington Nonprofit Handbook](#)
- [Washington Nonprofit Corporation Act Summary, Revised January 2022](#)
- [Washington Nonprofit Corporation Act](#)

ADDITIONAL RESOURCES

Video

This short (approximately 15 minutes) video provides highlights of the written materials and additional insight from organizational development consultant Kad Smith and attorney Maha Jafarey.

[Watch the Alternative Leadership Toolkit video](#)

ABOUT THIS SERIES

This toolkit is a part of a series intended to support community-driven organizations and partnerships working to advance racial, economic, and health equity. The series was made possible through a collaboration between Communities of Opportunity and Communities Rise.

Other toolkits in this series:

[Community Collaboration Toolkit](#)

[Human Resources and Equity Toolkit](#)

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