

Ready to Lead?

Next Generation Leaders Speak Out

A National Study
Produced in Partnership by
CompassPoint Nonprofit Services,
The Annie E. Casey Foundation,
the Meyer Foundation and
Idealist.org.

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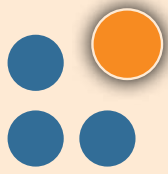
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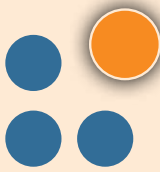


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CONTENTS

| | |
|----|--|
| 2 | Introduction |
| 5 | Key Terms Used in This Report |
| 6 | About the Research Methodology and Sample |
| 7 | Chapter 1: The Pipeline Promise |
| 7 | Executive Director Aspiration |
| 9 | Executive Readiness and Preparedness |
| 11 | Satisfaction in Working for Social Change |
| 16 | Chapter 2: Significant Barriers to Pursuing Nonprofit Executive Leadership Positions |
| 16 | Personal Sacrifices are Significant Deterrents to Executive Positions |
| 18 | Financial Concerns |
| 20 | Grooming Next Generation Leaders |
| 22 | Structural Impediments to Career Advancement |
| 24 | A New Definition of an Executive Director |
| 25 | Chapter 3: Recommendations |
| 30 | Resources |
| 30 | Selected Books, Articles, Publications, and Research |
| 31 | Web Resources and Service Providers |



Introduction

RECENT STUDIES SUGGEST THAT THE CHARITABLE SECTOR WILL BE INCREASINGLY drawn into an all-out “war for talent” with the government and business sectors.¹

As the Baby Boomers retire from their leadership positions over the coming decades and the labor market grows ever tighter, how will the nonprofit sector attract the most committed and talented leaders? What would draw Generation Xers and Generation Yers to positions that typically offer long hours for short pay?

WE DECIDED TO ASK THEM.

THIS PAST SEPTEMBER WE CONDUCTED THE LARGEST NATIONAL SURVEY TO DATE of emerging nonprofit leaders. We asked close to 6,000 people across the country about the disadvantages and benefits of heading a nonprofit organization. Did these mostly younger respondents aspire to become executive directors one day? If they didn’t, what might change their minds? What drew them to charitable work in the first place?

What we learned was sobering. War for talent or no, those who care about the health of the charitable sector—those who believe, as we do, that strong nonprofit leaders are the best predictors of organizational success—can draw both warning and inspiration from the results of this survey.

In 2006 the Meyer Foundation, working in partnership with CompassPoint Nonprofit Services, released a report showing that three out of four executive directors planned to leave their jobs within the next five years.² These leaders cited a lack of adequate compensation, burnout, and overwhelming fundraising responsibilities as reasons for their departure. The survey and focus groups for this follow-up study show that emerging leaders are acutely aware of these challenges. They see the executive directors of their own organizations struggle, and often fail, to maintain a healthy work-life balance. Not surprisingly, many next generation leaders wonder how they would fare as heads of their own organizations.

Money issues loom large for many of these would-be leaders. Close to two-thirds of our survey respondents report having financial qualms about committing to nonprofit careers. Topping the list of their concerns is the fear of not being able to retire properly. Indeed, data from *Daring to Lead 2006* indicate that fewer than half of all nonprofit organizations make some kind of contribution to staff retirement accounts.³ And it’s not just the specter of a difficult retirement that gives pause to our survey respondents. The need to support families and the desire to purchase a home are also high on their list of concerns. Over two-thirds (69 percent) feel they are underpaid for the work they currently do. Focus group participants discussed having to forego luxuries their friends could easily afford. Some described how they had to take on second jobs to supplement their nonprofit salaries.

A lack of support and mentorship from incumbent executives add to the frustrations of these next generation leaders. It should be noted that while for-profit companies fill 60 to 65 percent of their senior management positions by hiring from within, nonprofits, by contrast, tend to look for executive talent outside their ranks.⁴ Recent data indicate that fewer than a third of nonprofit chief executives are internal hires.⁵ With no clear career paths inside their own organizations, talented nonprofit staff members must work harder to develop the skills and networks they will ultimately need to lead their own shops.

While these various disincentives to nonprofit leadership limit the supply of new executive directors, demographic trends add their own pressures. According to one report, the number of 35- to 44-year-olds in the United States will decline between 2000 and 2015 even as the

1 Thomas J. Tierney, *The Nonprofit Sector’s Leadership Deficit* (The Bridgespan Group, 2006); Elizabeth Chambers et al., “The War for Talent,” *The McKinsey Quarterly*, 3 (1998): 44-57.

2 Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Leadership* (CompassPoint, 2006).

3 *Ibid.*, p. 18.

4 Tierney, *op. cit.*, p. 16.

5 Bell, Moyers, and Wolfred, *op. cit.*, p. 26.

demand for new executives continues to grow.⁶ A report by The Bridgespan Group, for example, indicates that by 2016 the nonprofit sector will need 80,000 new senior managers each year, 40 percent more each year than is currently required.⁷ Demand pressures and a constrained supply will challenge nonprofit boards of directors and recruiters who must compete against government and business for talented leaders. The latter are often better bankrolled and can offer employment incentives that charitable organizations find difficult to match. This potent combination of demographic, economic, and cultural forces will likely affect the charitable sector for decades to come.

And yet, despite the disincentives to becoming a nonprofit executive director, our survey revealed a significant number of younger people who are willing, if not yet quite ready, to lead. This cohort is well educated, talented, and committed. We heard from many who could not see themselves doing any other kind of work, all the barriers and high expectations notwithstanding. Their commitment to their charitable missions, their previous negative experience of for-profit work, and other factors led them to pursue careers in the nonprofit sector.

The genius of this sector—what continues to attract so many to nonprofit careers despite the potential disadvantages—is its promise of meaningful work leading to social change. The challenge for those of us who care about the future of this work is to deliver on that promise. We can do so by lowering the barriers to nonprofit leadership and by expanding and nurturing the cohort of would-be executive directors. Chapter 3 of this report outlines steps that current executive directors, next generation leaders, boards of directors, nonprofit training and leadership capacity builders, and funders can take to increase and support the ranks of those who are willing and able to lead.

It might be, as some have argued,⁸ that the market will, over time, adjust to any perceived shortage of nonprofit talent. With more openings in the leadership ranks, more young people will look to careers in the sector, and seasoned leaders will stay in their jobs longer. Some who have already retired will be tempted to return to work. Sector leaders will respond by creating new training programs and new incentives for charitable work. No doubt some or all of this will be true. Assuming, however, that the “buyers” in this talent market look a lot like the 6,000 respondents to our survey, we have a lot of work to do to make our “product”—the leadership of a nonprofit organization—more attractive than it currently is. Overwhelming fundraising responsibilities, long hours, sub-par pay rates, and meager consideration for retirement are not what will attract bright and talented people to nonprofit careers, however mission-driven they might be. We heard from a number of focus group participants about their desire to do good in whatever sector they found themselves. This sector agnosticism—a growing trend, in our view—works against the notion that the nonprofit sector will always have the upper hand in attracting those who are most strongly committed to advancing the public good.

The survey results described in this report tell us a lot about ourselves, and not all of it is flattering. The wisdom on the streets—confirmed to some degree by this study—is that we tend to undervalue nonprofit work and the people who do it. Even those of us who should know better sometimes fall prey to the notion that important charitable work can and should happen at a discount. This same idea animates the view that professionals who toil at nonprofits ought to work longer hours and for less pay than their for-profit counterparts. Where does this idea come from? Perhaps we’ve all heard too many charitable organizations promise that 100 percent of our donated dollars will support those who are most in need. Our desire to cut out the middle men—those who actually feed the hungry, house the homeless, and heal the sick—might also be rooted in the notion that acts of giving ought to be kept “pure.” The archetype of the charitable act includes a generous donor and a grateful supplicant. It leaves little room for the people who do the very hard work of delivering nonprofit services.

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⁶ Chambers, et al., op. cit.

⁷ Tierney, op. cit., p. 13.

⁸ See *The Nonprofit Sector's Leadership Deficit: Commentaries* (The Bridgespan Group, 2006) for examples of this line of argument.

WE UNDERVALUE THESE PEOPLE AT OUR PERIL.

NONPROFIT EXECUTIVE DIRECTORS ARE BURNING OUT AND LEAVING THE SECTOR IN alarming numbers. Meanwhile, emerging leaders are thinking twice about stepping into the breach. This is a great shame when we consider the extraordinary vision and values that drew these talented people into our sector in the first place.

Key Findings

This research suggests indicators of strength in the nonprofit leadership pipeline:

- One in three (32%) respondents aspires to be an executive director someday
- A higher percentage of respondents who definitely aspire to become executive directors are people of color
- Of respondents who do aspire to become executive directors, 40% reported that they are ready either now or will be within five years
- The pipeline consists of many highly educated and committed individuals who are gaining the skills and experiences necessary to successfully lead nonprofit organizations
- The nonprofit sector is viewed as a desirable place to work and to seek future employment by people interested in social change
- Most respondents working in the nonprofit sector feel that they have meaningful and satisfying work

Despite these grounds for hope, there are substantial barriers:

- The long hours and compromised personal lives associated with executive leadership are significant deterrents to pursuing top positions
- Nonprofit salaries and actual or perceived insufficient life-long earning potential are barriers to executive leadership: 69% of respondents feel underpaid in their current positions and 64% reported that they have financial concerns about committing to a career in the nonprofit sector
- Lack of mentorship and support from incumbent executives in helping to pave a career path are serious frustrations for many next generation leaders: only 4% of respondents are explicitly being developed to become their organization's executive director. Women are being developed at a lower rate than men
- Inherent nonprofit structural limitations and obscure avenues to career advancement are obstacles to leadership opportunities inside organizations
- The prevailing executive director job description is unappealing to many next generation leaders

THE NATIONAL DIALOGUE SURROUNDING THE FUTURE OF NONPROFIT LEADERSHIP has been shaped by the terms *leadership pipeline* and *next generation leadership* and yet it is not clear how these terms are being defined among different groups and what assumptions are embedded in their meaning. Identification and naming are powerful ways to garner support for an issue, and terminology is helpful when it can legitimize action. On the other hand, ill-defined, ambiguous, or unevenly understood terms can hinder our ability to communicate about the topic at hand. As the sector focuses its attention on building better systems to ensure strong future leadership, reallocating funding to support such efforts, and cultivating new leadership talent, it is incumbent upon us to clearly state who we are talking about and to what end we are developing them. Using the data from this study as a basis, we offer the following definitions and explain how they are used in this report:

Leadership Pipeline

THE LEADERSHIP PIPELINE HAS A TWO-PART DEFINITION. FIRST, IT IS A CONDUIT supplying organizations with a viable nonprofit workforce. People enter the pipeline in various ways. For example, a recent college graduate might enter the pipeline in the early stage of her career by taking an entry-level position in a nonprofit. A mid-career person might transition into the nonprofit sector from business or government. Others retire from military service, business, or government and embark on a new career within the nonprofit sector. In all cases, these people have intentionally sought employment in the nonprofit sector and are interested in staying within the sector in the foreseeable future.

In addition to being a path, the *leadership pipeline* is also a process by which individuals gain experience and skills. Though the concept assumes that individuals in the pipeline are advancing, it does not assume that only those who want to be executive directors matter. Developing future executive directors is a critical aspect of the pipeline, but not the only aspect. Nonprofits also need qualified candidates to fill other key management positions. It would be an irresponsible oversight not to acknowledge and support those individuals who are committed to the nonprofit sector, who are experts and leaders in their own right, and who contribute immensely to their organizations' ability to effect social change—but who have no interest in becoming an executive director.

Next Generation Leaders

MOST STUDIES DEFINE NEXT GENERATION LEADERS AS INDIVIDUALS UNDER THE age of 40, and those who conduct these studies are primarily concerned with supporting and developing younger people so they can lead nonprofit organizations in the years to come. However, age is an arbitrary qualifier for determining who might become an organization's next executive director. In pipeline terms, there are younger people in their 20s and 30s who are good candidates for future positions, but it is likely that they will need more work experience before they can be ready. Those with the most experience are likely to comprise the first wave of people ready to take over when current leaders leave. Many of these individuals are people who are in their 40s and 50s who have deep experience and another 20 to 30 more working years ahead of them. While age is an important factor it is not the primary basis of our definition. Instead, we define next generation leaders as those who have demonstrated a commitment to the nonprofit sector and are actively developing their skills and leadership capabilities to hold management positions of all kinds. Furthermore, the qualifier *next generation* does not indicate that someone is not already a leader. On the contrary, many *next generation* leaders are in fact exhibiting leadership each day as they carry out their organizations' missions.



About the Research Methodology and Sample

IN AUGUST 2007, THE FOUR PROJECT PARTNERS DEVELOPED A 36-QUESTION SURVEY and pre-tested it with 56 non-executive nonprofit staff in San Francisco. (To download a PDF of the survey, visit www.compasspoint.org.) In September 2007, the final survey was distributed electronically to two populations: members of Idealist.org and constituents of CompassPoint Nonprofit Services. Idealist.org was a natural platform for distributing a survey about the next generation of nonprofit leaders because its members work in all three sectors—private, public, and nonprofit—but tend to share an orientation towards social change. (Idealist.org’s mission is to connect people, organizations, and resources to help build a world where all people can live free and dignified lives.) Moreover, Idealist.org is one of the nation’s leading online nonprofit job posting sites, so many members have recently or are currently evaluating whether to take on a new role in the nonprofit sector. CompassPoint’s constituency was also an appropriate source of respondents because thousands of entry-, mid-, and senior-level nonprofit staff each year attend its workshops and conferences. Together, these two populations yielded a sample of 5,754 respondents from around the country who have never served as a nonprofit executive director.

Given the Idealist.org and CompassPoint populations, our 5,754 respondents do not constitute a random national sample of people who have never led a nonprofit. Instead, this sample is more likely than the general population to have worked in a nonprofit—82% have—and to have some orientation to social change work. Further, because many members of Idealist.org are current or recent job-seekers, our survey respondents are more likely than the general population to be unemployed (11%) or to have a relatively short tenure in their current organizations. Forty-three percent (43%) of our respondents who work in a nonprofit have been employed at their organizations for a year or less. Since the majority of our inquiry concerned their personal leadership attitudes and aspirations, this short organizational tenure is generally not a factor in our analysis. We should keep in mind the short tenure of some of our respondents when considering their perceptions of their current leaders and organizations.

Our 5,754 respondents represent many aspects of the nonprofit leadership pipeline. They come from all three sectors. They also range in age from under 20 to over 60, though two-thirds are under 40. Their key demographics are shown below.

| Current Sector | | Gender | | Race/Ethnicity | |
|----------------|-----|-----------------------|------|------------------------|-----|
| Nonprofit | 59% | Female | 77% | African American | 9% |
| Foundation | 3% | Male | 22% | Asian/Pacific Islander | 8% |
| Government | 7% | Transgender/inter-sex | 0.6% | Latino | 8% |
| For-profit | 13% | Decline to state | 0.7% | Middle Eastern | 1% |
| Self-employed | 7% | Age | | Native American | 2% |
| Unemployed | 11% | Under 29 | 42% | White | 72% |
| | | 30 - 39 | 24% | | |
| | | 40 - 49 | 15% | | |
| | | 50 + | 19% | | |

The researchers also conducted six focus groups as part of the data collection for this report. A total of 55 nonprofit staff members who have never been executive directors participated in sessions held in San Francisco, California; Milpitas, California (Silicon Valley); Omaha, Nebraska; and Washington D.C. Overall, this group is younger and more racially diverse than the survey sample. Their average age is 32, and 42% are people of color, compared to 28% of the survey sample. Focus group participants are quoted anonymously throughout the report.

The Pipeline Promise

NUMEROUS REPORTS ANTICIPATE THAT THE NONPROFIT SECTOR WILL UNDERGO large-scale executive turnover in the near term and that it is uncertain if we have a workforce that is willing, prepared, and—not least of all—enthusiastically ready to assume leadership positions.⁹ Not surprisingly, such reports have created sector-wide anxiety that we are failing to adequately fill a “leadership pipeline” and this failure could result in a dangerous destabilization of nonprofits as vacating executive directors’ positions remain open or are filled with under-qualified replacements. Moreover, recent data suggest that would-be successors are increasingly less likely to want executive positions, which are often seen as fraught with undesirable characteristics.¹⁰ *Despite these mounting concerns, this study offers some good news.* The data outlined below suggest there are grounds for hope: there is evidence of a new cohort of leaders who are committed to shaping their careers around social change work and want to do so through jobs in the nonprofit sector.

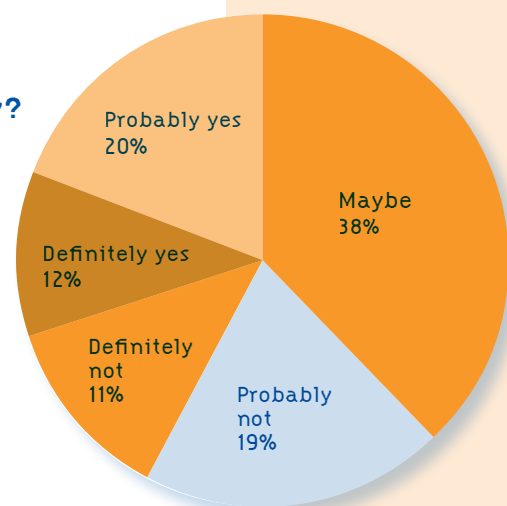
Key Findings

- One in three (32%) respondents aspires to be an executive director someday
- A higher percentage of respondents who definitely aspire to become executive directors are people of color
- Of respondents who do aspire to become executive directors, 40% reported that they are ready either now or will be within five years
- The pipeline consists of many highly educated and committed individuals who are gaining the skills and experiences necessary to successfully lead nonprofit organizations
- The nonprofit sector is viewed as a desirable place to work and to seek future employment by people interested in social change

Executive Director Aspiration

WHEN WE ASKED, “DO YOU WANT TO BE THE EXECUTIVE DIRECTOR OF A nonprofit someday?” one in three (32%) respondents answered either “probably yes” or “definitely yes.” Even taking into account the fact that predictions are imperfect measures of future behavior, the fact that a substantial number of respondents feel favorably toward executive leadership bodes well for those nervous about the leadership of our sector. The largest percentage of respondents (38%) was indecisive and answered “maybe.” Many focus group participants spoke to the difficulty of answering this question in the abstract and claimed that they would need more information about the unique circumstances of a particular organization before they could definitively respond. The smallest percentage of respondents (30%) answered negatively, reporting that they “definitely” or “probably” do not want to be an executive director someday. Some of the factors contributing to this response are explored further in the next chapter.

Do you want to be an executive director someday?



⁹ Tierney, op. cit.; Bell, Moyers, and Wolfred, op. cit.

¹⁰ Josh Solomon and Yarrow Sandahl, *Stepping Up or Stepping Out: A Report on the Readiness of Next Generation Nonprofit Leaders* (Young Nonprofit Professional Network, 2007).

“As an Asian American public-interest attorney, I feel that it’s necessary for me to establish a record of success, a record of leadership that will hopefully encourage other people to engage in this type of work.”

Overall, people of color answered the question more positively than their white peers, with 10% more people of color responding either “definitely yes” or “probably yes.” Given the sector’s concern with the lack of ethnic diversity in leadership positions, this is an especially promising finding and an encouraging sign to those who are concerned that people of color might be dissuaded from becoming executive directors due to employers’ cultural incompetence, lack of professional development opportunities, or a supervisor’s inability to recognize their potential—all conditions that still exist in many organizations. We found another positive indication that the sector may soon see a shift toward more people of color in higher level positions: 75% of respondents reported that their organizations pay enough attention to cultural diversity when recruiting, hiring, and promoting staff. This perception was just as prevalent among people of color as it was among whites.

Also interesting to note, the desire to be an executive director was correlated to the respondent’s socioeconomic status during his or her upbringing. Those who reported growing up poor are more likely to aspire to executive directorship than those who grew up in working, middle, upper-middle, or upper class backgrounds. Country of origin was also correlated to executive director aspiration. Forty percent (40%) of respondents born outside the United States said they “probably” or “definitely” want to become executive directors someday compared to 31 percent of respondents born in the United States.



“I would love to be that person that people look up to and for African American girls to say, ‘Hey, look, she’s running a whole organization. This is something I can do as well. Yeah, I don’t have the best clothes right now, and no, I’m not in the best financial situation. But she’s not making \$200 million a year either, you know, but look at what she’s doing.’”

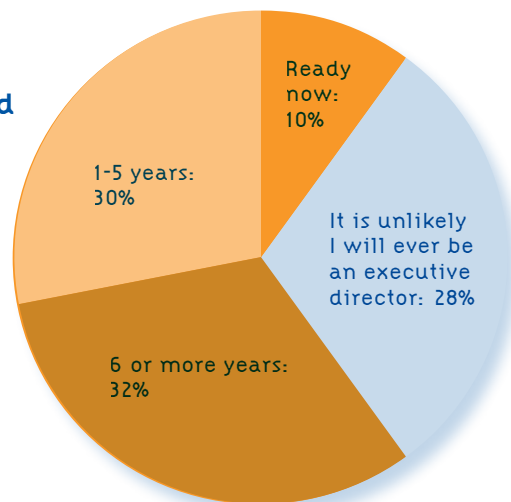
Profile

Executive Readiness and Preparedness

FOR THOSE WHO DO ASPIRE TO LEAD A NONPROFIT SOMEDAY, WE asked when they thought they would be ready to assume an executive director position. A substantial 40% said that they are ready now or that they will be ready within just one to five years. Thirty-two percent (32%) estimate that they will be ready in six or more years. As we evaluate the degree to which there will be individuals in the pipeline poised to replace outgoing executives, this suggests that there is a pool of candidates who see themselves in these roles in the near future. However, another 28% said that although they do aspire to executive leadership it is unlikely that they will ever be an executive director. This study did not determine why they believe this to be the case. It may be that even though they want the job, they anticipate circumstances that will prevent them from pursuing it, or they might believe that upon applying for such positions they will be unsuccessful. While inconclusive, this finding is somewhat disconcerting if it reveals that respondents have an underlying lack of faith in their abilities or in the nonprofit sector's ability to recruit them.

“[Becoming an ED] is one of my goals, but not yet. I would say probably five to ten years down the road. I think I still have a lot of training to go through. I still have a lot of schooling. I think more than schooling; I would say more hands-on. I think I still need a lot of management experience.”

If you do aspire to be an executive director someday, when would you estimate that you will be ready to take on that role?



Those Who Definitely Aspire to Become Executive Directors

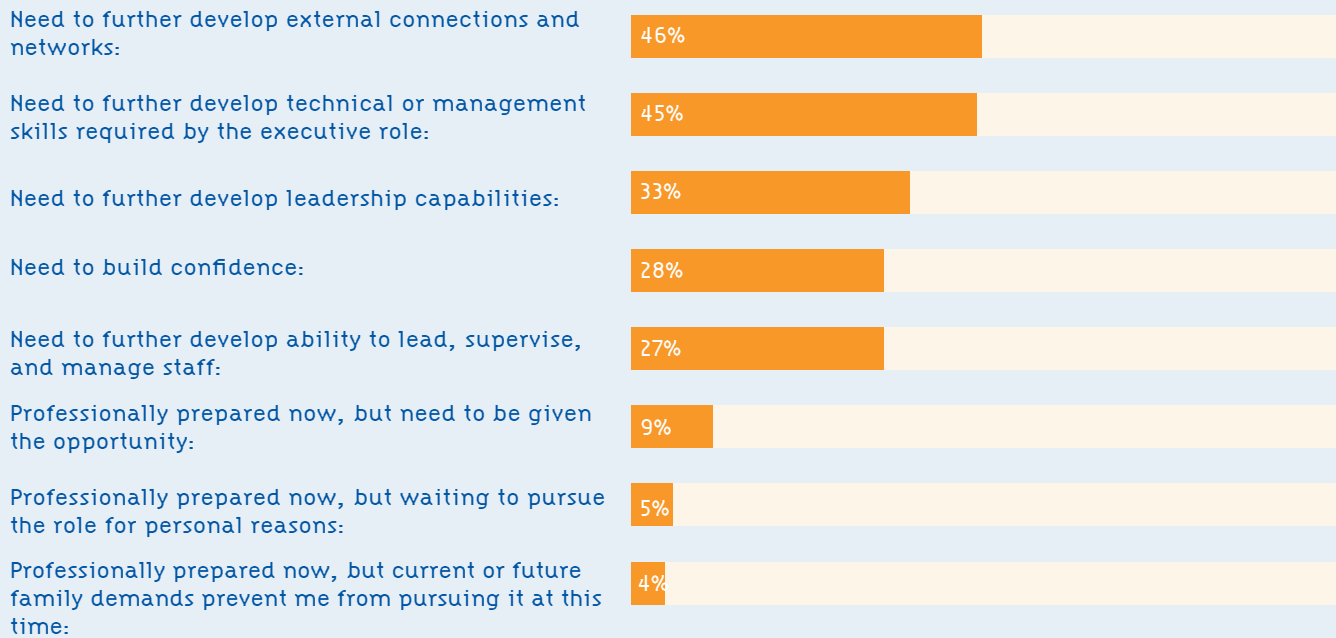
While we cannot assume that all respondents who aspire to become executive directors will in fact assume nonprofit leadership positions, a closer look at this group's characteristics provides some insight into who might be future candidates for leadership positions.

- 26% currently working in a nonprofit believe they are ready now and 47% expect to be ready in 1-5 years
- 43% are currently working outside the nonprofit sector
- 49% plan to become an executive director by starting their own nonprofit
- 17% have a degree or a certificate in nonprofit management or administration
- This group is composed of 10% more people of color than whites compared to the whole sample
- 15% were born outside the United States
- On average, they are 34 years old
- 30% are men and 70% are women

“What would influence my decision is whether I feel like I’m ready. Right now I don’t feel like I’m ready. I don’t yet have all the experience and maturity I need to take on a role in a way that I would feel really good about and feel really excited about. But the phase I’m in is to try to figure out those things so that I could if I wanted to.”

Just as important as respondents’ desire to lead is their preparedness to do so. When we asked, “What would need to happen between now and then to adequately prepare you for nonprofit executive leadership?” we learned that survey respondents and focus group participants are committed to building their skills and knowledge and are taking their professional development seriously. The job readiness factor that was most frequently selected by survey respondents was the need to further develop external connections and networks. This was followed by the need to further develop technical or management skills such as finance, human resources, and fundraising; the need to develop leadership capabilities; the need to build confidence; and the need to develop the ability to lead, supervise, and manage staff. For some, further preparation is not a factor at all. Twenty-two percent (22%) of respondents reported that they are prepared now, but are either waiting to pursue the job for personal reasons or just need to be given the opportunity.

Ranking of preparation needs for nonprofit executive leadership



“I would be ready [to become an executive director] after more training in financial management; more training in fundraising and board development; more training in people and project management; and more experience and time under my belt.”

The job readiness factors selected by respondents differ significantly by gender: *Women expressed a greater need to develop their skills, increase leadership capabilities, build confidence, and develop their ability to lead, supervise, and manage staff. A higher percentage of men said they were ready now to be an executive director. People of color also indicated a greater need for various types of preparation than their white colleagues.* The data do not indicate that women or people of color are less experienced; therefore further exploration is needed to better understand the reasons behind this variance. We might attribute these disparities as a response to the fact that white men are disproportionately represented in top-level management positions, making women and people of color feel the need to over-prepare in order to counter their perceived disadvantages.

Though survey respondents expressed a desire for professional development opportunities, it was not because they lack formal education and were looking to on-the-job training to bolster their resumes. Instead, we found a well educated group of people who view formal education and practical experience as the mix that would best position them for success.

Of survey respondents, 53% have an undergraduate degree, 35% also have a graduate degree, and another 4% have a doctorate. Also interesting to note, 10% of respondents have a degree or a certificate in nonprofit management or administration.

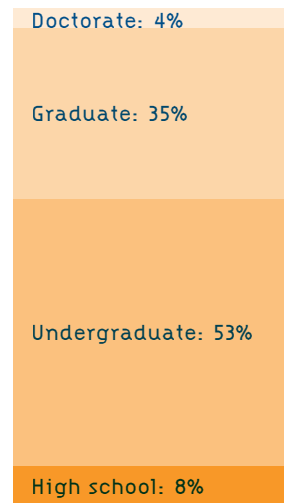
Formal education was also commonly referenced in the focus groups. Many participants were currently grappling with questions around education: When is it critical for career advancement? What kind of degree is best to pursue? And when does the value of work experience outweigh the value of education? They desire an education focused on the kind of work they want to do such as law, social work, teaching, or nonprofit administration. And yet they are cautious about getting an education that will unnecessarily limit their options.

Even for those who already have a graduate degree, some question whether the education they have is germane to the nonprofit positions they want or even relevant to their career advancement within the sector. As one person said, “I feel like my graduate experience, even though I went the macro route and took administration along with it, didn’t truly prepare me for an administrative role at a large nonprofit.” Another noted, “I wish the graduate schools would teach people both sorts of skills—nonprofit as well as corporate. So, that part makes me nervous that not only are we going to be competing for people but the people that are coming—that are willing to do it—may not have the proper education and exposure to know best how to lead.” Despite the ambivalence over what type of education would be most useful, most participants felt that an advanced degree was not only personally desirable but would be the deciding factor when it came time to assert their candidacy and prove credibility to a future employer.

Satisfaction in Working for Social Change

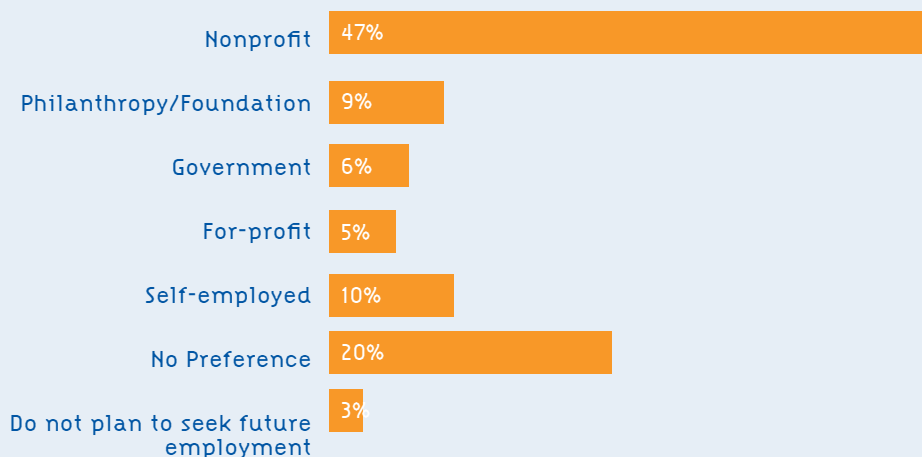
TODAY, THE CAREER CHOICES AVAILABLE TO PEOPLE WHO WANT TO WORK FOR SOCIAL change are more varied. More for-profit businesses are incorporating socially responsible business practices; the awareness of social ventures and social entrepreneurship has skyrocketed in the past few years; and the lines between the three sectors (nonprofit, for-profit, and government) are becoming more blurred. For these reasons, we found it encouraging that many people still chose the nonprofit sector for meaningful and rewarding careers. When we asked: “In which sector is your ideal next job?” the largest percentage of respondents (47%) said that their ideal next job is in the nonprofit sector. Twenty percent (20%) responded that they do not have a preference, which suggests that the sector matters less than the specific opportunity. Only 5% indicated that their ideal next job is in the for-profit sector.

Highest level of education completed



“I think I would have to go back to school at some point which is another dilemma—which school to go to. Law school seems like a seriously long-term commitment, you know, three years of school, four years of corporate law to pay it off. A business school degree is the other I would do. I think a nonprofit degree—I’m reluctant to do it because I feel I would be pigeonholed. Looking forward, I want to be in it for the long haul, but I don’t know that I want to cut off my other avenues.”

In which sector is your ideal next job?



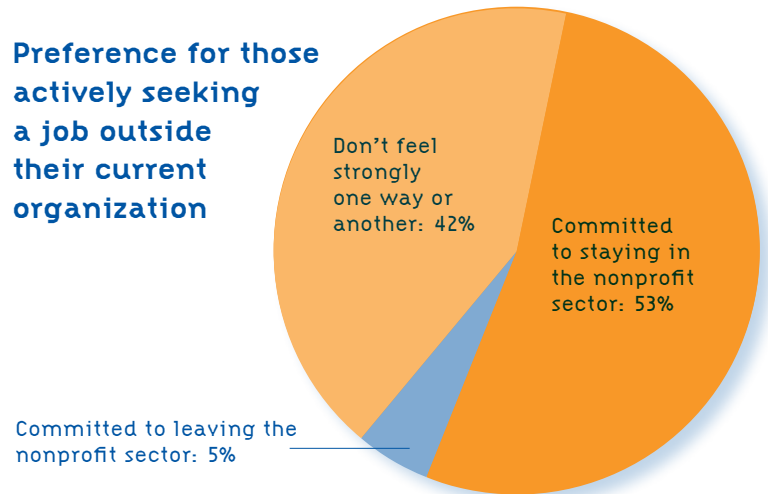
“To me the sector or the label matters less than the mission and the goals that I would be working to accomplish, and if that means that I can improve quality of life for low-income folks through legislation or through a role in leading human relations for [a large corporation]...If I could see how whatever position is in front of me connects back to my values and the visions that I have for changing poverty and quality of life and opportunities for kids and education and all of those idealistic things, then I think I’d consider doing it.”

“Every day, I get up and I think ‘You know what? I’m going to do good things today. I’m going to help children and families.’”

“One of the things I’ve discovered is I really am more sector agnostic. I care about education, social justice, the environment, the arts...”

Consistent with the findings above, when we asked those who are actively seeking a job outside their organizations about their level of commitment to the nonprofit sector, 53% said they are committed to staying in the nonprofit sector, 42% do not feel strongly one way or another, and just 5% reported that they are committed to leaving the nonprofit sector.

Preference for those actively seeking a job outside their current organization



Focus group participants spoke passionately about the joys of their work, making a difference in their jobs, and what they are able to accomplish in their communities. Most respondents—75%—feel their work is personally fulfilling. Of the myriad factors galvanizing participants’ commitment to the sector, meaningful work was mentioned most frequently.

“Because we’re in the business of taking care of people, the people that you work with seem to want to take care of you. I like that. I don’t know if that’s worth \$10,000, \$15,000. I don’t know what dollar figure you put on it. But I would miss that moving into a corporate environment.”

Another factor often mentioned was the degree of flexibility that nonprofits provide. Especially for those who are raising families, a job that has flexible hours and relaxed working conditions is seen as a real benefit. One focus group participant who works in a child advocacy organization discussed how her co-workers are able to occasionally bring their young children into the office. She remarked that it is a refreshing reminder about why she chose her career in the first place. Another participant commented, “I was looking for a job after grad school that would kind of blend family work and work with children, and allow me to provide support to families, and this position has really allowed me to do that, and I enjoy it.” And another said, “There’s a different kind of flexibility in nonprofits that you can’t find in the for-profit sector. Sometimes, this benefit outweighs salary.”

Focus group participants often juxtaposed their experiences with those of their friends in the corporate sector. Others’ experiences are a constant reminder that they chose the right path for themselves. As one person said, “I have a friend that’s in the for-profit sector. I tell her, ‘I love my job. I love what I do. I love my co-workers.’ And she says ‘I want that!’” Another noted, “You talk to your friends who have the corporate America job. And, you’re just like, ‘Man, I get up in the morning, and I feel good about what I do. You know—what have you got?’” Others have firsthand corporate experience and have come to the conclusion that the nonprofit sector is where they want to be.

Beyond the more altruistic aspects of nonprofit work, respondents also feel that their organizations are doing a good job of developing them professionally. Because it is often assumed that nonprofits struggle to provide sufficient professional development opportunities, we were surprised that the majority, 87%, reported that they are learning and growing in their current positions. Activities such as workshops, training courses, and leadership development programs were mentioned by focus group participants as ways to continue to develop their skills. Another promising finding from the survey: 65% of survey respondents reported that their current organization provides them with regular access to professional development activities. Surprisingly, access to professional development was not correlated with organization size, even though one might assume that larger organizations have more resources to allocate to staff development. *Daring to Lead 2006* found that executive directors of larger organizations had more access to professional development than those in smaller organizations.¹¹ One possible explanation of this discrepancy might be that executive directors provide their staff more professional development opportunities than they allow themselves.

And for some, peer groups and mentorship provided them the support and encouragement that is just as critical to their success as the more technical—and often more readily available—skills-building opportunities. One person described how she formed a peer group this way, “I reached out to some fellow MSWs that I know and we just formed a group. [We discuss] what’s challenging about our jobs, where do we hope to go and that sort of thing, and after just one meeting I felt so much support that it was amazing. So, I kind of just created my own group. I asked our old CEO, how did you do it? How did you last? And that’s her thing. She had created a group in her 20s and those six women are still best friends. So I thought, ‘I’m going to give that a try.’”

Though not common among the majority, some participants found mentors in their current executive directors: “What makes me feel really happy about where I work is that I have a wonderful ED who is and has been mentoring me from day one.” Another said, “My executive director is very supportive of me. It’s something I’ve expressed an interest in and she really wants to nurture that.” For one person it was something she actively sought out as she job hunted: “One of the reasons I came to [my organization] is because I have the chance to work with someone who can serve as a mentor to me and can teach me everything that she knows and will continue to give me the information and the skills and develop me in the way that I need to be developed.” Though some participants talked about their success in finding mentors within their organizations, mentoring was not prevalent among focus group participants. More often than not participants discussed mentoring as something most people want but is difficult to find. This will be covered in more detail in the next chapter.

A significant number of respondents are turning to coaching as a professional development tool. Twelve percent (12%) of survey respondents reported that they have worked with a paid professional coach. In *Daring to Lead 2006*, which only surveyed executive directors, 25% reported having used coaching at some point and 8% were currently working with a paid professional coach.¹² This survey did not ask whether respondents paid for coaching services out of their own pockets or if they were provided a coach by their organizations. In either case, it suggests that more forms of professional and personal development are finding their way to non-executive level staff.

“I spent two years practicing corporate law, and knew going into it that that’s not where I wanted to be. But I feel like I can truly say now that the nonprofit sector is where I want to stay. I’ve experienced the perks of the salary and the compensation that comes along with that and decided that for me, personally, it’s absolutely not worth it. I feel like I can say pretty confidently that I’m committed to the nonprofit sector.”

11 Bell, Moyers, and Wolfred, op. cit., p. 23.

12 Bell, Moyers, and Wolfred, op. cit., p. 21.

Profile

My parents told me “*You should volunteer because community service is good to get in to college.*”
...But when I had just graduated from college they said, “*Aren’t you going to graduate school? Why are you still working in a nonprofit making so little money?*”

Respondents Under 25 Years of Age

A closer inspection of who these young people are and how they responded to our survey will be helpful to those recruiting on college campuses, designing youth leadership programs, developing service-learning programs, and looking for more effective ways to galvanize young people’s commitment to social change work.

Respondents under 25 years comprise 20% of the overall sample.

- This group has more women and whites than the overall sample: 83% are female, and 76% are white. This suggests that the near future will likely see the nonprofit sector continue its trend of being overwhelmingly staffed by white women.
- Volunteer experience among young people is tremendously high. 90% have volunteered during their youth, and nearly half cite this as influencing their decision to work in the nonprofit sector.
- Fewer respondents under 25 are currently working in the nonprofit sector (46% compared to 59% for the whole sample), though more of them (57% compared to 47% for the whole sample) said that their ideal next job is in the nonprofit sector. A significantly higher number of young people are currently unemployed, 21%, and working in the for-profit sector, 20%, than older respondents. This suggests that despite their desire to work in a nonprofit, young people are experiencing factors limiting their ability to realize this goal. Focus group participants often spoke of the difficulties they had in getting their first nonprofit job, citing financial barriers and the steep competition for open positions.
- Of those currently seeking a job outside of their organization, 62% are committed to staying in the nonprofit sector. This, coupled with the data above, bodes well for the nonprofit sector in terms of new talent currently within the pipeline and those hoping to become part of it.
- More respondents under 25, 27%, are considering starting a new nonprofit compared to 20% for the whole group.
- Executive aspirations are high: a larger percentage of respondents under 25 want to be an executive director someday.
- The need to further develop technical skills, external connections and networks, and leadership capabilities were cited as the top three prerequisites for the executive director role.
- The vast majority, 90%, feel that they are learning and growing in their current position; however, they feel more under-utilized than older respondents.
- 67% believe that they will need an advanced degree to continue to develop professionally, illustrating the perceived value of higher education as a means to advance in the nonprofit sector.
- Respondents under 25 have significantly more financial concerns about committing to the sector than older respondents, the biggest being not earning enough to support a family, which ranked third with the entire group.

Respondents 50 Years and Over

A smaller yet significant number of respondents are ages 50 and over. Because of their age they are seldom referred to as next generation leaders. However, many of them have deep knowledge and experience within the nonprofit sector and are prime candidates for future leadership positions. An evaluation of the pipeline that excludes this group risks overlooking a significant source of leadership talent.

Respondents 50 and over comprise 18% of the overall sample.

- Compared to the whole sample this group includes more men and fewer women. The 50 years and over group is 29% male and 70% female
- 81% are white, which is substantially higher than the whole sample
- One in five responded favorably to the idea of one day becoming an ED, and one in four stated they would be ready now. This hints at a sizable and experienced population that is both ready and willing to take the helm.
- Fewer than half (45%) of those who received a degree or certificate in nonprofit management or administration felt that it advanced their nonprofit career. Their younger colleagues viewed it as a more valuable career advancer.
- They echo the concerns of the group as a whole about taking on fundraising responsibilities and sacrificing work-life balance as the top two deterrents to the executive director position.
- They have a markedly lower interest in starting new nonprofits than younger respondents
- Fewer are actively seeking a position either inside or outside their current organizations. This can partly be attributed to the fact that half of all respondents who said they will not be seeking future employment are over 50 and therefore might be closer to retirement.

Significant Barriers to Pursuing Nonprofit Executive Leadership Positions

UNFORTUNATELY, THE DATA DESCRIBED IN THE PRIOR CHAPTER DO not tell the whole story. A more thorough analysis of the survey data uncovers conflicting desires and reveals competing needs among next generation leaders making career decisions. Even in the face of leadership aspiration, participants describe a deliberation process marked by caution. Factors such as personal needs and family demands, salary and debt, and support and mentorship were weighed heavily. For many, the question is not whether to pursue a nonprofit leadership position, but under what conditions.

Key Findings

- The long hours and compromised personal lives associated with executive leadership are significant deterrents to pursuing top positions
- Nonprofit salaries and actual or perceived insufficient life-long earning potential are barriers to executive leadership: 69% of respondents feel underpaid in their current positions and 64% reported that they have financial concerns about committing to a career in the nonprofit sector
- Lack of mentorship and support from incumbent executives in helping to pave a career path are serious frustrations for many next generation leaders: only 4% of respondents are explicitly being developed to become their organization's executive director. Women are being developed at a lower rate than men
- Inherent nonprofit structural limitations and obscure avenues to career advancement are obstacles to leadership opportunities inside organizations
- The prevailing executive director job description is unappealing to many next generation leaders

Personal Sacrifices are Significant Deterrents to Executive Positions

THOUGH ONE IN THREE PARTICIPANTS RESPONDED FAVORABLY TO THE PROSPECT of becoming an executive director, another 30% answered unfavorably: eleven percent (11%) responded “definitely not” and another 19% “probably not” to the question “Do you want to be an executive director of a nonprofit someday?” We asked respondents to identify the reasons they would not pursue an executive position. Two of the top five reasons were related to the belief that one has to sacrifice work-life balance to be an executive director. This was corroborated in the focus groups: participants said frequently that being an executive director means, to them, making unacceptable personal compromises. The job of an executive director is notoriously marked by poor work-life balance—and it is not going unnoticed by those considering the position. Staff members see their executive directors putting in long hours, sending midnight emails and juggling the pressures of work and family. Though this issue is compounded for those with families—or who want to start a family soon—this poses a serious barrier to all who believe they should be able to have both a meaningful career and a healthy personal life.

“As I get older and I realize so much of my life has always been, ‘I’ll sacrifice this because I’m committed to this issue.’ And approaching my 40s, I think I’ve done as much sacrificing as I can do and there comes a point where you want to experience your life as well as be committed.”

“My executive director’s insane... is that where I’m going to be in 30 or 40 years? Is that where I’m headed, to be burnt out and working long hours and not seeing my kids grow up? But at the same time, where else do you pursue what you want to pursue?”

“I have a family. I don’t want to work 90 hours a week; that’s not my ultimate goal.”

“My fear is that when I came on and said, ‘Oh my gosh. This is what I want to do. Look at this [ED] position. Look at all the great things my CEO is doing. This is exactly what I want to be.’ Then, I see that she’s there from 6:00 a.m. to 12:00 midnight. She works outrageous hours—she never sees her husband. There are definitely things that you give up.”

“I almost feel like I’m being forced to choose to go outside of the nonprofit sector if I want a balanced life, not a cause. And that makes me very sad because I’d like to stay committed. There’s a tremendous guilt that goes with that that I’m just tired of.”

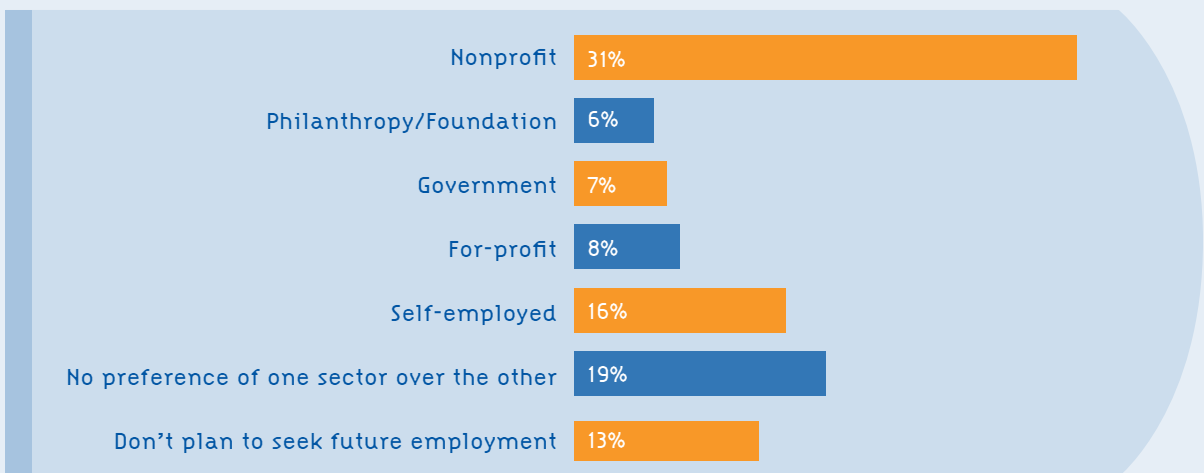
“I’ve got young kids of my own. I would love to be in an executive director position at some point. I think that I have the skills, but I can’t invest the time right now. My wife is also employed and she’s got a very demanding job. I’m kind of Mr. Mom a lot.... I feel like, to a certain extent, it holds me back a little bit.”



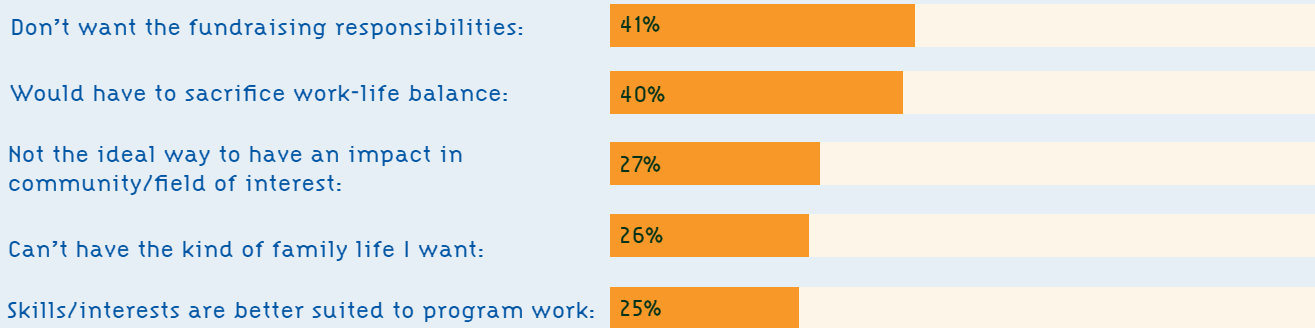
Those Who Definitely DO NOT Aspire to Become Executive Directors

We don’t assume that the nonprofit sector needs everyone to aspire to executive leadership—nor do we think executive leadership is a fit for everyone. Nonetheless, it is important that we minimize the barriers to pursuing executive positions for those who are considering this career path. A closer look at this group might help us understand why executive leadership is unappealing to some and how they might be impacted by barriers to the position.

- On average, they are 46 years old
- 84% are women and 16% are men
- They are significantly more concerned with work-life balance and family demands
- They are generally more interested in other ways to have an impact in their communities
- 25% are actively seeking a new job outside their organization and
 - 37% are committed to staying in the nonprofit sector;
 - 13% are committed to leaving the nonprofit sector; and
 - 50% don’t feel strongly one way or another about the nonprofit sector
- Their next job will likely be:

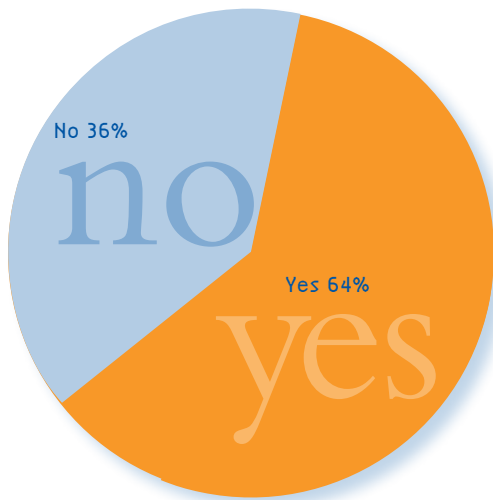


Top five reasons not to pursue an executive director position



Does not total 100% because respondents were allowed to select multiple reasons.

Financial concerns about committing to a career in the nonprofit sector

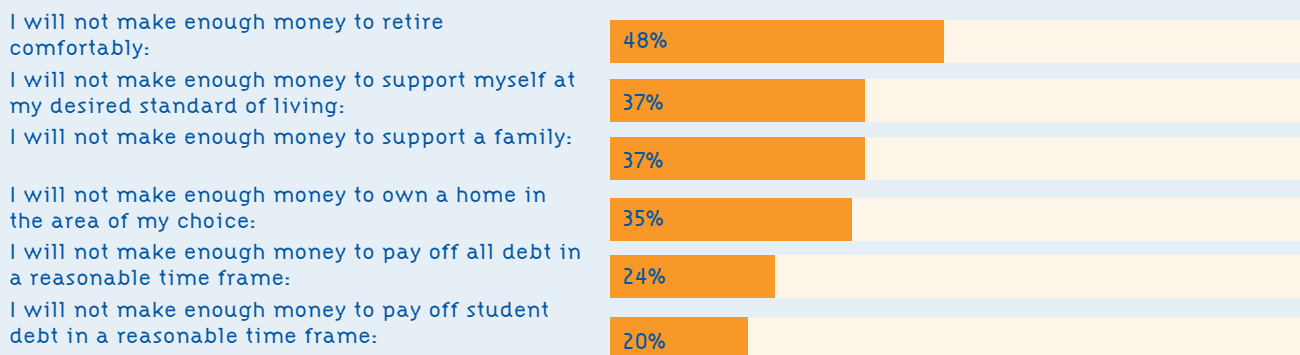


Financial Concerns

ANOTHER DISINCENTIVE TO EXECUTIVE LEADERSHIP IS MONEY. This study asked a series of questions about personal finances and how money factors into the broader question of whether respondents aspire to executive leadership. We were interested to know if respondents felt justly compensated in their current positions. We also wanted to know what they thought about their long-term financial outlook should they choose to stay in the nonprofit sector for the remainder of their careers. *The degree to which respondents and focus group participants expressed concern about their personal finances was striking.* Sixty-nine percent (69%) of survey respondents feel underpaid for the work they do in their current positions. This is exacerbated by the concern that if they stay in nonprofit jobs, they risk sacrificing lifelong financial health: 64% of respondents reported that they have financial concerns about committing to a career in the nonprofit sector.

Digging a little deeper, we asked what contributed to these concerns. Topping the list was the fear of not being able to retire comfortably. This was followed by the concern about supporting one's self and family and the anxiety of not being able to own a home. Here is how respondents ranked those concerns that were most significant to them.

Ranking of financial concerns about committing to a career in the nonprofit sector. "If the rest of my career is in the nonprofit sector..."



Does not total 100% because respondents were allowed to select multiple reasons.

Money issues frequently manifested themselves as a tension between competing priorities—the love of mission-based work and the need for financial security. Focus group participants spoke of foregoing luxuries that their friends could easily afford, having difficult negotiations with spouses, and even taking on second jobs to supplement their current salaries. And based on reports of low executive director salaries, it's not as though a significant salary increase is likely to accompany a promotion. Unfortunately, most don't expect that if they stick it out in the nonprofit sector their overall financial standing will improve once they get their next job. Perhaps most disheartening is the general belief that if you choose to become an executive director you do so fully expecting it to be a personal financial sacrifice.

Participants also described dissatisfaction with compensation structures, noting that nonprofits seem behind the times compared to for-profit companies that employ compensation systems more effective at incentivizing performance. Some also expressed frustration that nonprofit culture discourages people from asking for more money and that those who do ask are perceived as less committed than those who don't.

In light of legislation recently signed into law that will forgive student loan debt for those who enter public service occupations,¹³ and because our sample of next generation leaders is composed of many young people, we wanted to know whether student debt influenced respondents' responses. We found that among survey respondents, 44% are currently carrying student loan debt. The majority of student debt carriers have balances between \$10,000 and \$25,000. Close to half (47%) of those with student loan debt are either "concerned" or "very concerned" about the pace of paying it down. For people of color, student loan debt was an even greater concern. *Ten percent (10%) more people of color are carrying student loan balances than whites, and they are more concerned than whites with their ability to pay it down in a reasonable timeframe.*

Carry student loan debt



“I’ve never worked in an organization where there was merit-based incentive pay. I’ve never worked for an organization that said, ‘Hey, if you do your job really, really well [you’ll be compensated for it].’ Maybe it’s shallow and maybe that makes me not as good of a nonprofit leader, but that would motivate me. Absolutely.”

“I have a part-time job that I work on the weekends because salary in the nonprofit world isn’t enough to do the things that I need to do with my family right now.”

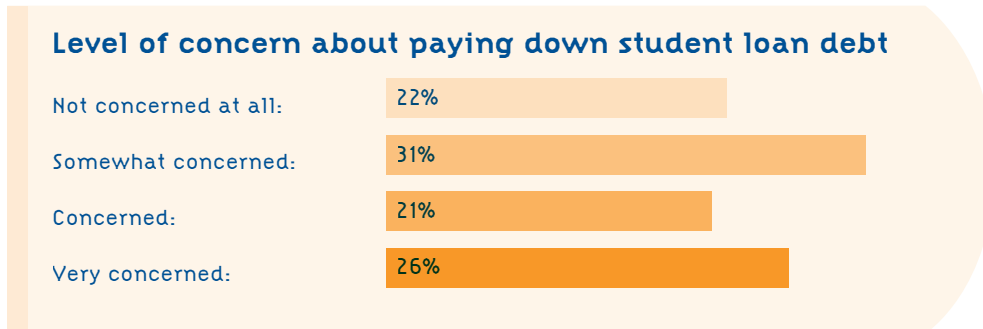
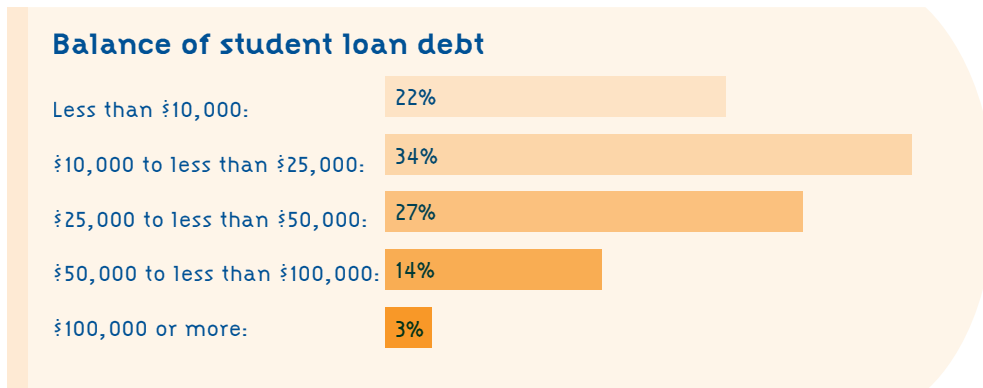
“You work all these hours, no overtime, nothing. It’s just like, ‘Oh, you’re doing it out of the goodness of your heart. You can’t complain. This is a nonprofit. Our budget is really small. The reason you are here is because you love it and that should be enough.’ I hear this all the time. It’s too much work and not enough money.”

13 The College Cost Reduction and Access Act of 2007.

“I’ve always negotiated salary. I’ve always said, ‘Can you bump that up?’ I don’t think as people who work in the [nonprofit] field that we always feel comfortable doing that. We think that that will make people question our passion or question our dedication, and it’s not about that.”

“It’s obviously a huge financial challenge when you have this debt, but the organizations you’re going to work for certainly cannot afford to pay you what you need to pay back your loans.”

“Because we’re in the nonprofit field we have to be realistic about what our salaries are going to be. What I haven’t always encountered is that the nonprofits themselves are realistic about what my financial pressures are, and the biggest financial pressure, for me, is that the reason I’m good at my job is that I have higher education. I have higher education; therefore I have higher education debt.”



Grooming Next Generation Leaders

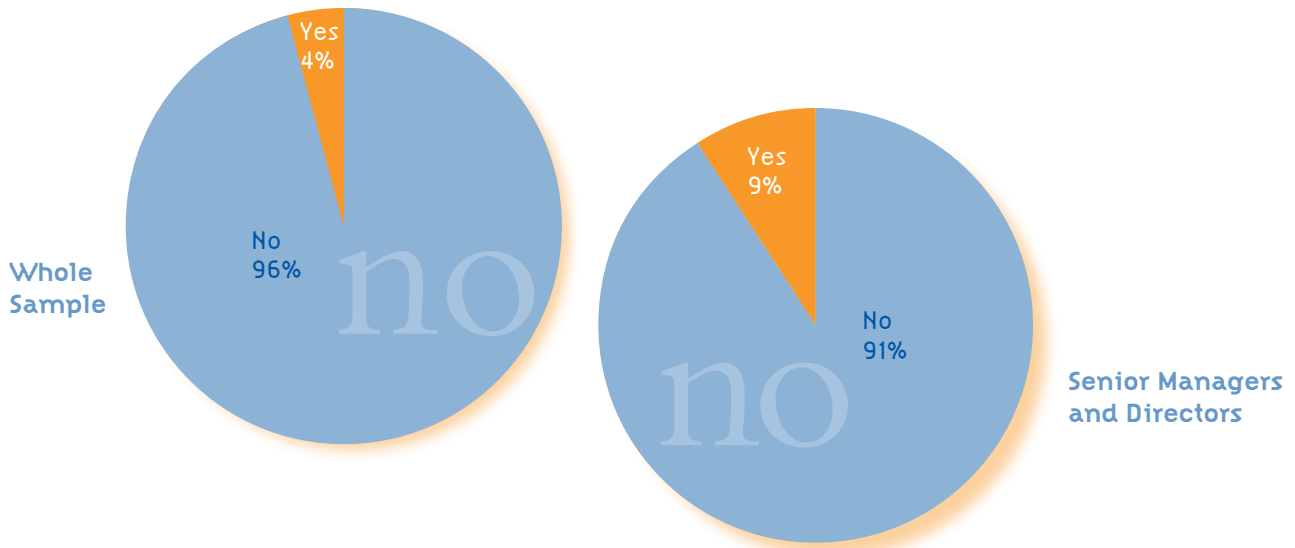
AMONG THIS SURVEY’S RESPONDENTS, ONLY 4% REPORTED THAT THEY ARE explicitly being developed to be their organization’s next executive director. Only 7% said that it is either “likely” or “very likely” that they will be their organization’s next executive director. And, just 27% have even discussed the possibility of being an executive director someday with their current supervisor or executive director. Even among respondents who are senior managers and directors—who are presumably the most qualified and likely candidates for executive positions—these figures are still low. *Among senior managers and directors, 9% are explicitly being developed to become executive directors; 12% said it is either “likely” or “very likely” that they will be their organization’s next executive director. And 41% of senior managers and directors have discussed the possibility of being an executive director someday with their current supervisor or executive director.* In contrast, in *Daring to Lead 2006*, 52% of executive directors reported actively developing one or more people on their staffs to be executive directors someday.¹⁴ While explicit successor grooming is less frequently appropriate than more general leadership development, the difference raises the question of how transparent and effective current executives are being in their efforts to strengthen the leadership around them.

We know from other studies¹⁵ that nonprofits tend to hire externally for executive directors and rarely groom their own successors. Considering the sector’s increased focus on developing new leaders to fill the leadership pipeline, we hoped to find more evidence that executives are actively developing successors from within their staffs. Particularly disheartening was that executives appear to be undervaluing the experience and leadership potential among their most experienced staff. The value of building “bench strength” goes beyond succession planning. Investing in staff development is also an effective retention strategy. Acknowledging people’s leadership potential helps build their confidence and interest in advancement. It is also an effective way for executives to share large workloads, reducing the risk of burnout.

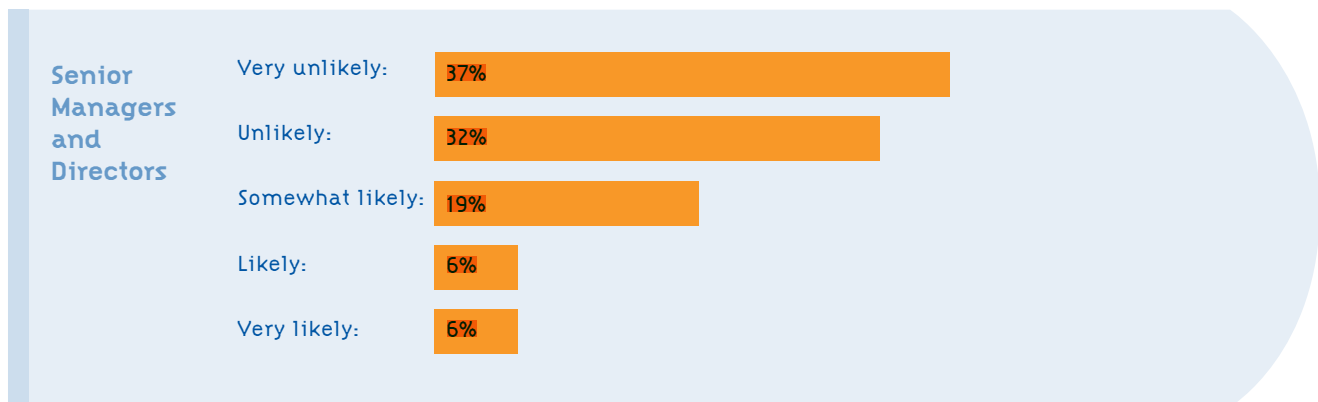
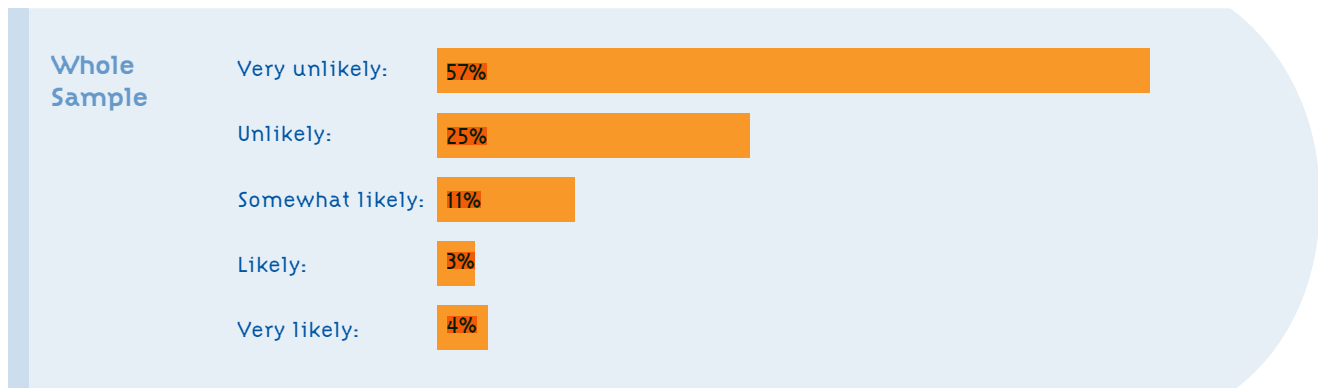
¹⁴ Bell, Moyers, and Wolfred, op. cit., p. 25.

¹⁵ See W. Bowen, *Inside the Boardroom* (1994); Bell, Moyers, and Wolfred, op. cit.; and Tierney, op. cit.

Explicitly being developed to be organization's next executive director



Likelihood of becoming organization's next executive director



“One of the reasons I left [my last position] is that there was a real unwillingness to share knowledge with me. I felt that I wasn’t working to my potential. They weren’t allowing me to do the job that I thought I was hired for. Ultimately, it wasn’t fulfilling because this whole idea of succession was so frightening to them.”

“They say they want to train new leaders. But in fact, they’re not doing anything proactive. The phrase sounds really good, but it’s the action behind those words.”

“They don’t want folks to go for education or better themselves in different ways because that means they’re coming after somebody else’s gig.”

There is also evidence that organizations may be perpetuating attitudes and systems that discriminate against women. *Despite the fact that women outnumber men by more than three to one in our sample, a significantly higher percentage of male respondents hold senior level management positions. Moreover, nearly twice as many men as women reported that they are being explicitly developed to be their organization’s next executive director.*

It is possible that sitting executive directors believe that they are grooming staff intentionally, but somehow have not made this clear to those they are attempting to develop. Although more and more executive directors are implementing succession plans and genuinely believe in the value of building “bench strength” among their staff, they may be falling short in communicating their intent and implementing their efforts. These data, coupled with comments heard in the focus groups, affirm the need for more intentional succession planning, explicit conversations about career advancement, and increased support from executive directors.

Another more troubling explanation that could be at the root of this issue is that current executive directors are willfully withholding their support and mentorship out of fear of their own diminishing value. Some next generation leaders think that executive directors are threatened by younger staff’s fresh thinking and new ideas and that current leaders perceive change as a criticism of their own performance. Certainly this is frustrating. Moreover, it is also a factor contributing to a staff member’s disinterest in staying with an organization. Whether or not staff member contributions are properly valued, the perception that they’re not influences people’s decision making.

Structural Impediments to Career Advancement

BECAUSE MANY NONPROFITS ARE SMALL WITH RELATIVELY FLAT ORGANIZATIONAL hierarchies, structural impediments to career advancement can limit pathways to executive positions. Internal advancement is difficult where there are no systems in place to guide transition and promotions. A substantial number of respondents view going to another organization as their best chance for career advancement: *55% of all survey respondents believe that they need to leave their organizations in order to advance their careers.* There was a significant difference in how people of color answered this question compared to whites: *60% of people of color believe they need to leave their organizations in order to advance compared to 53% for whites.* Furthermore, when we asked how long respondents believed they would stay in their jobs, 70% of people of color and 64% of whites reported that they would be surprised if they were still employed at their current organization in three years. When we asked how many people were job hunting, we found that 38% of people of color compared to 31% of whites were actively seeking a job outside their organizations right now. In light of recent reports pointing to the manifestations of systemic racism, interpersonal discrimination, and internalized oppression as obstacles limiting people of color’s leadership opportunities,¹⁶ this data should be carefully considered. Though inconclusive, it could reveal that people of color feel deeper levels of disadvantage caused by nonprofits’ structural shortcomings.

“I’ve got all these new ideas. It scares people.”

“There’s such a large gap between me and our CEO. If you’re not having someone mentor you along the way, how will you ever get there? I feel like sometimes ‘you have it or you don’t’ is their view. How do you advance within your own organization if the people that are leading it are not willing to give up their control and delegate and get you involved? It’s very scary when you think these people are going to retire and we’re not prepared.”

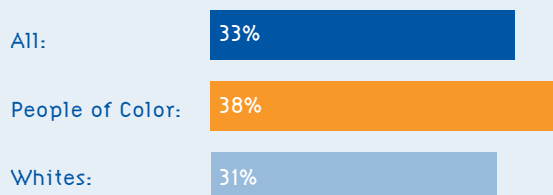
¹⁶ For a discussion of this see *The Leadership Learning Community’s Multiple Styles of Leadership: Increasing the Participation of People of Color in the Leadership of the Nonprofit Sector* (2007).

“I don’t know anyone in the nonprofit sector who worked backwards from 10 years out and said, ‘I’ve got to do this, this, and this to get there’ where I think other industries have more formal career ladders.”

Need to leave organization to advance



Actively seeking a job outside organization



Clear career paths and well articulated advancement strategies are other structural ways that nonprofits can support staff development. Next generation leaders welcome training and skill-building activities; however, more targeted training and leadership development programs aimed at preparing people specifically for executive positions is something that many desire but few have found. There is genuine frustration that no clear way to become an executive director exists. One person described it as a glass ceiling, not defined by race or gender but by position: “There is a glass ceiling within the sector. How do you get to that executive director position when you’ve been in so many senior leadership positions? How do you break through to that next level?”

A substantial number of survey respondents, 78%, as well as many focus group participants have prior work experience in the corporate sector where training and development were an integral part of their experience. This highlighted the lack of training they received upon transitioning into the nonprofit sector. One person summed it up this way: “What I’ve seen in the nonprofit world as a contrast to what I’ve experienced in the corporate world is a lack of mentorship and infrastructure in growing leaders. When I came out of school I joined a large company and it was, ‘Okay, you’re a junior engineer. We have senior people partnered up with you to show you the ropes, teach you how things are done.’” He went on to explain how he sees this as a shortsightedness embedded in nonprofit culture: “A lot of people have the mentality, ‘Well, we just don’t have time to do that.’ Wow, if you spent a little bit of time upfront with training and mentorship, you would get so much more efficiency and payback going forward.”

Another dimension of structural barriers to executive positions is the belief that a typical executive job description is unappealing. A number of factors contribute. One complaint is that executives carry an inordinate amount of responsibility on their shoulders with little to no support from others: “That’s honestly my biggest fear, is that it would be a lonely position that you can’t be weak at. I mean, there’s no opportunity to ever show weakness, and then when you go home at night, it’s all on you.”

The belief that executive directors are solely responsible for the financial sustainability of their organizations and therefore the livelihood of their staffs is also too daunting for many

Profile

People of Color

- Desire to be an executive director is 10% higher than for whites
- Feel a greater need to prepare for executive leadership than whites
- Among those actively seeking a job outside their current organization, are twice as likely as whites to leave the nonprofit sector for their next job
- Are more likely to believe that they need to leave their organizations in order to advance their careers
- Are more concerned with committing to the nonprofit sector because of financial issues than whites
- Carry more student loan debt than whites

“There are a lot of classes available for existing EDs, but I don’t see classes too often for someone who’s thinking about becoming an ED. It’d be nice if there was a track for that. In other words, the only way to get that right now is to fill in when they’re out of town or when they’re—whoops—not there any more. Then someone has to take the job, and you’re kind of filling in. So do I want to be a leader in that kind of a situation? I don’t like that. I would prefer to be a next generation leader if there was a better system of preparing us.”

“I love the nonprofit world, but I don’t ever want to be an executive director. It doesn’t suit me. I’m kind of a policy dork that likes to be behind the scenes.”

“Is there space for my leadership within the organization, given its current structure?”

people. It is not that they shy away from responsibility in general, but that they do not want to be set up for failure. We often see this articulated as a dislike or fear of fundraising. *The top reason survey respondents chose for not wanting an executive position was the level of fundraising responsibilities inherent in the job.* We heard from focus group participants that they were not resistant to fundraising duties—in fact they welcomed learning new techniques. Put more accurately then, the fear of fundraising activities is not the root of this concern, but rather the fear of failing to raise enough money. The prospect of financial failure is a great source of hesitation. Astutely, they recognize that in the face of deficits, underfunded programs, and low salaries, expert fundraising skills alone might not be enough.

A New Definition of an Executive Director

ANOTHER DETERRENT IS THE KIND OF WORK AN EXECUTIVE DIRECTOR DOES ON a day-to-day basis. Because it is more administrative, some feared becoming too distanced from the “real” client and program work they find so satisfying. One focus group participant said, “I enjoy working with the clients and working with people and doing a whole gamut of things other than just strictly working on fundraising and working with board members.” Others feared that the balance of administration to program did not play to their interests, skills, or strengths. Because the love of the work factors so strongly in people’s job satisfaction, a perception that this would be compromised by having to take on more management functions was a deterrent for many people. *A third of survey respondents indicated that, for them, the executive director position is not the ideal way to have an impact on their community or field of interest. Another quarter reported that their skills and interests are better suited for program work.*

Despite these barriers, there is enthusiasm among next generation leaders for redefining what executive positions look like. They desire new models of leadership that are collaborative and supportive in nature. *Though the current executive director job description may be unattractive, the idea of creating a new job description is exciting.* One participant said, “The emerging generation of leaders is a product of a new landscape where the organization finds itself. They have their fingers on the pulse of something that’s shifted in a way that I think the current leadership needs and is looking for.” Nonprofit organizations must make room for new leaders. If organizational resistance proves too great, potential executives are likely to give up and pursue their career aspirations elsewhere. In response to the prevailing fears that we might be witness to a leadership vacuum in the near-term, one next generation leader had this to say: *“Where is this supposed lack of leadership? We’re all here. And we’re ready. We’re ready to take over when you’re ready to retire. I wonder if it’s more of a disconnect between generations and a difference in leadership styles than a lack of leadership.”*

This is echoed in the recent publication *Next Shift: Beyond the Leadership Crisis* where the authors argue that we are limited in our ability to change current structures by framing the situation using crisis terminology that is articulated from the biased perspective of Baby Boomers.¹⁷ When we look at the situation from the vantage point of younger leaders, we see a different landscape. While there are significant issues to be resolved, there might not be a dearth of leadership talent in the pipeline.

“The breadth of responsibility all on one person’s shoulders... without the mentorship and the support to know what mistakes you might be making, I mean, the liability is so huge I wouldn’t want it unless I really had help.”

¹⁷ Frances Kunreuther and Patrick A. Corvington, *Next Shift: Beyond the Nonprofit Leadership Crisis* (Baltimore, MD: Annie E. Casey Foundation, 2007).

Recommendations to Current Executive Directors, Next Generation Leaders, Boards of Directors, Nonprofit Training and Leadership Capacity Builders, and Funders

The scale and complexity of the generational leadership handoff now underway require that each of the key forces in our sector—staff, executives, boards, funders, and capacity builders—attend to it thoughtfully. To that end, the authors suggest below a number of potential responses that are based both on analysis of this data and our respective experiences as funders and intermediaries who have been working on this issue for some time. We intend for these suggestions to spark dialogue in organizations, and perhaps inspiration for positive change among individuals in all stages of the leadership pipeline.

Current Executive Directors

Replace dated power structures

Executive directors—particularly those with long tenure and deeply ingrained management practices—risk perpetuating power structures that alienate emerging leadership talent in their organizations. The top two critiques of current executive directors by the next generation respondents to this study were “poor supervisor” and “cannot effectively communicate with staff.” In the focus groups, many younger people expressed frustration over top-down decision making, overly hierarchical structures, poor communication, lack of transparency around decision making, a culture of sacrifice, and resistance to change. Executives who adapt their organizational cultures for less traditional hierarchy, while holding everyone accountable for meaningful mission impact, are in the best position to attract and retain the next generation of leadership.

Help staff build strong external networks

Forty-five percent (45%) of respondents identified the need to “further develop external connections and networks” as something they need to do to get ready for executive leadership. Without a strong network, otherwise talented people are unlikely to gain the broader perspectives or collegial support that it takes to secure executive positions someday. Invite younger staff to attend meetings with funders and colleagues—working with them beforehand if necessary so that they can participate meaningfully. Give staff substantive access to the board: have them staff board committees and task forces; have them attend and present at board meetings; have them suggest new board members for recruitment. Instead of attending every community meeting yourself, assign staff to be liaisons to key external networks and committees. These practices will build the confidence and knowledge base of emerging talent, while building the reputation of your organization as one with a breadth of capable leaders.

Be a mentor

In *Daring to Lead 2006*, only half of the executive directors surveyed said they were developing someone on their staff to be a future executive director. Current executives should be serving as talent scouts for future executive directors for their own organizations and others. Because so many nonprofits are relatively small and employees often advance in their careers by moving on to other organizations, executive directors should consider mentorship an investment in the future

leadership of the entire nonprofit sector—and encourage other executive directors to do the same. Focus group participants in this study commented frequently on the difficulty of finding mentors. An important caution: younger employees may be searching for mentors, but also don't want to be patronized or molded into the image of the preceding generation. They are eager to be treated as colleagues and given meaningful work.

Be a good role model

As they consider whether or not to become an executive director, next generation leaders are heavily influenced by how they see current executives doing the job—and what they see is often negative. Seventeen percent (17%) of nonprofit respondents said their current executive directors are usually not or definitely not good role models; another 21% said their executive directors are good role models only sometimes. After fundraising responsibilities, sacrificing work-life balance was the reason most frequently cited by respondents for not pursuing an executive role someday. Current executive directors can help change the perception that leadership necessarily entails an unhealthy work-life balance—and lessen their own potential for burnout—by modeling healthier behavior. Whether generally expected of all employees or only practiced by the executive director, 80-hour work weeks and round-the-clock e-mails influence organizational culture and create the impression that these work habits are essential for advancement or executive leadership.

Pay reasonable salaries and provide benefits

The financial concerns of next generation leaders are very clear in this research: 69% of respondents said they are underpaid for the work they do, and 64% have financial concerns about committing to a career in the sector. Presumed financial sacrifice can no longer be part of the nonprofit business model if we want to attract and retain next generation talent. The too often touted psychological rewards of nonprofit work are no substitute for decent pay and reasonable working hours.

Engage in succession planning

All executive directors should periodically ask themselves whether they are still the right person for the job and how their continuing leadership affects the organization's ability to attract and retain talented staff and build future leadership. Thoughtful succession planning doesn't mean hand-picking and grooming a successor. It does mean putting in place contingency plans in the event of an unplanned leadership turnover as well as planning for an eventual departure, whether it is imminent or far off.

Recognize generational differences

Executive directors should understand that differences in style, approach, and priorities among younger staff don't necessarily reflect a lack of passion or commitment. In addition, younger staff may be reluctant to spend more than a few years in a job where they have little potential for growth or professional development. Executive directors should also understand that their Generation X and Generation Y staffers (generally those under 40) vary widely in attitudes and work experience. Some are just beginning their careers, and some are already seasoned managers who are ready to lead now.

Next Generation Leaders

Take control of your career

Your career is your responsibility. Yes, of course, your executive director should have your best interests in mind, and she probably does, but your professional development is not at the top of her daily to-do list. Ask your executive director for the opportunity to lead initiatives or take on special projects for the organization. Lead a staff development effort, a personnel policy change, facilitate a staff meeting, or ask to present a body of work to the board of directors. Find workshops and trainings you'd like to attend,

and ask for support. Some of this may need to be done on your own time or even with some of your own money, but might be essential. Don't assume that your organization has no money for professional development—you won't know unless you ask.

Develop broad management expertise

Next generation leaders will be of greater value to nonprofits—and thus more likely to be chosen for greater leadership responsibility—if they develop a broad base of practical management skills including budgeting, grant-writing, and supervision. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. Embracing such responsibilities—rather than dismissing them as administrative—puts you closer to the “engine” of the organization. It gives you direct involvement in critical decisions such as how money gets raised and spent and who gets hired and fired. In building management skills right alongside programmatic skills, next generation leaders should do away with the outdated nonprofit tendency to pit program against management.

Join a board

Just 30% of participants in this study have served on a nonprofit board of directors. The other 70% are missing out on an ideal way to prepare themselves for nonprofit leadership. On a board of directors, you can learn to fundraise, hire and evaluate an executive director, and authorize an annual budget—responsibilities that may still be out of reach in your day job. Moreover, serving on a board will give you direct access to other leaders of all types and ages whom you might otherwise never meet. These board colleagues can be sources of mentoring and even referrals to new job opportunities. Board service is an entirely legitimate part of your resume and should not be overlooked as a means to building your career in the sector.

Find a mentor

You need to have someone who will help you understand how they managed their career so that you can learn how to manage your own. Times may be different, but having a mentor who can introduce you to people, give you strategic career advice, and help you learn from his or her mistakes is critical. Mentors don't have to be in your organization. Look around your community. Who do you think is doing interesting work? Who inspires you? Approach these people and develop a relationship. Sometimes being a mentor can feel like a big step for people, so ask them to have coffee with you regularly and develop a relationship before popping the mentor question.

Work with a coach

While a mentor can help build your network and give advice, a coach can build your skills and help develop a personal strategy. The use of executive coaches has been commonplace in the business sector for many years and the practice has now taken hold in the nonprofit sector. Coaches can help you work on specific developmental skills as well as work on organizational challenges you might be facing.

Recognize and respect generational differences

Stop saying they just don't get it; maybe it's that you don't get it. Generational differences are profound and you should recognize that as hard as it is for you to work across generations, it may be equally difficult for your older colleagues. While the constant reminder of what Baby Boomers sacrificed and what they did back in the day might be annoying for you to hear, constantly reminding them of how great you are and how you work differently might be equally annoying to them. Stop fighting the generational war and try to get on the same side. This is an opportunity to lead. When you recognize generational difference, find a way to have that conversation with others in your organization that keeps the focus on the work rather than on individuals. You're all working towards the same goal, but may be going about it differently.

Boards of Directors

Pay reasonable salaries and provide benefits

The financial anxiety about committing to nonprofit work expressed in this report should be a wake-up call to boards, too. Many board members—particularly those from the corporate sector—routinely ratify nonprofit organizational budgets that reflect policy decisions they would find unacceptable in their own workplaces. Ask why the organization doesn't contribute even a nominal amount to employee retirement accounts. Ask why the budget does not allow for employee salary increases—or at least find out whether it does. Ask about the reasons for high staff turnover. Of course, board members who adopt a more aggressive attitude toward investing in human capital need to be prepared to engage the question of the board's responsibility for helping to raise the money to support an increased investment.

Ensure robust leadership beyond the executive director

Board members should recognize that leadership needs to exist beyond the executive director for an organization to be truly well managed and effective. Staff at all levels make decisions every day as they interact with funders, constituents, partners, and key stakeholders. Forty-one percent (41%) of respondents to this survey said their nonprofits do not do a good job of developing and promoting staff from within. The executive director is responsible for hiring and developing staff who will be good leaders, but the board is ultimately responsible for holding the executive director accountable. Boards should be sure to include this aspect of executive director performance in the annual performance review.

When hiring, get out of your cultural comfort zone

When the time comes to hire a new executive director, boards often have a difficult time searching beyond the usual suspects for potential leaders. Boards and executive directors, who are predominantly white, often hire people who look like themselves and demonstrate a leadership style like their own. Younger leaders as well as people of color are often overlooked as viable candidates for executive director positions because boards don't recognize their talents and strengths. Boards need to pay attention to this possible pitfall and take steps to avoid it by broadening their recruitment strategies, putting others on the selection committee, and hiring a search consultant with a good track record of reaching diverse groups.

Recruit young leaders to serve with you

Just as with hiring, board members naturally default to recruiting people of their same demographic and background to serve on boards with them. The board room can be a powerful place for leadership development—exposing talented young leaders to the inner workings of organizations and their governance practices. As you focus on recruiting the next class of board members, consider holding some slots for strong emerging talent.

Nonprofit Training and Leadership Capacity Builders

Upgrade training programs to be relevant and fresh

Much of the curriculum in use by management support organizations and other capacity builders is based on Baby Boomer leadership practices and learning styles. It also tends to assume the inevitability of traditional nonprofit forms and structures. This research—along with other studies of generational differences—suggests that you maintain that status quo at your

peril. If the next generation is “sector-agnostic,” do your classes and programs really work for an audience of nonprofit veterans and recent “sector bridgers?” If the next generation wants to lead from wherever it’s sitting now—rather than waiting to be anointed by an outgoing founder—do you provide leadership training for non-executive directors? Does your use of technology in program delivery consist of PowerPoint lectures and fundraising software demos? To help guide the generational handoff, rather than be made obsolete by it, capacity builders will have to review and revise based on careful and ongoing listening to a changing client base.

Build concrete management skills specific to the executive director role

General leadership programs are important, but respondents to this survey repeatedly mentioned specific “hard” skills they felt they needed to prepare for executive leadership, including finance and fundraising. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. The field needs a balance of management and leadership programming targeted specifically to future executives.

Help next generation leaders build their external networks

Next generation leaders need to develop a supportive peer network, but they also need the opportunity to make connections and build relationships with established community leaders, including civic and government leaders, funders, consultants, and veteran nonprofit executives. Training and leadership development programs should be designed with that in mind.

Funders

Support leadership and training programs

Nonprofit leaders often say, “We want to develop leadership, but funders won’t pay for that.” Grantmakers and government contractors should invest in leadership programs directly or support scholarships for grantees to participate. Funders should also invest in their core grantees by supporting succession planning and transition management, coaching, and other kinds of professional development. This can take the form of leadership development and organizational development grants, as well as flexible operating support for organizations.

Ask the question

Recognize that your success and your grantees’ success are linked. Have the conversation with grantees about succession planning, leadership development, salaries, and benefits—and be prepared to ante up a solution. Opening the door to this conversation can begin to change the funder-grantee relationship from a transactional one to a deeper partnership concerned with the long-term health and impact of the organization.

Don’t be part of the problem

Avoid behaviors that may be making things worse for nonprofit organizations and their leaders. In *Daring to Lead 2006*, the challenge of accessing institutional capital was one of the leading causes of executive burnout. And among next generation leaders in this study, an aversion to fundraising was the primary reason people gave for not aspiring to executive leadership. Re-examine grantmaking practices that may be contributing to the underinvestment in human capital. Consider building increases into multi-year grants to account for inflation and staff salary increases. Provide flexible support when necessary, and allow for higher overhead. Help nonprofits transform themselves into organizations that next generation leaders want to lead.

Resources

Selected Books, Articles, Publications, and Research

Adams & Associates and Management Performance Concepts. (2003). *Community Based Organizations and Executive Leadership Transitions* (A Survey of Annie E. Casey Community Based Grantees). Baltimore.

Bell, J., Moyers, R., & Wolfred, T. (2006). *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*. San Francisco: CompassPoint Nonprofit Services & Meyer Foundation.

Cryer, S. (2004). *Recruiting and Retaining: The Next Generation of Nonprofit Sector Leadership*. New York: The Initiative for Nonprofit Sector Careers.

Halpern, R. P. (2006). *Workforce Issues in the Nonprofit Sector: Generational leadership change and diversity*. Kansas City, MO: American Humanics.

Kunreuther, F. (2002). *Generational Changes and Leadership: Implications for Social Change Organizations*. New York: Building Movement Project.

Kunreuther, F. & Corvington, P. (2007). *Next Shift: Beyond the Nonprofit Leadership Crisis*. Baltimore, MD: Annie E. Casey Foundation.

Light, P. (2003). *The Health of the Human Services Workforce*. Washington DC: The Brookings Institution.

Salamon, L. (2002). *The State of Nonprofit America*. Washington DC: Brookings Institution Press.

Solomon, J. & Sandahl, Y. (2007). *Stepping Up or Stepping Out: A Report on the Readiness of Next Generation Leaders*. Young Nonprofit Professionals Network.

Teegarden, P. (2004). *Nonprofit Executive Leadership and Transitions Survey 2004*. Silver Spring, MD: Managance Consulting.

Tierney, T. J. (2006). *The Nonprofit Sector's Leadership Deficit*. San Francisco: The Bridgespan Group.

Web Resources and Service Providers

American Humanics, a national alliance of colleges, universities and nonprofit organizations, works “to educate, prepare and certify professionals to strengthen and lead nonprofit organizations.” American Humanics recently launched the Initiative for Nonprofit Sector Careers, which is aimed specifically at developing next generation leaders. The organization facilitates the Nonprofit Sector Workforce Coalition. www.humanics.org

The Annie E. Casey Foundation has created a knowledge center including a number of leadership development resources. Publications are available on their website. www.aecf.org

Building Movement Project supports nonprofit organizations to work towards social change by integrating movement building strategies into their work. Their website includes resources and publications regarding generational changes and nonprofit leadership, social change work, and social justice organizations. www.buildingmovement.org

CompassPoint Nonprofit Services is a consulting, research, and training organization providing nonprofits with management tools, strategies, and resources to lead change in their communities. CompassPoint works with community-based nonprofits in leadership development, executive transition, planning, boards of directors, finance systems and business planning, fundraising, and technology. www.compasspoint.org

Craigslist Foundation facilitates online connections and creates community in the nonprofit arena regardless of cause or sector. It provides free and low cost education opportunities to emerging nonprofit leaders and social entrepreneurs. www.craigslistfoundation.org

Emerging Practitioners in Philanthropy works to strengthen the next generation of grantmakers in order to advance effective social justice philanthropy. EPIP works toward its mission through networking, leadership, and advocacy programs. www.epip.org

Generation Change is a new initiative at the Center for Community Change to recruit, train, and support tomorrow’s grassroots organizers and leaders to confront the challenges of poverty and injustice in the 21st century. www.communitychange.org/genchange

Grantmakers for Effective Organizations (GEO) provides resources to grantmakers, including the publication *Supporting Next-Generation Leadership: A GEO Action Guide*, which provides an overview of the challenges nonprofits face as they seek to invest in next generation leadership and offers suggestions and examples for grantmakers interested in helping the sector attract, retain, and develop new leaders. Available online at: www.geofunders.org

Idealist.org is a website created by Action Without Borders to facilitate connections among individuals and institutions that are interested in improving their communities. Organizations can list information about their missions, programs, services, and employment opportunities. www.idealists.org

The Leadership Learning Community exists to strengthen the work of those dedicated to developing leadership that can address a range of significant social issues. LLC connects a diverse group of leadership development practitioners, grantmakers, and thought leaders who

identify successful practices, conduct research, evaluate current leadership efforts, and exchange information and tools. Through its website and regional and national meetings and learning opportunities, LLC generates and disseminates knowledge to promote effective leadership support and development. www.leadershiplearning.org

The Meyer Foundation, through its Nonprofit Sector Fund, supports cutting-edge research and other work on nonprofit leadership and capacity building. www.meyerfoundation.org

NetImpact is an international organization of “new generation” MBA students and corporate and nonprofit professionals committed to working for social change. www.netimpact.org

Public Allies is an organization working to advance new leadership to strengthen communities, nonprofits, and civic participation. Through their AmeriCorp Program, Public Allies identifies talented young adults from diverse backgrounds and prepares them for careers working for community and social change. www.publicallies.org

Young Nonprofit Professionals Network (YNPN) is a membership organization working to retain and strengthen the nonprofit sector’s next generation of leaders—led by and directly responsive to the needs of early career nonprofit professionals. www.ynpn.org



About The Annie E. Casey Foundation

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. The primary mission of the Foundation is to foster public policies, human service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost effective responses to these needs.

About CompassPoint

CompassPoint Nonprofit Services is a nonprofit consulting, education, and research organization with offices in San Francisco and Silicon Valley, California. Through a broad range of services and initiatives, CompassPoint serves nonprofit volunteers and staff with the tools, concepts, and strategies necessary to shape change in their communities. In addition to training and consulting in leadership, nonprofit strategy, finance, fundraising, governance, and executive transition management, CompassPoint frequently publishes books, articles, and research reports on topics of relevance to nonprofits, funders, and capacity builders. For more information, visit www.compasspoint.org.

About the Meyer Foundation

The Eugene and Agnes E. Meyer Foundation works to develop the Washington, DC region as a community by supporting capable, community-based nonprofit organizations that foster the well-being of all people in the region. Founded in 1944 by Eugene Meyer, an owner and publisher of The Washington Post, and his wife, Agnes Ernst Meyer, the foundation accomplishes its mission by identifying visionary and talented nonprofit leaders, making early and strategic investments in nonprofit organizations, building the capacity of its grantees, and promoting a strong and influential nonprofit sector. In 1994, Meyer established the Nonprofit Sector Fund, which includes cash flow loan and management assistance programs and grants to strengthen Greater Washington's nonprofit sector. For more information, visit www.meyerfoundation.org.

About Idealist.org/Action Without Borders

Action Without Borders connects people, organizations, and resources to help build a world where all people can live free and dignified lives. AWB is independent of any government, political ideology, or religious creed. Our work is guided by the common desire of our members and supporters to find practical solutions to social and environmental problems, in a spirit of generosity and mutual respect. The Idealist website regularly lists over 7,000 job vacancies and 11,000 volunteer opportunities at nonprofit organizations in 190 countries and provides online tools for nonprofit professionals and community members to learn best practices and create their own informal networks for community work. For more information, visit www.idealists.org.

Further Research and Leadership Programming

To inquire about replicating this research or developing related leadership development programming, contact Marla Cornelius at CompassPoint Nonprofit Services at marlac@compasspoint.org.



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