

# Founders and Other Gods

by Deborah Linnell

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**F**OUNDERS—YOU CAN'T LIVE WITH 'EM, you can't live without 'em; or sometimes you die in the process of trying. What makes founders of nonprofit organizations some of our greatest leaders? And what also makes them the demon in many nonprofits' most turbulent and dramatic chapters? Why are founders so often our greatest inspiration, while so susceptible to an Icarus complex—sometimes even bringing down an entire organization with them?

Founders—those people who are sparked with a fury and a zest about a cause, a mission, an idea, and who (unlike most of the population) have the energy and the wherewithal to do something about it—are typically incredible people. Not only do they see an injustice and feel inspired to fight it, but they almost always think they can win. These are the no-barriers type people whose righteous passion often catches others up in their beliefs. They take a cause, turn it into a mission, and build the people support and basic nonprofit structure to hold the flame of their passion. By nature, these are people with strong mental models of what's right and what's wrong. But it is these strengths of charac-

ter—insight and vision, a sense of justice, a hopefulness, an ability to take risk, determined purposefulness, and the ambition to succeed for mission's sake—that can also be their downfall.

In 1972 Larry E. Greiner published an influential article on organizational life cycles in the *Harvard Business Review* entitled “Evolution and Revolution as Organizations Grow.”<sup>1</sup>

In 1982, Susan Gross, Karl Mathiasen, and Nancy Franco of the Management Assistance Group (MAG) built a description of life cycles for nonprofits based on Greiner's earlier work. This was updated in a 1996 white paper entitled “Organizational Life Cycles: Revisited,”<sup>2</sup> in which the authors helped many to understand, for the first time, that the sometimes strange or seemingly self-destructive ways in which many nonprofit organizations, boards, and staffs act are associated more with the phase of development they are in than with any perverseness on the part of a particular player during a particular effort. What a relief this would have been had most of the nonprofit world known about it! Because, as with parenting, it's important to know the common phases of development so you can plan for them and not overreact.

While the ways in which organizations develop, and the forms they take, have changed somewhat as we transitioned from the industrial to the knowledge era, the first few “evolutionary” phases and the “revolutionary” transition between them is still pretty common.

The first phase of nonprofit development,

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according to MAG, is characterized by the organization's intense focus on cause and mission. An informal organizational structure tends to link the parties involved, and roles are largely interchangeable. There is a natural attention to outcomes because the organization measures its success by the results of its work. It is in this stage where founders have flourished, and organizations have flourished because of them.

The flexibility and informality of the first stage are critical factors in organizations that are young and under-resourced financially because they allow people to bring the full force of their personalities, passion, and creativity to bear on the situation. Some small organizations can stay in this phase for decades, retaining their "management by relationship" style and attracting others to them through the strength of their unified beliefs and combined energy level.

As Gross, Mathiasen, and Franco write, "Founders are usually highly entrepreneurial and passionately committed to the organization's goals. They attract a few other highly committed people who jump into long hours of work, rewarded not by status or money but by satisfaction of advancing the cause." Organizational structure and management style are often driven by individual preferences and personality traits that complement the way the founder likes to work. Roles and responsibilities between all of the committed players are loosely defined and often overlap simply because that is the way things work best. Communication between staff is frequent and fluid, and they often will talk about feeling like "one big family."

But for many organizations, success in a first stage will produce growth and investment, and these, in turn cause staff to experience a *natural* push/pull between attention to the cause and attention to the systems needed to manage a larger organization. According to the MAG authors, "As the organization grows, informal, sporadic communication becomes inadequate". Very often you will begin to hear calls from newer staff about the lack of clear and fair personnel practices, or complaints from funders about grants being misspent or unauditable. Staff and board will begin to ask why problems show up repeatedly—why questions go unanswered and gaps remain unfilled in management.

Founders do not always understand that these questions are the start of an important and somewhat inevitable transition to a more systems-focused stage. They may resist the questioning due to disinterest or because they see all such challenges as malicious or wrong-headed or an abysmal waste of time in the face of the real (mission) work of the organization. This can lead to all-out battles between the champions of mission and the champions of systems.

This is where the highly dramatized organizational passion play finds its stage—and typically there is quite a bit of sound and fury (think *Macbeth*). How many wonderfully energetic visionaries have we seen forced out of their organizations as a result of this crisis? Conversely, how many original founders have literally drowned their own organizational baby by resisting the need for change or the call for a change in the power structure? These battles can be bloody and brutal and, in the worst cases, go on for a decade.

Part of the problem is that many organizations do not understand that they are playing out a highly painful archetypal moment. After all, it feels so intensely personal to the situation. Most organizations cannot identify the fact that they are making a life passage. Often the passage is actually held on the cusp of some other crisis. Staff, boards, volunteers, the founder—all will find one reason or another to bring the issue to a head, and what happens is some of the cruelest "kicking to the curb" that people will ever experience. It is particularly galling, considering the level of personal effort founders have given over the years, that they often go out with a whimper as the door hits them in the backside. (No this has not happened to me, yet!) But if a skilled outsider asks "the survivors" to tell the story a few years later, it will have all the earmarks of a growth stage in which the entire system did not have the wisdom to see all the various roles being played out, often to the bitter end. The "system" did not have the system-awareness and the leader did not have the self-awareness to step outside of the maelstrom and actually begin to describe "a shift in process." Understanding that growth and shifts are inevitable would help ameliorate these times of crisis and allow for shifts to occur in a safer, gentler way.

Think of it; each of us has a story of the fair-haired founder who fell out of favor for :

- calling his or her own shots for one too many years;
- not empowering the (fill in the blank) board, staff, constituents;
- not putting in systems the board has requested or even formally voted on;
- losing ground to an emerging (and often opposing) power group (typically a staff-led revolt of some type);
- going too far out on a limb with a promise that was unable to be fulfilled;
- not dotting all the “i’s” and crossing the “t’s” on a major contract or a public event (detail is not a founder-personality’s strength) and losing face or embarrassing the organization;
- blaming people around them when the chips were down or simply not allowing the “baby” to grow and walk on its own.

Founder madness finds its end in some of the crises mentioned above, but most typically it starts with the staff circumventing the leader by going directly to board members to report “stuff” (that they originally suggest be kept “confidential”). The boards they are complaining to are often young, inexperienced, and used to following the founder, but board members eventually look into the allegations and find that the organization needs stronger management at this point in its growth. However, “creative founders classically are neither interested in nor temperamentally suited to provide this kind of managerial direction,” according to MAG. By the same token, founders do not want to let go of the “baby” they have toiled so hard to birth—sometimes over a period of many years. These struggles between founder, board, and staff—with people taking all sorts of sides and playing many major and supporting roles in the drama—often go on for *several years*, until finally with pride and prejudice, the founder leaves.

And while some founders are near saints whom normal people feel quite a bit of sympathy for as they limp away, other founders have left terrible legacies, and there is good reason for them to go. I worked for a founder who proceeded to bankrupt his own community organizing group rather than to adhere to some rules

and systems, and to be accountable to those citizens in whose name the nonprofit did business. The bankruptcy also severely damaged several small businesses, and for several years his staff had been in one uprising after another over issues that had much to do with the ethics of how the organization operated.

“Bad” founders could be summed up as the types who really, when all is said and done, put themselves before the organization. The list goes on: their egos are huge, they do not feel accountable to anyone but themselves; they cannot plan in a strategic fashion and run their now million-dollar organizations by the seat of their pants like they did ten years ago when the budget was \$200,000. They get bored easily and move onto the next entrepreneurial program adventure without having completely stabilized the last venture, often leaving staff with a great idea, but no solid plan for implementation. They work eighty hours a week and don’t get why everyone else doesn’t have the same level of commitment.

Some cultivate chaos and disorder for a couple of reasons: one it provides the illusion that they are needed to “solve issues, problems, and crises.” More cynically, I believe that some people operate out of chaos as a way of creating near total control; if there are no standards or systems or organizational norms for communication, leaders get to control and change the rules as it suits them. The worst of founder-type personalities bully others under the guise of the mission/cause; political rightness or simply thinking their way is the right way. The very worst drag their organizations down as their leadership flame flickers into obscurity. Allowed to stay, they become more and more entrenched, not allowing for innovation that they do not understand and/or control. Many sadly become legends in their own minds based on some early-on success or achievement. They do not have the self-awareness to see how they only seek out those (staff, board, friends) who support their internal story about themselves, and they tend to turn away truth tellers or anyone who has a different idea of how the organization might be.

On the other hand, we could not live without the best among our founders. Nearly every great cause was started by a visionary, risk-taking, no-barriers, basically very courageous human being. But good founder or bad founder, the collective nonprofit story is this: Eventually the

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founder leaves. The leaving is often disruptive for the organization and emotionally charged for the people involved; and the founder's qualities are lost to the organization as it moves on without him or her, closing the door on what now gets told and passed down as one of the organization's old war stories.

This has been an observable trend for many years (since people like Gross, Mathiasen, and Franco first made us aware of it). "Founderitis" has become a word to describe any leader in the throes of any part of what is described above. But founderitis isn't just about individuals or their individual organizations. The founderitis phenomenon also has to do with the maturity and life stage of the nonprofit field as a whole. While nonprofits or "charities" have existed for many years, the first wave of the modern, cause-related nonprofit (not focused on higher education, the arts and culture, or health and sciences) began in the 1960s. This wave has been characterized by literally millions of start-ups of cause-related organizations. You might call this the "*founder stage*" of the nonprofit sector, as we know it today.

For some years now we have been in reaction to the individual nonprofit founder/leaders, and have built an industry around pushing the nonprofit sector into sound management practice—or its second stage. We have turned our backs on our flaky founders (but at least they have passion!) only to embrace, too fully, "management" and second-stage managers who excel at administrative systems development as the be-all end-all to the effective nonprofit organization. The industry supporting nonprofits (nonprofit support centers, foundation- and United Way-sponsored management assistance programs, management consultants, university nonprofit centers) have played their part in helping the nonprofits to see the "error" of their first stage/founder ways, and they have ground in second-stage lessons ad nauseum for the last 20 years. It has gotten to the point that the "fix" for sound second-stage management has created a bit of a beast—an era in which second-stage management is the zenith for thousands of organizations, and where outsiders, including some foundations, benchmark a group on how well it fundraises or markets or manages (constrains) its staff versus how well it is meeting its overall mission.

The entire sector—nonprofit, philanthropist, and capacity builder—have contributed (as we co-shaped this second stage of development together) to the era of "institution building" and "right management." The intellectual and capital investment in the second stage has been so forceful, it is hard to imagine the level of leverage and shift that will be required to drive the sector both backwards to its creative roots and forward to a new style of connectedness, crossing boundaries and reaching constituents in an effort to achieve our missions, regardless of the fancy institutions we build.

Nonprofit founders and second-stage managers are only human, as are the boards and staffs that surround them. They are also terribly under-resourced and doing more with less than any other sector (business or government). In some organizations the story of how the founder went away is the source of the group's deepest collective pain. In others, the revolt against the "my way or the highway" second-stage manager without a heart is the most painful story. It is time we stopped pitting the two "eras" within the nonprofit against each other and find more holistic responses to the positive tension that arises within all organizations as a result of growth and change. In fact, there is so much growth and change happening so rapidly—and so much more accountability demanded of both the first- and second-stage types—that we are, as a sector, already rewriting how founders will found and how organizations will grow.

Hence, there can be a different story—with new descriptions of organizational growth that tell how people found organizations. We can learn from the thirty to forty years of "founderitis" methods, and the twenty years of excessive emphasis on "the right management" and the right tool; we can identify the best and worst of both extremes—and chart a middle course.

In order to do this people must conspire positively to push the sector to:

Help leaders, boards of directors, and line staff understand that shifts will occur and that different phases in an organization call for different kinds of leaders, flexible governance models, and different types of skills and competencies among staff. If the people in the system are given the heads up that the whole system will constantly shift and change, they can become generators of the change (story writers)

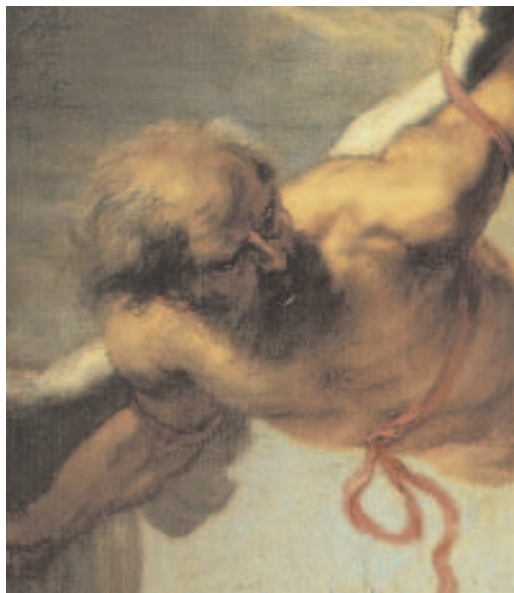
versus reactors to the change (characters in the story).

Undo the stiff boundaries and sacred cows defined by the second stage of organizational development. Do all founders or past executive directors really have to “completely” leave an organization in order to allow the next leader/executive director to flourish? In some immature organizations with founders who lack self-awareness, this is called for; but can we be a bit more situational for those more mature organizations and leaders, so that the qualities of the founder are not entirely lost to the organization? Who are our role models for the new roles that founders can play in organizations when they let go of day-to-day control? (See sidebar at [www.nonprofitquarterly.org/section/491.html](http://www.nonprofitquarterly.org/section/491.html)).

Support personal growth in leaders. No one human being can know him- or herself completely, but with founders who tend to have large egos tied up in the success and failure of their organization, it is even harder to let them know their weaknesses or to offer constructive criticism. There is enough literature now on the pitfalls of founderitis for seasoned board members, consultants, and even foundation staff to start talking directly to founders about the classic patterns that might emerge, and about ways in which others have managed them.

Help founders and leaders to harness their strengths and identify and build support around their deficits. Give them guidance as to what signs to look for as an indication that the organization is beginning to move into another stage of development. Ask them honestly if they have the wherewithal to become a truly “situational” leader, able to emphasize sound management practices over vision and program, for a period of time, in order to steer the organization to another level of needed strength and capacity.

Tell the truth about “bad” founders, and move them out quickly—not over several years and not through a histrionic, damaging process of hand-wringing, accusation, and blaming. This story (like the bad office gossip) simply should not be given countenance anymore by the broader nonprofit system. This means the difficult work of getting the people in the organization to change from dwelling on the more negative (and albeit more fun) founderitis stories to collectively building a book of positive stories on how to nav-



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igate leadership challenges, growth, and change in first-stage organizations.

There is emerging literature on what constitutes effective nonprofit organizations. Themes that run through this literature include the ability to remain focused on mission, focused on clients (customers), and the ability to adapt in the “information age,” or a time of continuous change. These are competencies for which many founders are naturally suited. But they will also have to know how to manage change at multiple levels and create a shared understanding of both current reality within the organization and a preferred future reality as defined by many stakeholders, not just one leader.

For those organizations that swing radically away from the informality of the founder stage to the excesses of the second stage, they too need to blend emerging leadership theory into the old “control and compliance” management style. Organizations will simply not survive (or will be in continuous staff turnover and diminishing returns on mission) with leaders who dictate to paid employees what their jobs are and how to do them from a top-down perspective.

People who choose to work or volunteer in the many domains within the nonprofit sector typically do so with a passion to make a change in the lives of other people and in our society. Organizational *systems* should harness the gift of the founder and each subsequent leader's energy by facilitating them to their own (and the organization's) highest expectation. Expecta-

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tions need to be evolving and raised up as the whole field of nonprofits also learns, reflects and grows. We have enough lessons now to know, at least for this time in the sector’s history, what those expectations should be. The best leaders now and the leaders of the future will be facilitative by nature.

Some founders—particularly those who are self-aware and challenged to grow personally—will make the transition from the essential and still-needed role of start-up/founder, risk-taking “holder of the whole” to the role of “facilitative sharer” of vision and the whole. For those who cannot or do not want to make the transition, the nonprofit sector system needs to describe and articulate, coach, and teach (wherever and however it can) that change will happen—and that it presents an *opportunity*. We need to move away from transition as crisis and go forward to a time of both predicting transition that is about to occur and leveraging it to the organization’s best advantage toward fulfilling its mission. *Our best founders and leaders will understand how to build, maintain and transition, both personally and organizationally, and these will be core leadership competencies.*

The story of a founder’s passage may still be dramatic in the future; but let’s make it less hurtful to the individuals involved, and to the organization. In fact, founderitis is a disease we can work together to cure. The story of the founder should be of the challenge well met; and when the need for change emerges, there should be understanding, resulting in a more intentional, thankful, and where possible, celebratory transition of some of the sector’s greatest contributors—our founding leaders.

### Endnotes

1. The article was published in the Jul / Aug 1972 issue and later updated for republication in *Harvard Business Review* 1998.
2. For the full texts of these article go to: [www.managementassistance.org](http://www.managementassistance.org); or contact MAG at 1555 Connecticut Avenue, Third Floor, Washington, DC, 20036; (202) 659-1963.

### Let’s Talk!

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