



THE LEADERSHIP CHALLENGE

The widely held view that “important charitable work should happen at a discount” tends to undervalue nonprofit professionals who dedicate their careers to serving the needs of others.

Will the nonprofit sector be engaged in a “war for talent” to fill the ranks of retiring Executive Directors over the next few years? What are the chances it will be able to recruit successfully? Those are some of the questions that “Ready to Lead?” — an analysis of data from a nationwide survey that investigated how the next generation of potential leaders feel about heading a nonprofit organization — attempts to answer.

THE TALENT SQUEEZE

Demographics contribute to the competitive job environment. By 2016, nonprofits will need 80,000 new senior managers each year, a 40% increase over current staffing levels. Yet the population of 35 to 44 year olds, which has been declining since 2000 will continue to fall, at least through 2015.

Money issues loom large. A worrisome 69% of current nonprofit employees feel they are underpaid, which often means they must work a second job to support their families or buy a home. Fewer than half of nonprofits contribute to a retirement account for their employees. This helps explain while 64% of current or potential employees have reservations about making a long-term job commitment in the field and 48% cite retirement concerns in particular as holding them back.

→ A QUICK LOOK

- 64% fear pursuing a nonprofit career will undermine their long-term financial security
- Many nonprofits haven't established a clear career path to the top for those who aspire to executive positions
- 55% of respondents, and 60% of people of color, feel they must change jobs to advance professionally

Another stumbling block is that many nonprofits haven't laid out a clear path to career advancement. In many organizations, senior managers are not groomed for Executive Director positions and mentoring is the exception rather than the rule. Only 4% said they were being explicitly trained for the top leadership job and just 12% thought it was likely they would advance to that position. Fully 55% say they must leave the organization where they work to advance their careers. That's consistent with the practice of hiring outside executives rather than developing mentoring and retention strategies.

Regrettably, there's evidence of continued discrimination against the advancing women to the executive ranks. In a field where more than 70% of employees are women, more men than women hold management positions. And to the extent that employees are being groomed to advance within the ranks, those programs also favor men.

THERE'S A BRIGHT SIDE

There are positive indicators, however. Despite the obstacles to career advancement, 87% of respondents said they had grown and learned on the job, with 65% saying their organization has provided regular access to professional development opportunities.

Of the survey respondents who participated in one of the linked focus groups, 75% described themselves as passionate about their work. Those who had worked in a corporate setting or knew people who do particularly appreciated the flexible, family-friendly work environment.

“Where is this supposed lack of leadership? We're all here. And we're ready to take over when you retire.”

Many of the respondents do aspire to executive responsibility, but they would like the job description redefined to create a more collaborative workplace. In the words of one focus group participant: “Where is this supposed lack of leadership? We're all here. And we're ready to take over when you retire.”

Then, too, not everyone in the sector aspires to managerial positions. Many don't want the responsibility or are unwilling to sacrifice the balance they seek between their work and their private lives. In addition, 27% say they think being an executive isn't the best way to have an impact in the community and 25% believe their skills are better suited to program work.

FINDING SOLUTIONS

The study concludes with a number of cogent recommendations directed in turn at the current leadership at nonprofits, future leaders, and boards of directors of nonprofit organizations.

- Current leaders should retool their relationships with those who aspire to assume executive and managerial roles in the future, nurturing the skills their successors will need to run nonprofit organizations in the 21st century. Paying reasonable salaries and providing retirement benefits are also essential, as is discrediting the perception that nonprofit work is synonymous with personal sacrifice.
- Next generation leaders should be proactive, taking deliberate steps to develop the expertise essential for management success and build the networks, both internal and external, that they need to move up the ladder. While older leaders are urged jettison ineffective systems, aspiring ones are admonished to recognize and respect generational differences.
- Boards of directors must listen to the legitimate financial concerns of the next generation of nonprofit leaders, taking steps to pay competitive salaries and provide generous benefits. To make that possible, they must be willing to help raise the money that will be required. Boards also have an active role to play in recruiting and retaining young talent and in establishing a transparent route to advancement.

The study, titled “Ready to Lead?” was written by Marla Cornelius of CompassPoint Nonprofit Services, Patrick Corvington of The Annie E. Casey Foundation, and Albert Ruesga of the Meyer Foundation and was produced by those partners and Idealist.org. The survey was done in September 2007 and involved a nonrandom sample of 5,754 respondents, 82% of whom had worked at a nonprofit.