Nonprofit leadership: a case examination of servant versus transformational leadership

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ABSTRACT

Amarillo, Texas has been plagued with poverty levels substantially higher than the national average over the last decade (Poverty in Amarillo, 2016). It is no surprise, therefore, that the city has seen prolific community outreach in response to the substantial public need. Consequently, Amarillo sees significant competition amongst nonprofit organizations. Nonprofits require strong leadership within the Amarillo community to bring the needed social change.

For this case analysis, students will be introduced to two nonprofit leaders working to address impoverished communities in Amarillo: Brady Clark is the Executive Director of Square Mile Community Development (SMCD), a nonprofit he founded in 2016 to transform the San Jacinto, Amarillo neighborhood; Jimmy Lackey is the President and CEO of Kids, Inc. a youth sports program for the Amarillo area that he has transformed into a vehicle for bridging impoverished and affluent communities.

Students will be provided with theoretical background on servant and transformational leadership concepts. They will then be asked to consider how each of these two leaders, Brady Clark and Jimmy Lackey, represent the servant versus transformational leadership categories.

This case is well-suited to an upper-level management class where curriculum includes leadership concepts. The primary subject matter for this case concerns servant leadership and transformational leadership. This case allows students to compare leadership tactics for two active charitable organizations in the same city, making it a useful tool for discussion of the differences and similarities of the two different leadership styles.

Keywords: servant leadership, transformational leadership, leadership styles, nonprofit organizations, management, social change

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INTRODUCTION

The poverty rate in Amarillo, Texas for 2017 was nearly 14%. This figure represents a substantial improvement over the 16.4% rate from 2016 but still outpaced the national average (Poverty in Amarillo, 2016; Amarillo, 2016). Perhaps due to the high number of residents living below the poverty line, Amarillo has also seen a proliferation of nonprofits working to address community needs. Nearly 1,500 non-profit organizations currently exist in Amarillo, and 741 of these include a “Charitable Organization” or “Social Welfare” designation (Nonprofit & 501C Organizations, 2019). Square Mile Community Development (SMCD) and Kids, Incorporated are two of the many charitable nonprofits tending to be impoverished Amarillo communities. While the organizations serve similar groups, the leaders in the two organizations have very different approaches.

Brady Clark, Executive Director for Square Mile, is a pastor by trade. He has spent decades in service to those in need, but he is tired of addressing the symptoms of poverty. He wants to get to the root causes of poverty and fix them.

Jimmy Lackey, Executive Director and CEO for Kids, Incorporated, is a businessman with a passion for kids and for sports. He wants to put impoverished children on the same playing field with all the other kids, giving them the same opportunity to compete and to succeed - not only in sports, but in life.

Leadership comes in a variety of forms, and these two leaders are definitely different personalities with different strengths. From the perspective of effectively leading a social cause, though, is one style more effective than another?

SQUARE MILE COMMUNITY DEVELOPMENT

Square Mile Community Development was founded in 2016 by Brady Clark to transform and revitalize neighborhoods in the Amarillo area. He has roughly 20 years of experience pastoring and working with nonprofits in the Dallas and Amarillo communities. Brady is tired of nonprofits providing services that do not address a community’s root issues. Nonprofits generally have good intentions but tend to simply put band-aids on the community’s systemic issues such as health and children’s education. Clark has a vision for creating long-term changes within the city. He believes that it is more effective to work alongside existing contacts and networks within a community rather than creating new ones. Brady seeks to tap into people’s individual desires to contribute allowing them to give in a way that satisfies them personally. According to Clark, it is important to be imbedded in the neighborhood and not be viewed as a threat or outsider. In addition to being an effective approach, Square Mile has been shielded from the drug, crime, and gang influence in impoverished communities because the residents understand he and his organization are there to help.

Square Mile’s mission is, “...to bring holistic and innovative development projects to our most neglected neighborhoods through collaborative and empowerment-based community partnerships.” Square Mile’s motto is, “Do good better.” and is founded on the following five pillars that define a thriving neighborhood: economic development, housing, education, spiritual care, and health. Their vision is, “...(to create] opportunity by building a network of community organizations, nonprofits, entrepreneurs, small business owners, and community members to revitalize under-resourced neighborhoods using an empowerment-based model of community engagement to bring renewal and restoration” (Wsteelman, 2018). Since this is a newer
nonprofit in the community, their budget is minimal. Marketing has been on a shoe-string budget, but word-of-mouth, social media, and amazing local news coverage have helped spread the word of this organization.

The San Jacinto neighborhood was the first area in Amarillo that Square Mile wanted to concentrate its efforts. This particular neighborhood was chosen for personal and historical reasons. San Jacinto is predominantly known for the historic 6th Street in addition to crime and poverty. The San Jacinto neighborhood is considered a food desert. According to the USDA, “Food deserts are neighborhoods that lack healthy food sources” (Documentation, n.d.). The closest supermarket is 1.6 miles away from the neighborhood. There are two problems with the distance to the nearest grocery store: 1.) Many residents do not have their own vehicles; and 2.) Most residents rely on public transportation. Consequently, most food purchased in this neighborhood is at the corner convenience and/or liquor stores. For obvious reasons, this limits the residents’ accessibility to healthy foods.

Spurred by a land donation in late 2016 by the First Presbyterian Church, Square Mile’s first project was the creation of a community urban farm in the San Jacinto neighborhood. To make the community garden come to fruition, they had to rip up an asphalt and concrete parking lot; work the soil beneath; and add irrigation and caterpillar tunnels before planting crops. In August 2017, Square Mile Community Development planted their first crop. By the beginning of October 2017, SMCD had their first harvest; they grew 750 pounds of food within just 3 months. In the community garden, they grow a variety of produce: radishes, carrots, lettuce, kale, arugula, mizuna, swiss chard, mustard greens, cucumbers, squash, and tomatoes. The produce is sold directly to individual consumers, farmer’s markets, and local restaurants. The main objectives of the urban farm were to: create a food hub where produce was packaged and processed; sell the produce to individuals and restaurants; and get a food-based industry established in a lower income community.

The San Jacinto urban farm has served as an opportunity for Square Mile Community Development to build relationships. Investing in the San Jacinto neighborhood communicates value to its residents who many feel as though they have been forgotten; it is giving new life to the neighborhood. The community garden demonstrates to the residents that people see something worthwhile in them, their families, and their neighborhood. In addition, Square Mile’s farm is teaching residents how to grow their own healthy produce; to eat better, healthier food; the process of selling their grown produce at the farmer’s markets, which is monetizing on their newly-learned skills; and the ability to provide sustainable revenue. Furthermore, the urban farm is changing the residents’ attitudes. Neighbors will keep an eye on the farm to protect it from theft and vandals. The residents also pull weeds, pick up trash, donate seeds and plants, and even give what little money they have. Taking pride and having a willingness to give and work within your neighborhood is one of the earliest and most critical components of revitalizing a broken-down neighborhood. By Square Mile Community Development working with the neighborhood residents, the San Jacinto farm is now an integral part of their neighborhood.

**KIDS, INCORPORATED**

In October 1944, Cal Farley had a vision to start a youth sports program for children who lived in southeast Amarillo, an economically disadvantaged part of the city. With the help of his friend, C.C. “Bus” Dugger, Kids, Incorporated came to life in January 1945. On the first Monday of that year, Dugger picked up eleven boys from Glenwood Elementary and took them
to the Maverick Club to play basketball. With this act, Dugger became Kids, Inc.’s first coach. The mission of Kids, Incorporated is, “...to be an organization of excellence by providing quality year-round sporting activities, while ensuring that every child who desires to participate has the opportunity to do just that!” Today, Kids, Inc. has approximately 16,000 children from Amarillo and the surrounding areas participating in more than 20 sports programs each year.

In 1995, Kids, Inc. acquired a new CEO and President, Jimmy Lackey. Jimmy wasn’t looking for a new employment opportunity at that time. He was perfectly content serving as the Executive Director of the West Texas A&M University’s Alumni Association, a job he had been at for seven years. One fateful day, the Kids, Inc. job search committee approached Lackey to see if he might be interested in leading the organization. His exact response to the committee was, “No, but I’m happy to look at your wheel and see what’s out of balance.” As explained by Jimmy, “I like to take pieces of a puzzle and put them together.” With that said, after reviewing Kids, Incorporated’s operations, he discovered that there were numerous pieces of the “puzzle” that were not functional and/or missing. Jimmy saw that Kids, Incorporated needed his skills set, and he accepted the job offer.

Lackey is a man of integrity who is passionate about the children Kids, Inc. serves. His fear of failure is a driving force for him. Jimmy is a hands-on leader, which is evident from the fact that he doesn’t screen his phone calls and did the organization’s books until 2007. Another thing Jimmy excels at is relationships, not only with members of the community, but also with his office personnel. Jimmy claims he doesn’t fundraise; rather, he refers to it as “friendraising.” His “friendraising” efforts have attributed to approximately $15 million dollars in donations since he first started with the organization. Most of his employees have been with Kids, Inc. for more than 15 years. The longevity of the employees can probably be attributed to numerous things, but the one aspect that Jimmy is particularly proud of is the benefits he is able to provide to the office personnel. There has never been a year that Kids, Inc. did not pay for all of the employees’ health insurance; it is a non-negotiable benefit as far as Jimmy is concerned. Also, Jimmy has been able to give raises to the employees every year except for one.

Building community was always part of Jimmy’s plan for Kids, Incorporated. In order to do that, he needed to focus his efforts inside the organization first. Their office space was not conducive for the employees or their clientele, technology was nonexistent, and sports equipment was extremely old. Additionally, the office staff lacked accountability and were protective of their tasks, and community relationships were severed because of the previous CEO. Jimmy knew he had to fix these problems so the children could play in their sports programs. Lackey purchased computers for the office, created infrastructure within the organization, began holding the employees accountable, and started mending relationships with United Way and the City of Amarillo’s Parks and Recreation Department. In addition, he began raising money for new office space and operating capital.

Jimmy understands that when you are dealing with someone’s kid, you better have your business together. Therefore, his decisions are always made in the best interests of the children and their safety, regardless of the cost. When Lackey first started, he purchased 300 new football helmets at a price tag of $24,000. Prior to this, the children and employees had never seen new sports gear. Jimmy ended up purchasing a total of a 1,000 helmets that year and continues to buy 250 new ones each year. In addition, Lackey knows firsthand the importance of a coach who is a positive role model and mentor. When training the coaches, he doesn’t want them to focus on developing the best defense. Instead, he needs the coaches to spend time and
support the children because many of them do not have adult mentors in their lives; because unfortunately, some parents do not put their children at the top of their priorities. Jimmy believes that Kids, Incorporated’s job is to help produce productive citizens. To take this one step further, Kids, Inc. is currently trying to figure out how to reach children that are not currently participating in any of their sports programs and what barriers are preventing them from getting involved.

Amarillo has a history of being a segregated community where residents usually stay in their part of the city. Lackey views Kids, Incorporated as more of a social experiment than an organization offering sports programs because of this. Kids, Inc. is proud of the fact that they are able to take children from all parts of the city, put them on a field or court, and let them play. The organization is knocking down social barriers and stigmas because children are simply allowed to have fun and play sports together. In 2018, to advance their efforts in this area, Kids, Incorporated expanded their services to children with special needs with the introduction of their Kids Inclusion program. Under Kids Inclusion, sports programs have been modified so that children with disabilities have the opportunity to be on the same playing field as the able-bodied kids. What Jimmy wants the children to learn from this program is that even though all the kids may be different, they all have a heart, which will further break down social barriers.

SERVANT LEADERSHIP

Robert K. Greenleaf introduced the concept of servant leadership in 1970 (Greenleaf, 1970). Greenleaf worked at AT&T as an executive for almost forty years, where he applied his servant leadership ideas. Greenleaf stated, “The organization exists for the person as much as the person exists for the organization” (Frick). After his retirement from AT&T in 1964, Greenleaf collected his thoughts and published them in the essay, “The Servant as Leader” (Trompenaars & Voerman, 2009). In his essay, Greenleaf stated, “The true servant must lead in order to be a complete person!” (Greenleaf, 1970).

According to Greenleaf, servant leadership is defined as, “leadership behaviors in which leaders persevere to be servant first rather than leader first and put their subordinates’ highest priority needs before their own” (Greenleaf, 1970, 1977). There have been ten common characteristics identified in servant leadership: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, growth, and building community (Spears, 2004). Servant leadership is a way of life; it is based on an ethical and moral component as well as personal integrity that transcends into their work, family, and community (Avolio & Gardner, 2005; Ehrhart, 2004; Bass, 1985). They lead by example by teaching others the significance of possessing integrity and honesty in addition to treating team members fairly (Russell & Stone, 2002). Two goals of servant leadership are to cultivate new servant leaders and serve the community they work and live in (Greenleaf, 1972).

Servant leaders use their position to develop members of the organization. They build the organization by acting in the best interests of the employees; placing the employees’ needs first; and developing the potential of all employees (Walumbwa, Hartnell, & Oke, 2010; Mayer, Bardes, & Piccolo, 2008). Inevitably, this builds trust, empowers employees, and enhances relationships among the organization’s members allowing for the team to work more effectively (Liden, Wayne, Zhao, & Henderson, 2008). The development and growth of others is the true test of the impact of a servant leader (Greenleaf, 1970). Servant leaders develop others because they genuinely care and see it as their personal mission to serve others in becoming, “healthier,
wiser, freer, more autonomous, and more likely to become servants themselves” (Greenleaf, 1970, 1997).

Servant leadership is part of an ongoing, lifelong process of learning, teaching, and advancement. Servant leaders meet people where they are and create a supportive learning environment where their focus is on, “developing employees to their fullest potential in the areas of task effectiveness, community stewardship, self-motivation, and future leadership capabilities (Liden, Wayne, Zhao, & Henderson, 2008). With this concentration of improving and strengthening employees’ skills and abilities, servant leaders build a sense of community where employees view one another as a team working toward achieving the team’s goals as their own (Kark, Shamir, & Chen, 2003). This will ultimately contribute to the employees’, customers’, and the company’s overall success.

TRANSFORMATIONAL LEADERSHIP

In 1978, James MacGregor Burns, a political historian, introduced the theory of transformational leadership after researching political leaders (Kendrick, 2011). Burns described the process of transformational leadership as to how, “leaders and followers help each other to advance to a higher level of morale and motivation” (Burns, 1978). In 1985, Bernard Bass expanded on Burns’ original work and introduced four characteristics of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass, 1985).

Transformational leaders are change agents; they have the ability to positively change employees’ perceptions, values, attitudes, and expectations to effectively work toward the organization’s goals (Rockinson-Szapkiw, Payne, & West, 2011; Ghasabeh, Soosay, & Reaiche, 2015). These leaders drive an organization’s long-term vision by encouraging employees to sacrifice their own interests and needs for the betterment of the organization (Nguyen, Mia, Winata, & Chong, 2017; Piccolo & Colquitt, 2006). Transformational leaders are charismatic; inspire employees’ loyalty to the organization; and motivate employees to achieve higher productivity and performance levels (House, 1977; Burns, 1978; Ensley, Pearce, & Hmieleski, 2006). In a rapidly changing world, transformational leadership is ideal for handling uncertainty in an organization’s business environment.

Transformational leaders are the ethical role models of the organization; they constantly exhibit high morals and values (Howell & Avolio, 1992). Due to this, trust and respect are the foundation of their relationships with employees (House, 1977; Choi, Goh, Adam, & Tan, 2016). These leaders are never satisfied with mediocrity; achievement is one of their strengths. They are visionaries and are always striving to do better for themselves, their employees, and their organization (Williams, 2017). In turn, shared visions and goals for the future are generated for the employees. These inspire optimism and change; give employees purpose; and encourage employees to work diligently in the accomplishment of the organization’s goals (Bass, 1985; Oreg, & Berson, 2011).

Transformational leaders empower employees by including them in the decision-making process; they encourage employees to contribute in the generation of creative and innovative ideas to solve organizational problems and challenges (Bass & Steidlmeier, 1999; Bass & Avolio, 1990). This provides learning and growth opportunities on an individual level; keeps employees engaged; and encourages employees to challenge the status quo (Bass, 1985; Berson, & Avolio, 2004). At any given time, a transformational leader may need to act as a teacher,
coach, mentor, or facilitator to their employees (Bass, 1985; Piccolo & Colquitt, 2006). These leaders understand each employee is an integral part of the team that requires individualized attention. Employees have their own needs, goals, and self-interests; therefore, transformational leaders provide them with challenging tasks in addition to timely information and feedback for continuous growth, improvement, and development (Bass, 1985, 1990; Bass & Avolio, 1989; Nguyen, Mia, Winata, & Chong, 2017). Since an employee’s needs and goals are taken into consideration under this leadership style, it acts as an intrinsic motivator for them to perform at their personal best (Nguyen, Mia, Winata, & Chong, 2017).
CASE QUESTIONS

1. Regarding the servant versus transformational leadership styles, is one better than the other? Why?

   This answer is going to depend on the student’s personal opinion; therefore, there are no right or wrong answers. The students need to include aspects of the leadership styles within their answers to demonstrate an understanding of the differences between the two leadership styles.

2. Regarding the servant versus transformational leadership styles, is one better suited to nonprofit organizations? Explain your position.

   Students' answers will vary, but need to refer to the characteristics of the two leadership styles. Their answers may also be dependent on the particular leader and his capabilities in addition to the type of nonprofit and its current operational state. For example, if the nonprofit is in a similar state as Kids, Incorporated, then transformational leadership might be a better fit given the situation. As stated in the literature review, transformational leaders are visionaries and change agents, which is what an organization in chaos might need if it wants to eventually be successful.

3. Do you think there is a legitimate place for servant leadership in the business world?

   Even though servant leadership has been successfully utilized in the for-profit and nonprofit sectors, there are going to be students who think there is not a legitimate place for this style of leadership in the business world. Students may assume that servant leadership is a weak leadership style because they consider the term servant, especially in the business world, as having a negative connotation. Students may even interpret servant leaders as being too sensitive since they are concerned with building and enhancing employee relationships. Furthermore, some students will probably envision a more autocratic style of leadership as one of the only leadership styles that can create change within an organization.

4. Which leader better characterizes the servant leadership approach and why?

   Although Brady Clark and Jimmy Lackey have characteristics of both leadership styles, Brady better characterizes the servant leadership approach. First, he has used his approximately 20 years of experience in the nonprofit sector and his position in the community in an effort to revitalize the San Jacinto neighborhood with the community urban farm. He leads by example by working at the urban farm with the community’s residents. In doing so, he has built trust, empowered the residents, and enhanced community relationships. Brady has taught the residents of San Jacinto how to grow healthy produce in addition to the process of selling the produce. This has given the residents the ability to make money on their newly-acquired skill and a means to have a sustainable income. In addition, the residents now have pride in their neighborhood as well as a willingness to give and work at the urban garden. They are protective of the farm from thieves and vandals. The residents also pull weeds, pick up trash, and donate plants, seeds, and money to the community garden. Per the literature review, “The development and growth of others is the true test of the impact of a servant leader”, and this is exactly what Brady has done for an entire community and its residents.
5. Which leader better characterizes the transformational leadership approach and why?
   Jimmy Lackey better characterizes the transformational leadership approach. Even though Kids, Inc. was established in October 1944, in 1995 the organization was in desperate need of help and Jimmy’s skill set. Transformational leaders are change agents, and that’s exactly what Jimmy did from the inside out. Building community and fulfilling the organization’s mission was always part of Jimmy’s long-term plan. In order to achieve this, he was able to raise money to purchase new office space and technology so employees could work more efficiently to serve the children and their parents. Additionally, Jimmy purchased new football helmets when he first started and continues to purchase new ones each year. Before Jimmy’s arrival, children and Kids, Inc. employees had not seen new sports gear. Jimmy also believes that it is Kids, Incorporated’s responsibility to help produce productive citizens. Therefore, he trains the coaches to spend time with the athletes and be their mentors. Furthermore, Kids, Incorporated is currently taking progressive steps to figure out how to gain more participation for children in the lower socioeconomic parts of the city. Finally, Jimmy has created a new program, Kids Inclusion, that offers modified sport activities for children with special needs. This gives children with disabilities the chance to play on the same court or field as able-bodied children. With all of this, Jimmy is transforming Amarillo and its youth by breaking down social barriers and stigmas and allowing the children to come together, learn, and have fun while sharing the common denominator of having a passion to play sports.

6. What are some of the personal roadblocks that managers would have to conquer in order to move towards servant leadership?
   With this leadership style, if one has any selfish tendencies, they are going to have to let these go and focus on others, their needs, and developing their potential. Servant leadership requires an individual to have discipline, strength, and character. Therefore, if this leadership style is to be practiced, one will have to develop excellent listening skills; the ability to trust, delegate responsibilities, and empower team members; and create a supportive environment where everyone feels safe to express their thoughts and opinions. These leaders lead by example and possess a moral and ethical compass that is used at home, their organization, and their community. Consequently, they must understand that servant leadership isn’t a form of leadership that can be learned overnight; rather, it is a lifelong learning process.

7. What are some of the personal roadblocks that managers would have to conquer in order to move towards transformational leadership?
   Transformational leaders are concerned with the long-term vision of the organization and making changes that positively impact it. Therefore, a manager cannot be short-sighted or make decisions that pacify the organization in the short-term. A manager who wants to emulate this leadership style should have the ability to effectively see where the organization currently is in addition to envisioning where it needs to be. Then, the transformational leader must have the skills to inspire and motivate employees to execute the forward-thinking plan for the betterment of the organization. If a manager has some lazy and passive tendencies, he/she would need to replace them with an energy to achieve since transformational leaders are always working towards the betterment of themselves, employees, and the organization.
REFERENCES


