



SHERRINGTON
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Third Sector Leadership in 2023

Challenges and Skills

Foreword



Back in 2021, we interviewed 10 CEOs for their views on leadership, at a time when we were coming out of what we believed to be the most turbulent operating landscape in the last 30 years. Some extremely valuable lessons came out of the report that we knew would come in useful during future periods of such uncertainty. Little did we know how soon those challenges would arrive.

The last 12 months have brought a whole new set of leadership challenges, many stemming from rising global uncertainty caused by the war in Ukraine. Rising energy prices, talent shortages, failing healthcare systems, poor public-sector governance and a mental health crisis that is particularly impacting the younger generations. This is the backdrop against which leaders are operating in 2023.

How these challenges impact each organisation is different and the solutions aren't abundantly obvious. To gain an insight into how different third sector organisations are being impacted and to understand the necessary leadership skills needed for success in 2023, we spoke to

CEOs of five third-sector organisations operating within some of the most topical and prominent subject areas, areas which seem to garner most attention in today's media, those being: Energy, Healthcare, Governance, Wellbeing, and Young People.

Through our conversations with these leaders, we gathered their views on this year's greatest challenges and those facing the third sector, as well as the skills required for success in 2023.



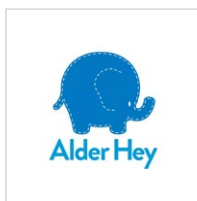
A handwritten signature in blue ink that reads 'Joe Onions'.

Joe Onions

Executive Search Resourcer
Sherrington Associates



Contributors



Fiona Ashcroft

Chief Executive Officer

Company: Alder Hey Children's Charity

Location: Liverpool

Turnover: £6.5m

FTE: 39

Core Services:

Alder Hey Children's Charity raises vital funds to help make Alder Hey Children's Hospital a truly world-class, patient-friendly hospital for the 330,000 patients and families we care for every year. Our vision is to support the Trust to Build a Healthier Future for Children and Young People.



Adam Scorer

Chief Executive Officer

Company: National Energy Action

Location: Newcastle upon Tyne

Turnover: £8m

FTE: 100

Core Services:

As the national fuel poverty charity, we work to ensure that everyone in England, Wales and Northern Ireland is warm and safe at home.



Emma Knights

Chief Executive Officer

Company: National Governance Association

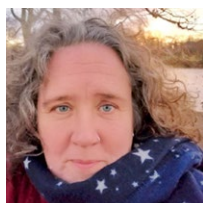
Location: Birmingham

Turnover: £3m

FTE: 53

Core Services:

The National Governance Association (NGA) is the membership organisation for governors, trustees and governance professionals/clerks of state schools in England. We are an independent, not-for-profit charity that aims to improve the educational standards and wellbeing of young people by increasing the effectiveness of governing boards and promoting high standards.



Karen Creavin

Chief Executive Officer

Company: The Active Wellbeing Society

Location: Birmingham

Turnover: £7m

FTE: 120

Core Services:

The Active Wellbeing Society is a community benefit society and cooperative, working to build healthy, happy communities living active and connected lives. We are grounded in the communities where inequalities are at their highest, and we work with them to tackle inequality and promote community development.



Sharon Davies

Chief Executive Officer

Company: Young Enterprise

Location: London

Turnover: £5.2m

FTE: 90

Core Services:

We work directly with young people, teachers, parents, businesses and influencers to help build a successful and sustainable future for all young people and society at large.

2023 Leadership Challenges

Leaders in the third sector are no different from leaders in any other sector, in that 2023 will be a year of complex challenges, where leadership will be tested on many fronts. However, the leaders we spoke to for this report are working on the front line of some of the most challenging subject matters of today in their respective organisations.

From governance to wellbeing, energy to healthcare and not least young people, these leaders are at the forefront of some of the most pressing issues being discussed in today's news. Having collated their views on what will be the most pressing leadership challenges of 2023, this is what they said:

Increased demand for services

The increasing demand for services and support, along with reduced income sources (paid for and donated) and rising costs. I think this will be the biggest challenge for most charity leaders during 2023, especially after many organisations have used reserves during the pandemic.

Fiona Ashcroft - CEO, Alder Hey Children's Charity

Income generation in an increasingly competitive fundraising landscape

Generating income against an increasingly competitive fundraising backdrop is a serious problem but not in isolation. There is also reduced public expenditure, directly affecting how much our clients can spend on services but also being our resources meaning stretched ever thinner by the lack of other public services in our space. We're also in the midst of a cost-of-living crisis, with increasing poverty again affecting charities and their clients, as the demand far outweighs what we can supply. We are experiencing reduced local government contract funding, creating further financial shortfalls, and forcing us to search for alternative funding.

Emma Knights - CEO, National Governance Association

More charities are applying for reduced pots of money, increasing competition for trusts and foundations, some of whom are changing their focus; some moving from medium / long term thinking to immediate response to help ie) food banks and mental health. All of which is needed, but this then means that there is greater risk for charities seeking to help young people prepare themselves for the world of work and beyond, which requires and investment in the longer term.

Sharon Davies - CEO, Young Enterprise

Retaining talent

Recruitment is also a big challenge for the sector, along with retaining talent. During the next year it's going to be vital to create strong, motivated teams and a supportive organisational culture.

Fiona Ashcroft - CEO, Alder Hey Children's Charity

Retaining talent will be the biggest challenge for third sector leaders in 2023, particularly against a backdrop of increasing wellbeing challenges.

Karen Creavin - CEO, The Active Wellbeing Society

Motivating teams

Motivating teams as the cumulative pressures of recent years have built, along with the current income squeeze; it will mean more charities doing as much as possible, for less, in worsening conditions.

Adam Scorer - CEO, National Energy Action

Many leaders are also still recovering from the challenges of the last few years and so maintaining our own motivation and energy resources will also be vital for us to persevere through the challenges ahead."

Fiona Ashcroft - CEO, Alder Hey Children's Charity

2023 Leadership Skills

Next, we asked the CEOs which leadership skills will be required to successfully navigate these challenges in 2023. As expected, a cross-section of commercial and people orientated leadership skills was highlighted.

Their answers further substantiated findings from our leadership index report of 2022 - 'skills for sustainable leadership', the results of which can be requested from our team.

People centricity

There are many skills required but most are people centric, such as compassion and integrity which in turn give the ability to communicate a vision, whilst empowering your team and giving direction authentically and passionately. Given the ever-changing landscape, adaptability is more important than ever, as the reality working with uncertainty and change, whilst maintaining focus on short-term and long-term goals.

Fiona Ashcroft - CEO, Alder Hey Children's Charity

Relationship building will always be important, whatever the issue, as a reliable network can assist and support during difficult times.

Emma Knights - CEO, National Governance Association

Sound judgement

The ability to anticipate and soundly judge medium-term risks, whilst also maintaining the long-term vision, will ensure the strategic priorities cohere with a fast changing environment.

Adam Scorer - CEO, National Energy Action

Managing complexity

The ability to work through the complexity and intersectionality of issues is becoming increasingly important, as is the ability to sit with and work with ambiguity. Being able to hold the tension of opposites – for long enough to hopefully work through to help a third space emerge, because if the answers were easy then someone would have thought of them a long time ago!

Sharon Davies - CEO, Young Enterprise

Empathy

Adaptability and empathy will be increasingly important this year. Leaders need to be able to lean into vulnerability and failure, while also staying focused on purpose.

Karen Creavin - CEO, The Active Wellbeing Society

Leadership empathy and maintaining the engagement of people will be more important than ever in 2023.

Sharon Davies - CEO, Young Enterprise



2023 Leadership Skills

Communicating vision



Applying the right leadership skills to overcome adversity is complex. It will depend on the charity and the position it is in, but leaders will need to devise and implement the right vision and strategy, whilst communicating this clearly throughout the organisation, so that all staff are positioned to deliver this in the areas of greatest need.

Emma Knights - CEO, National Governance Association



In times of complexity, clarity of communications is always vital, both internally and externally, to thoroughly and clearly explain the role, value and future of the charity to all stakeholders.

Adam Scorer - CEO, National Energy Action



Resilience



It is an extremely tough environment right now, with lots of uncertainty. Leaders need to be very resilient to overcome a myriad of challenges, both seen and unseen.

Karen Creavin - CEO, The Active Wellbeing Society



The ability to bounce forward from setbacks, will always be a key pillar of rock solid leadership, particularly pertinent in 2023, given the widening set of challenges for third sector leaders.

Sharon Davies - CEO, Young Enterprise



As well as these skills listed the CEOs also described other key leadership skills, such as long-term thinking, agility, adaptability and innovation, particularly around strategy. Perhaps this is a sign that some of the learnings acquired through 'Covid leadership' are even more pertinent in 2023, as leaders continually need to pivot and adapt their strategies in the context of a more and more volatility, uncertainty, complexity and ambiguity operating landscape.

Whilst each leader shared their own uniquely nuanced ideas of third-sector leadership in 2023, what was really interesting was the level of consensus around the key skills highlighted. And whilst many of the challenges we're facing as a society present as new and unfamiliar, they can also be seen as different versions of former challenges, where leaders' skills were developed and deployed to bring about success in the face of adversity. The skills needed in today's turbulent environment are arguably those same skills we've acquired through former periods of difficulty; for many, it will be more a case of brushing up, as opposed to learning from scratch. In any case, what we most definitely learned, through trials and tribulations of the recent pandemic, was that for those leaders that emerged afloat, they certainly surfaced as stronger, more resilient versions, and as we eventually reach the end of 2023, the same will likely be true for the majority.

Sherrington Associates is an executive search and leadership development firm, helping clients embed sustainable leadership culture by recruiting and developing exceptional senior managers and leaders and providing culture diagnostics to help understand who they really are.

- Executive Search & Selection
- Executive Coaching & Leadership Development
- Culture Diagnostics & Values Assessment