

Adaptive Leadership Communication Case: TCD

TCD (The Therapeutic Recreation & Vocational Center for the Disabled) is a nonprofit organization that serves over 2,000 individuals with developmental disabilities each week in areas of therapeutic recreation, vocational rehabilitation, transportation and respite care. Founded by an incredibly motivated and gifted social entrepreneur over five decades ago, the Center has been recognized nationally and internationally as a pioneer in its field, with impactful programs that have made a difference many people's lives.

Over the past few years, however, state budget cuts and insufficient leadership have posed challenges to the organization's future. TCD has traditionally received over 80% of its funding from the state, and these funds have been progressively cut due to recent fiscal challenges. Moreover, after serving for over 45 years as the Executive Director and the guiding light of TCD, the legendary founder had just retired in her 80's. Two other tenured Directors had subsequently resigned, thus creating an even larger leadership void. The CFO, Harold, who has been with the organization for over 20 years, and who has a reputation as "a conflict resistant manager", is charged with the daunting task of leading during this turbulent period as the new acting Executive Director. And a recently hired Development Director, Maggie, had been creating a wave of exposure and negativity towards Harold. Not surprisingly, deficits have occurred in the past three years and morale is low.

You were aware of most of these issues as you were considering a full-time offer from TCD after completing a part-time assignment as Strategic Planning Consultant. The board appreciated your initial work and unanimously voted to create a new position for you, so you could lead the implementation of the strategic plan. While the vote was unanimous for your hire within the board, there were different perspectives on what style of management would work best in this environment. Even though you had to take a significant 50% pay cut from your last job, the opportunity was unique and the scope for impact enormous. You signed on and embarked on the challenge of transforming a fifty-year old institution into a more effective and efficient organization.

Taking this job was an important personal and financial decision for you. You had taken on a substantial debt for school, and most of it is still to be paid off a couple of years after graduating. You had also received an offer from another organization at a higher pay than your prior job. Yet, you wanted to work at TCD as you felt you were searching for more meaning from your job and an opportunity for impact.

During the first couple of months as a full-time employee, you walked into a battle between Maggie and Harold. Maggie was surfacing a lot of issues around lack of disclosure of finances, inadequate support, haphazard management, and the like. She was also trying to garner support from some of the board members to oust Harold and bring in a "proper" ED. However, your personal assessment was that she wasn't focusing on writing grants herself to bring in funds, and spending most of her energies on exposing the weaknesses of the organization. You began to support Harold, and subtly helped lobby against her to the board, with the eventual result that she resigned. You felt that Harold and the staff relied on you to gain support with the board. You also felt that 7-8 core members of the 25-member board were clearly and visibly supporting you. Most others were neutral, a few were against, and a few long-time members were virtually inactive.

Harold was then considering whether to merge the Development Director and Strategic Planner into one role so your position could be shielded from upcoming budget cuts, and asked you about the same. However, you and key board members felt that it would help to hire a separate person for this important function. A new development director was then hired.

The strategic plan that you had initially proposed had three buckets – revenue sustenance, program effectiveness and organization effectiveness. You focused on meeting people from different departments and working on the organization and program effectiveness pieces, expecting the new development director to take the lead on core fundraising.

Over time, though, you began to realize that two distinct camps existed within both the board and the staff. One side believed that new interventions, management tools, and a sense of urgency were badly needed to sustain the organization. The other side felt the organization had sustained itself for over 50 years, so there was no reason to change. TCD had weathered some storms in the past, and it would automatically adapt. You start to notice different body language towards you from the two different camps: some very friendly, some minimally formal.

Despite the mixed responses to you, you continue to take delight and motivation from the participants of the organization – 2,000 children, adults and seniors who visit the center each week with a lot of passion and a sense of belonging and community. Each day you have lunch with the participants or staff members in the dining hall, uncovering a bit more of the organization, its history and glorious past.

The polarization of people's attitudes towards you seems to grow as weeks pass. Over time, you start to discover and uncover similar things as Maggie. Harold becomes increasingly defensive and bolder in resisting financial inquiries. You realize that over the prior 2 years, the organization had suffered deficits and drawn from the reserve "Memorial" fund. The fund now stands at \$1.5 million, down from a high of \$4 million five years ago. TCD's current annual budget has grown to \$5 million, and thus careful financial planning and control are critical, now more than ever. Finance had been Harold's domain for 20 years, and no one (including the former director or the board) had questioned it to the extent that should have been required. The auditor is also an old timer and good friend of Harold. You handled this delicately in the first couple of months to get the support and information for your work. But now you are facing more of a dilemma.

The Board Finance Committee recently recruited a couple of new board members, and is starting to push for more transparency than ever before, partly seeing you as a catalyst for this. Harold continues to act passively, and eventually the board's Financial Committee sends an official email to him specifically asking that he share last year's performance and next year's projections in detail at the next meeting. He does not seem pleased by this.

Your simultaneous dive into programs also uncovers that there is little or no planning and evaluation structures. No seeming rationale for allocating costs is in place, and very few people use basic software tools such as PowerPoint and Excel. You begin to wonder how an organization can be run like this at all, and for so long. State funding has likely shielded inefficiencies. You also hear a common statement that "one has to kill someone to be fired from TCD." People are rarely disciplined or fired. Both wages and attrition are low, and you feel that people remained at the organization either because they truly love the work or because they are incapable of getting jobs elsewhere. Most staff members do not have four-year college degrees.

Four key senior management staff members at the organization include the Directors of Recreational Programs, Vocational Services, Development and Human Resources. Between them, they have a dozen direct reports. 40 other full-time staff, 100 part-time staff, and 50 volunteer staff also currently work at TCD. The core staff members are still trying to form their opinions of you, but you estimate a roughly equal divide in terms of support.

Given the situation, you contemplate the lessons of adaptive leadership, and ascertain that TCD faces a true adaptive challenge. One that could determine the organization's very existence. You request Harold and the senior management team to open the next bi-monthly staff meeting with an address to a group of about 25 attending staff members. You begin to prepare your speech, knowing that you will have about 4 minutes to create an impact....