

The Annie E. Casey Foundation

701 St. Paul Street
Baltimore, MD 21202
410.547.6600
410.547.6624 (fax)
www.aecf.org



Add union bug
(image to come)

NEXT SHIFT

**Beyond the Nonprofit
Leadership Crisis**

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.

The Building Movement Project

The Building Movement Project advocates for US nonprofit organizations to build a strong social justice ethos into their vision and activities and to strengthen the role of nonprofit groups as sites of democratic practice. The project was developed to look closely at the role of US-based nonprofits in building democracy by offering weight, voice and scale to marginalized and disenfranchised populations through social change organizations.

BMP engages four strategies to accomplish its goals. These include:

- Changing the discourse and practice within the nonprofit sector to endorse values of justice, fairness, equity, and sustainability.
- Identifying and working with social service organizations as neglected sites for social change/justice activities where staff and constituencies can be engaged as participants in democratic practices for social change.
- Supporting young leaders who bring new ideas and energy to social change work and the promise of developing new forms of movement building.
- Listening to and engaging people working in social change organizations – especially grassroots and community-based groups – to strengthen their ability to connect their vision and mission to practice.

The Executive Transitions Monograph Series

Next Shift: Beyond the Nonprofit Leadership Crisis is the second monograph in a series on generational shifts in leadership funded by the Annie E. Casey Foundation. The first is *Up Next: Generation Change and the Leadership of Nonprofit Organizations*.

For copies of these publications, please see: <http://www.aecf.org/KnowledgeCenter/PublicationsSeries/ExecutiveTransitionMonographs.aspx>

About the Authors

Frances Kunreuther is the Director of the Building Movement Project and a Fellow at the Research Center for Leadership and Action at NYU. She is co-author of *From the Ground Up: Grassroots Organizations Making Social Change* (Cornell, 2006) and several reports on generational change in leadership. Kunreuther worked at the Hauser Center for Nonprofit Organizations at Harvard University and was a recipient of an Annie E. Casey Foundation Children and Family fellowship. She headed the Hetrick-Martin Institute for lesbian and gay youth, and has worked with immigrants, homeless families, and survivors of domestic violence and sexual assault. She is now working on a book on generational change in leadership.

Patrick A. Corvington is a Senior Associate at the Annie E. Casey Foundation. Prior to joining the Foundation, he was Executive Director of Innovation Network, a nonprofit working to improve planning and evaluation among social change organizations. Before that, Patrick served at The Urban Institute, where he conducted housing policy research and worked on building the capacity of social service non-profit organizations in Russia. Patrick spent 10 years involved in direct service work to underserved populations, including serving as an advocate for migrant farm workers, delivering HIV/AIDS services to hard-to-reach populations, and running a shelter for adjudicated youth.

This research was funded in part by the Annie E. Casey Foundation and Evelyn and Walter Haas, Jr. Family Fund. We thank them for their support, but acknowledge that the findings and conclusions presented here are those of the author alone and do not necessarily reflect the opinions of these foundations.

For reference purposes, please use the following citation:

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

Beyond the Crisis: A Different View of Leadership Change

During the past six years, there has been a rising sense of alarm in the nonprofit sector about the future of its leadership. Study after study has pointed to an impending crisis, with roughly 75 percent of executive directors/CEOs reporting that they plan to leave their jobs within the next five years.¹ Concerns about how to identify new leaders and issues of workforce development have become high priorities for those thinking about the sector's future.² Recommendations have ranged from preparing groups for executive transitions to a mass recruitment of new talent from other sectors to discussions of leadership expansion.³ A new field of executive transition services has emerged, and many groups are seeking ways to increase the visibility and desirability of working in nonprofit organizations.⁴

However, there is another view emerging. From this perspective, it is the nonprofit sector itself that is in crisis, and the emphasis on leadership transition reinforces rather than challenges the prevailing issues facing nonprofit organizations. Talking with current and emerging nonprofit leaders in their 20s, 30s, and early 40s in numerous interviews, focus groups, and meetings, we have found these younger (post-Baby Boom-age) leaders want to work with older generations to look at the causes and forces that have shaped the sector and the broader environment today and plan what future directions we should pursue. For younger leaders, the next decades will mean a different type of sector, with a different kind of leadership, one that will build on and move forward from that which exists today.

This paper will argue that the commonly held "crisis" frame unnecessarily constrains how we think about the generational shift in nonprofit leadership, and like all frames, shapes what we view as appropriate solutions and strategies.⁵

Specifically, this current frame drives our attention too quickly to issues related to the leadership pipeline and leader replacement.

We believe a broader view of the issue is appropriate and needed. As Baby Boom leaders leave, the sector will approach an important turning point ripe with both challenges and opportunities. It is critical that we muster our broadest, most creative, and incisive thinking to understand and respond to this particular historical moment. Too many nonprofit agencies, and particularly the human services organizations that serve children and families, operate today under crushing political and resource stresses. Many larger agencies founded in flusher eras are struggling to adapt to an increasingly austere funding environment with demands for increasing accountability. Smaller grassroots groups fight to survive from grant to grant. At stake are the lives and life chances of tens of thousands of children, families, and individuals who receive support and services from these groups. This troubling prospect, we hope, will motivate all of us—younger and older leaders—to come together to chart common and effective strategies for the future.

Three Themes

The dominant "crisis" frame cues a variety of responses—some helpful, others limiting. On one hand, the sense of crisis creates an urgency, drawing attention to the problem and describing the scope of leadership change we can expect in the next several decades. However, the crisis frame uncritically accepts the sector and its leadership as is and looks past broader structural issues, failing to raise questions about where the sector could or should go in the future.

Based on our discussions with Next Generation leaders around the country, we believe that the

coming wave of leadership change is a chance to consider issues related to leadership in ways that leave us better able to address the needs of our communities and nation.

There are three main themes related to leadership transition that we believe need to be considered in addition to those generated by the crisis frame.

- **Concern about the Organizational Structures Available in the Sector.**

The political and economic environment in which nonprofits operate today is quite different from when Baby Boom leaders entered the sector. Though they have adjusted to new demands from funders and communities, many organizations have continued to operate in similar ways for the past 30 years. Younger leaders are not attracted to these traditional models and are trying to find new ways to organize and structure work, ranging from entrepreneurial models to shared leadership and broader participatory structures. Boards responsible for hiring new chief executive officers have little chance to explore these ideas, especially under the constraints of a leadership transition. They are likely to look for similar rather than different leadership models. Yet, leadership of the future will want to consider new ways to structure organizations and see beyond what we currently have in place.

- **The Role of the Executive Director/Chief Executive Officer.**

Many young leaders say they are not attracted by current leadership positions. Some point to the prospect of long hours that take them away from family or a pay scale that may not ensure a middle class lifestyle.⁶ More often, the jobs do not seem to have the draw or cachet for a new generation of leaders. Because the sector's reputation has diminished in recent years, nonprofit leadership no longer commands

the same status or reputation for innovation and creativity.⁷ Older leaders themselves often express dissatisfaction and frustration in these roles. Whatever the reason, a leadership gap may exist because of the way the executive position is now currently conceived. As we move into the future, it is absolutely essential that we look at the nonprofit executive role and take the transition opportunity to rethink what leadership can look like in the sector.

- **The Need for Older Leaders to Think About the Ways that they can Develop and Support Leadership in their Organizations and More Broadly.**

We hear from younger leaders that they feel unrecognized—almost invisible—to the Baby Boom age generation. They speculate that they don't look like or act like older leaders, that is, they are more racially diverse, often enter the sector with professional school preparation as opposed to time in the trenches, and come armed with new and unfamiliar ideas. Young leaders worry they are valued only for technical expertise, for example, in finances, management, or technology. Older leaders, they say, often inadvertently overlook their abilities to think bigger, to develop strategy, outcomes, and vision. Nonprofit groups need to develop more intentional ways of identifying and supporting younger staff members interested in become the sector's new leaders.

Understanding these themes will deepen and expand the sector's future leadership. We can take into account both the cultural and demographic shifts already underway by valuing different views of how the sector's organizations can operate as we move through the 21st century. As the leadership crisis frame suggests, it is likely that new leaders must step up in significant numbers and take on nonprofit senior positions. If we ignore their concerns, we may lose the struggle to inspire them to fill the breach.

Confronting the “Crisis”: The Current View of the Problem

Currently, the dominant narrative about the future leadership of nonprofits has focused on the crisis surrounding the departure of the large number of Baby Boom leaders. The numbers are indeed striking. *Daring to Lead 2006*, published by CompassPoint Nonprofit Services and The Meyer Foundation, found a stunning 75 percent of the more than 1,900 executives polled planned to leave within five years.⁸ This was exactly the same percentage reported in CompassPoint’s original *Daring to Lead* report in 2001.⁹ A 2004 study of 2,200 nonprofit leaders sponsored by the Annie E. Casey Foundation noted that 65 percent of the executives surveyed intended to leave their positions by 2009.¹⁰ A report by Bridgestar, a Boston nonprofit consulting firm, *The Leadership Deficit*, predicts that there will be 640,000 vacant senior management positions in the next decade.¹¹ The explanation for this projected exodus is in part demographic, as large numbers of leaders are approaching retirement age. Equally responsible, however, may be job dissatisfaction. These studies have found that executives are unhappy with their role and frustrated with boards, funders, a lack of management and administrative support, and below-market compensation.

While Baby Boom–age leaders contemplate leaving their positions, there is a related concern about who will follow, as the next generation (the so-called Generation X born between 1965 and 1980) is a considerably smaller cohort. While beginning and end dates will vary, at least one estimate put the size of Generation X at 50 million, as compared with 79 million for the Baby Boom generation born between 1946 and 1964. The so-called Echo Boom, or Generation Y, born following Generation X is approximately 76 million strong.¹²

Given these broad demographics, observers foresee intense competition in the next decade for Gen X talent from the private sector and government. There is also a fear about the organizational and even sector-wide turbulence that could follow in the wake of the large number of projected leadership transitions. From this point of view, therefore, we are on the cusp of a crisis.¹³

The Response: A Focus on Replacement

Flowing from this definition of the crisis in future nonprofit leadership, the response, particularly from philanthropy, has been to focus first on how to replace the exiting leaders. Initially, this has meant promoting strategies and services that help leaders learn how to leave effectively, including helping boards learn to replace them in ways that promote their organization’s long-term vitality. Succession and transition planning services, seminars, and other resources are now offered to organizations to help current executives and board leaders manage change.¹⁴

A cover story on leadership transitions in the January 12, 2006, issue of the *Chronicle of Philanthropy* noted several interesting approaches. American Humanics, in Kansas City, Missouri, for example, is working with colleges and universities to steer graduates into nonprofit careers. It has formed a coalition of nonprofit organizations and leaders to explore new recruitment strategies. Bridgestar is focusing further up the career ladder, looking at helping finance directors and chief operating officers move into top jobs. Public Allies, which links mostly people of color to jobs in the sector, is offering professional support and training to its program’s participants. These and other programs are addressing the issues related to the

pipeline of employees and leaders that will be needed in the future. Other leadership programs have sprung up across the country, and nonprofit management programs are offering people the skills needed to take on leadership roles.

Rethinking the Crisis

However, the leadership crisis may not progress exactly as currently predicted. For example, the Baby Boom generation is living longer and healthier. Some leaders will have the energy, ideas, and desire to continue in their role as they age, but even those who would like to retire may be compelled to stay longer than they originally anticipated.¹⁵

The likelihood that some leaders will want to keep working beyond traditional retirement age and that some will be forced to continue for financial reasons has implications for recruiting and training new leaders. It requires a thoughtful and systemic response. There may be older leaders who are coasting, have burnt out, or whose organizations have grown beyond their ability to manage. Conversely, vibrant aging leaders may have to contend with “ageist” discrimination within and outside of their organizations if they want to continue in their jobs. It also may mean that new leaders recruited into the sector will find they hit what one young leader called, “a Baby Boom glass ceiling.”¹⁶ Failure to address these important issues will hinder new leadership no matter how many younger people are in “the pipeline.”

In addition, the crisis of leadership scenario implies that the sector faces the loss of significant numbers of existing organizations if new leaders are not quickly produced. This concern, however, ignores the significant challenges the sector already faces—many of which have important effects on nonprofits’ leadership.

An Increasingly Difficult Environment

During the 1960s and 1970s, the nonprofit sector grew significantly with large infusions of government support. This funding, however, declined sharply in the early and mid-1980s, and, according to a report from the Aspen Institute, did not reach its 1980 level again until the mid-1990s.¹⁷

The funding rebound is marked by two significant changes. First, government support shifted from grants and contracts to vouchers and entitlements that push money to clients, forcing nonprofits to compete further for limited dollars. Second, government has devolved responsibility for a range of social services. In many places, the nonprofit sector has stepped in to fill the breach.

There is also just more competition. The absolute number of nonprofit organizations in the United States grew from 793,000 in 1982 to more than 1.2 million in 1998.¹⁸ And in many sectors, including social services, for-profit companies now vie for government contracts and have placed additional pressures on nonprofits.¹⁹ At the same time, private philanthropy, while growing absolutely, has slipped when defined as a share of personal income.

In general, nonprofits have been asked to do more with less. Further, government and private funders have placed new emphasis on accountability, effectiveness, and results-based outcomes, additionally stressing nonprofit operations. In response, large and mid-sized organizations have become more complex and difficult to manage, while small organizations struggle to stay afloat.

At the same time, the fiscal, social, cultural, and civic needs of a society driven by racial, class, and socio-economic divisions and inequities

have only increased.²⁰ Unless the political and economic environment for nonprofits changes significantly for the better, the sector may indeed shrink, regardless of the availability of qualified leaders. Losing the services provided by nonprofit organizations at a time of growing inequality and increasing need is indeed a frightening prospect. Yet, it is not clear whether nonprofits can sustain their current operational levels, let alone grow. In this scenario, nonprofit leaders will need new skills and may need to re-conceptualize how their organizations operate.

The Need to Go Deeper

Finally, the crisis view of the problem creates an urgency that is on one hand extraordinarily positive, but on the other counterproductive. It does not encourage people to stop and think more deeply about their assumptions. In a crisis, we rush to find a solution—but we need to do better than that. We need to ask questions about what sort of leadership will be needed to solve today's (and tomorrow's) problems and effect lasting change.

In the following sections, we describe three different ways we might frame the need to look for the next generation of nonprofit leadership. These views—along with the crisis frame—can help us craft multi-dimensional approaches that not only bolster the sector's future leadership, but also the sector's future more broadly.

Re-Framing the Future: Of Leadership in Nonprofit Organizations

The Next Generation leaders we talked with deepened our understanding of the implications of Baby Boom leaders' retirement, and turned our attention to current assumptions about leadership change. They pushed us to think of structural rather than organizational responses to the prospect of the Baby Boom exodus. Time and again, in almost every meeting we held, younger leaders stressed the three themes raised earlier—*organizational structure, the executive position, and leadership recognition*.²¹ Together, they suggest ways to address coming generational leadership change and help develop nonprofit leadership of all ages.

Limiting Leadership and Organizational Structures

Younger leaders we spoke with talked about the importance of addressing problems with *the current structure of nonprofit organizations*. Many are thinking about how leadership and organizations might look in the future, including different ways to operate and enact leadership, but they find little space—unless they start their own organization—to explore new ideas.

The growth of the nonprofit sector in the 1970s and 1980s meant that organizations frequently adopted the modified corporate structure that was popular at the time. Most nonprofit organizations have a classic hierarchical structure, a kind of pyramid with the director at the tip and then the people underneath (deputy directors, program directors, coordinators, line and support staff) comprising expanding bottom levels. In fact, we often see this type of structure in even the smallest groups. Nonprofits modified the strict rules of corporate hierarchy by seeking “input” or other ways staff members could advise leaders, who still

maintained the ultimate decision-making responsibility and power.

The problem with this structure has been twofold. First, it has become cumbersome, lacking the flexibility more current organizations need. Decisions need to rise to the top and then come back down. When they don't, staff become frustrated, turnover increases, and there is leadership stagnation at the top. Second, as regulatory and funding pressure has increased, the benefits of this model versus a fully corporate one (i.e., allowing employees some flexibility and control over their work and a somewhat less bureaucratic structure in exchange for lower pay) have diminished.²²

The desire to rethink nonprofit structure and operations is not new. Social entrepreneurs have challenged existing nonprofit groups, claiming that new ideas and business acumen would help organizations effectively create large-scale change. More groups now talk about business rather than strategic plans, discuss nonprofit capitalization, and look for ways to earn income as part of long-term funding strategies. The executive director's title has changed in many organizations to President or Chief Executive Officer.

In our research, we found younger nonprofit leaders who are less business-oriented but still interested in adapting innovative private sector management models. They want to consider ways that existing organizations could be more creative and flexible without having cumbersome processes that take away from their work. Younger leaders are more interested in co-directorships, flattened hierarchies (pushing down responsibility and authority), networked organizations, and participatory approaches. Though no one model has taken hold, younger

leaders are searching for structures that would free people to make informed decisions and act quickly on the best ideas and work from staff members, wherever they exist in the organization. Some have launched these kinds of efforts in partnership with willing board members. Others have had to move more slowly as they carefully nurture their boards to prepare for this kind of reorganization.

Rethinking Structure

We continue to hear from younger leaders about their interest in developing new structures that they think would increase the effectiveness of nonprofit organizations. Unfortunately, there seems to be little information about, support for, or interest in this type of development, even though the results might be important for the future survival of nonprofit groups.

There are several ways that we can begin to highlight different approaches leaders are taking to address the challenges posed by the nonprofit organizational structure.

- There is a growing body of literature discussing how we might think about particular challenges, such as the role of boards of directors, the involvement of clients or constituents, and new partnerships with funding sources. The information from these sources could be compiled in a user-friendly document that would be useful to organizational leaders.
- There are organizations—especially small and midsize groups—that have started to make structural changes within their organizations. Case studies that highlight the benefits and challenges of these changes and different models would be extremely helpful.
- Funders could support organizations' efforts to change their current leadership structure. Not all of these efforts will be successful, but they

would add to our learning about organizational form in the nonprofit sector and would give support to groups that are innovative and have new (and grounded) ideas of how things could operate in more effective ways.

Uninspiring Executive Positions

We expected that younger leaders who were ambitious and dedicated to nonprofit work would be looking for avenues to become executive directors/ CEOs, but we found quite the opposite. Post-Baby Boom-age leaders consistently talked about their reluctance to consider taking a nonprofit executive director/CEO role. Rather than seeking more formal authority in organizations, younger leaders were thinking of ways to work more effectively and expand their influence in their current positions.

Thank You, No

Why did the younger leaders we talked to reject the idea of taking over nonprofit leadership? Most traditional responses point to meager nonprofit executive salaries. However, we found that though the desire for higher pay may be part of the issue, money was not the top concern. Younger leaders said they wanted to stay in the nonprofit sector, but *they were not interested in the executive director/CEO job as it is currently designed*. This is in part related to their frustration with existing organizational structures, but more importantly, they did not identify the executive director/ CEO job with excitement, challenge, creativity, and innovation. The message younger leaders are receiving is that heading a nonprofit is a thankless job requiring great sacrifice with few visible rewards. Rather than feeling they could effect larger change if they took on more leadership, they seemed to believe that these top positions actually offer fewer opportunities to have an impact on the issues the organization was meant to address.

There were several observations young leaders made about current nonprofit executive positions. They saw the enormous amount of time and effort current executives devoted to the work and the toll it took on them and their families. This next generation was willing to put in the hours, but said they were not willing to let their “job be their life.” Many of those we talked with—across gender, race, and sexual orientation—were starting families and had trouble envisioning how they could have a family and home life and be a chief executive officer in the current mold.

They were also keenly aware that they would be responsible for sustaining an organization in a time of increased competition, an era very different than when Baby Boom age leaders first took the helm. They talked of the pressure of raising funds, meeting new regulations and demands for accountability, supervising staff, managing the board of directors, and representing the agency. Some younger leaders also said they were cautious about being brought into organizations to follow long-time directors. They feared they would uncover years of problems and be blamed if they were unable to make the necessary repairs.

Making the Top Jobs More Desirable

What would make these positions desirable? The answer will take some rigorous exploration, but we have some initial suggestions.

- Older leaders need to convey more often, more vocally, and more forcefully why they like their jobs and what has compelled them—other than their dedication and willingness to give up so much—to stay in these positions for so many years. They also need to include younger leaders in sharing “the goods” of these positions, such as making significant change, building significant and influential relationships, or seeing the power and influence that comes with executive decision-making.

- It is important that we reconsider what is expected of nonprofit directors. Of course we will continue to look for dedication, leadership, and other key skills, such as thoughtfulness and creativity. But we need to consider why so many executive directors—as found in the studies we referred to earlier in the report—want to leave their jobs. This research points to overly demanding boards of directors, a relentless need to raise funds, unrealistic hours, and so on. Rather than focus on making the job more attractive and doable, the emphasis has been on how to replace all the people planning to leave. From what we have learned, it will likely be more productive to address the reasons that so many current leaders are looking for an exit.

We suggest that we can start by convening inter-generational groups of leaders, board members, and funders to candidly discuss the benefits and obstacles in executive director/CEO positions, and to make concrete recommendations of what changes to make. These groups can begin to figure out ways to restructure these jobs and address the underlying structural problems that leaders face.²³

The Invisible Leaders

The third theme we heard was a *lack of leadership recognition*. Younger (potential) leaders who express interest in becoming the head of a nonprofit organization say they often feel discouraged by their invisibility to older leaders. Some talk about attending meetings where they are ignored or are teased about being so young. Others relate how their degrees in nonprofit management or business are dismissed. They are frustrated that older leaders give them responsibility without delegating the authority they need to get the job done. These young leaders are looking to be included, but instead find their ideas and skills overlooked.

Different Experiences

During the past four decades, leaders shepherded an expansive growth in the nonprofit sector, whether through energetically growing their institutions or seizing opportunities for growth as government devolved its services, and communities sought change. Looking at leadership across generations gives us a chance to imagine what future leaders will bring to existing groups. They likely have new vision, ideas, and skills to build on what has already been created. But Baby Boom-age leaders – simply by their sheer numbers – will have to find ways to nurture those who may not have exactly the same experiences and understanding of leadership. We often heard from younger leaders that they felt they lacked credibility because they were born in a different era. They had participated in movements focused on globalization, anti-apartheid, environmental justice, and others, but not the same and larger, mass mobilizations of the 1960s and 1970s.

Different Backgrounds

These new leaders are more diverse than those born before the mid-1960s. Younger leaders wondered if the fact that they actually looked different by race and/or gender made it hard for older leaders and their boards to see them as serious candidates for executive director/CEO positions. More subtly, each generation may have differing experiences with race and gender and hold differing views of how these constructs operate within organizations and society. A white male Baby Boom-age leader will likely interpret (and act on) racial and gender issues in his organization differently from a potential successor who is a woman of color. And even among people of the same race and gender, there can be differing perspectives based on generational lines that result in younger leaders' feeling their views are devalued by older leaders.

Different Futures

Finally, younger leaders pose a threat to older leaders, especially given our culture's view

of aging. Leaders who are living longer and healthier may want or need to continue to work for many years. Fearful that they will be seen as obsolete, some older executives may wonder if supporting new leadership will only come back to haunt them.

Encouraging acceptance of new, younger leadership can be approached in a variety of ways. Boards can take deliberate steps to diversify their membership—by different identity-based groups and by age—beginning the process of recognition at the core of nonprofit leadership. Organizations can highlight the qualities and achievements of their younger leaders, and current leaders can learn ways to communicate and support new leaders within their organizations. And as noted above, organizations need to think more carefully about the ways that leadership can be shared or restructured to gain the insight, skills, and ideas of both generations.

A Role for Leaders Young and Old

A variety of actors have roles to play in order to respond effectively to the issues raised here. Boomer leaders who have worked so hard to build these institutions will have to take leadership development seriously in their agencies, work closely with the next generations on how to prepare their organizations for the future, and consider the organizational effects of their transitions. Young people will similarly have to step up and take an active role in helping to develop the new organizational structures and think creatively about executive positions rather than simply walk away from leadership roles. Finally, funders and intermediary groups must consider how nonprofit financing may inadvertently undermine organizations' leaders and stifle their innovation and creativity. What are the reforms needed to encourage rather than discourage the next generation of leadership the nonprofit sector most certainly needs?

Recommendations for Action

Change is coming. We can call it a leadership crisis or deficit. Alternatively, we can see it as an opportunity to rethink our assumptions about leadership and structure in nonprofit organizations. The recommendations below address both the broader issues and some specific ways we can get started.

1 THE ORGANIZATION: A DIFFERENT APPROACH

There has been a proliferation of research on and interventions for building high-functioning nonprofit organizations. However, how organizations function is determined—in part—by the environment in which they operate. This includes who and what is funded, the public’s view of the sector, and the interest in or enthusiasm for nonprofit jobs.

When we think about organizational structure and change, it is important to look at the different ways the political, economic, and cultural environment might play out in the future, and the impact it will have on our leadership and decision-making.

Recommendations for Knowledge Development

- Convene a group that looks at how nonprofits—especially small and mid-sized groups—could be structured to address the future environment in which nonprofits will be operating.
- Suggest how nonprofit leadership and decision-making might be altered based on this environment.
- Seek out and reward innovative organizations, including convening and tapping the knowledge of their leaders, no matter their age.

Recommendations for Individual Action

- Take the time to assess what works and what is challenging about the way your organization is currently run and the role of leadership. Think structurally, not personally.
- Document and share the changes your organization has made over time to address concerns about decision-making or the leadership position(s), including successes and disappointments.

2 LEADERSHIP: THE FUTURE CHALLENGES

Leading a nonprofit should generate excitement and fulfillment. On one hand, Baby Boom–age leaders want to be recognized for their work and the contributions they plan to make in the coming years. On the other, Next Generation leaders are looking for meaningful and fulfilling work even if they may not do it exactly in the same way as current leaders.

Recommendations for Knowledge Development

- Find out what it means to make the executive director position appeal to younger leaders. Examine case studies of younger leaders who have assumed leadership roles successfully and what motivated them to take on these responsibilities.
- Document what the Baby Boom generation and other older leaders have learned about their positions and how they have made them “doable.”
- Identify effective ways in which older leaders can pass what they see as the benefits of the executive position on to successors.

- Publish and widely distribute a user-friendly booklet on how to support younger leaders as individuals and build new leadership cohorts for the future.

Recommendations for Individual Action

- Take leadership development seriously in your organization. Think about how to support people who are asked to take on leadership roles and what they need to help them make the transition successfully.
- Talk with leadership staff and across generations about your different views of what should be expected of an executive director. Learn what each generation thinks.
- Take on the issue of power—what it means, what is easy, and what is hard about having power in an organization. Consider ways in which power can be shared without losing control.

3 NEW MAY MEAN NEW

Different generations that have a similar vision and values have their own touchstones that they share with their own cohort. These can include the ways they see an issue, cultural norms, communications approaches, and change strategies. We can benefit from these differences if we are able to recognize them and acknowledge that the way “our generation” sees the world may not be the only or “right” way. Many older leaders have become successful by using their experience and intuitions to run their organizations. For new leaders, it will take time to build this level of familiarity, but that doesn’t mean that they don’t have good and viable ideas (just as current leaders did when they were younger).

Recommendations for Knowledge Development

- Compile ways that older and younger people may operate differently so that people can recognize, laugh at, and accept their differences without devaluing each others’ contributions.
- Think about real strategies that can help older leaders recognize new generations of leadership as they evolve.
- Develop a methodology to work across generational divides that is easily used and non-threatening.

Recommendations for Individual Action

- Build multi-generational leadership teams—among staff and board members—to make meaningful decisions; acknowledge differences based on age (and other issues if necessary).
- Ask younger leaders to accompany older leaders to external meetings and be clear about their roles. In some cases they may participate, while in others they may be there to observe and learn. Debrief the meetings afterward.
- Allow Next Generation leaders to interact with board members. This can mean presenting issues to the board, staffing a board committee, or working one on one on a particular issue or project.

Beyond the Crisis: Looking Ahead

Expanding our understanding of change in the nonprofit sector beyond the “crisis” of leadership transitions and the need to replace large number of leaders will offer us a much richer and wider array of options. It pushes us to look beyond individual or even single-organization solutions to see how to change the field as a way to address the issues the sector as a whole must confront.

Younger leaders may appear to look and act differently from older leaders, but all of our conversations and research have found that nonprofit leaders—young and old—share a similar level of commitment. We are all dedicated to creating a more just and equitable society. As the leadership of nonprofit organizations changes during the next decade, we believe there will be a tremendous opportunity to stop and think about what this sector should look like in the future. And as is the case in individual leadership transitions, we have an opportunity to begin to make the needed, and sometimes difficult, changes that prepare us for that future. This is extremely challenging work. It demands not simply the “wisdom” of the older generation or the “energy” of younger leaders, but rather an intergenerational partnership invigorated by the perspectives and passion of leaders of all ages.

Acknowledgements

We express our gratitude to all of those who participated in the Next Generation meeting held in Chicago in Spring of 2006. In many ways, this paper is based on the conversations seeded that day. We also appreciate the insights and guidance of our editorial reviewers—Jan Masaoka, Lynne Molnar, Tim Wolfred, Rick Moyers, William Buster, and Tom Reis.

Credits

John Beilenson of Strategic Communications & Planning provided editorial support.

Graphic design by Joseph Cavaliere

Endnotes

- 1** Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* (San Francisco: CompassPoint Nonprofit Services, 2006); Paige Teegarden, *Nonprofit Executive Leadership and Transitions Survey 2004: The Annie E. Casey Foundation Grantees* (Baltimore, MD: The Anne E. Casey Foundation, 2004); David Birdsell and Douglas Muzzio, *The Next Leaders: UWN/ NYC Grantee Leadership Development and Succession Management Needs* (New York City: United Way, 2003), 5; *Community Foundation CEO Survey: Transitions and Career Paths* (Baltimore, MD: Community Foundation CEO Network, Council on Foundations and the Annie E. Casey Foundation, 2003); Tom Adams, Catrese Brown, and Melody Thomas-Scott, *The Executive Transition Initiative: Strengthening Maryland's Nonprofits During Leadership Change* (Baltimore, MD: Maryland Association of Nonprofit Organizations, 2003), 1.
- 2** It is interesting to note that these studies have taken place over a six-year period and we have not yet witnessed the mass exodus they predicted.
- 3** S. Cryer, *Recruiting and Retaining the Next Generation of Nonprofit Sector Leadership* (New York, NY: Initiative for Nonprofit Careers, 2004), <http://www.humanics.org/att/cf/percent7BE02C99B2-B9B8-4887-9A15-C9E973FD5616-percent7D/nextgenleadership.pdf>; J. Quiorez-Martinez, G.P. Wu., and K. Zimmerman, *Regeneration: Young People Shaping the Environmental Justice Movement* (Oakland, CA: Movement Strategy Center, 2005), <http://www.movementstrategy.org/resources/>; T. Tierney, *The Leadership Deficit*, Stanford Social Innovation Review (Summer 2006).
- 4** See, for example, <http://www.humanics.org> and click on The Initiative For Nonprofit Sector Careers; Public Allies Leadership Practice (http://www.publicallies.org/The_Leadership_Practice.aspx)
- 5** See Frameworks Institute (<http://www.frameworksinstitute.org>), Rockridge Institute (<http://www.rockridgeinstitute.org>), Real Reason (<http://realreason.org>).
- 6** These issues become acute as nonprofit workers move up in their careers. Their salaries, which were competitive with their peers at entry-level, falter as leaders age in comparison to private and government sector leaders. Also, these leaders tend to be in their 30s and 40s when family needs begin to influence their career and personal choices.
- 7** P. Light, *The Health of the Human Services Workforce* (New York, NY: Center for Public Service, Brookings Institution and Wagner School of Public Service, New York University, 2003), <http://www.brookings.edu/gs/cps/light20032603.htm>.
- 8** Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* (San Francisco: CompassPoint Nonprofit Services, 2006).
- 9** J. Peters and T. Wolfred, *Daring to Lead: Nonprofit Executive Directors and Their Work Experience* (San Francisco: CompassPoint Nonprofit Services, 2001).
- 10** Paige Teegarden, *Nonprofit Executive Leadership and Transitions Survey 2004: The Annie E. Casey Foundation Grantees* (Baltimore, MD: The Anne E. Casey Foundation, 2004).
- 11** T. Tierney, *The Leadership Deficit*, Stanford Social Innovation Review (Summer 2006).
- 12** Wikipedia entries on Generation X, Baby Boom Generation, and Generation Y.
- 13** One cautionary note: the first *Daring to Lead* in 2001 found that 75 percent of executive directors planned to leave in the next five years. Their 2006 study reported the exact same finding, yet no one claims there has actually been a 75 percent turnover in nonprofit leadership. The dramatic mass exodus of executive directors may end up as a more gradual turnover as people live longer and healthier and our understanding of retirement shifts.
- 14** Since 2003, the Annie E. Casey Foundation and others have supported the development of a wide range of offerings for grantees and for the nonprofit sector as a whole. CompassPoint Nonprofit Services, TransitionGuides, the Nonprofit Support Center, and ThirdAge New England are among a growing number of providers of these kinds of transition and related services.
- 15** H. Kim and F. Kunreuther, *What's Next: Baby Boom Age Leaders in Social Change Nonprofits* (New York, NY: Building Movement Project, 2007), http://www.buildingmovement.org/artman/uploads/what_s_next.pdf.
- 16** Conversation with Eric Dawson, executive director of Peace Games (2006).
- 17** Lester Salamon et al., *The State of Nonprofit America* (Washington, DC: The Aspen Institute, 2006).
- 18** *The New NonProfit Almanac—In Brief—2001* (Washington, DC: Independent Sector, 2001).
- 19** *Ibid.*
- 20** David Autor, Lawrence F. Katz, and Melissa Kearney, *Trends in U.S. Wage Inequality: Re-assessing the Revisionists*, NBER 11627 (Boston, MA: Harvard University, 2005), <http://post.economics.harvard.edu/faculty/katz/papers/AKK-Revisionists-Sep7-2005.pdf>; Edward M. Gramlich and Mark Long, *Growing Income Inequality: Roots and Remedies* (Washington, DC: Urban Institute, 1996).
- 21** For example, meetings convened by the Annie E. Casey Foundation in April 2005 and March 2006. See also Frances Kunreuther, *Generational Change and Leadership: Implications for Social Change Organizations* (Cambridge: Hauser Center for Nonprofit Organizations, Harvard University, 2002); F. Kunreuther, L. Blain, and K. Fellner, *Generational Leadership Listening Sessions* (New York, NY: Building Movement Project, 2004), www.buildingmovement.org.
- 22** Sharon Oster, *Strategic Management for Nonprofit Organizations: Theory and Cases* (Oxford: Oxford University Press, Oxford and Watson, 1995); Mary R. and Rikki Abzug, "Finding the Ones You Want, Keeping the Ones You Find: Recruitment and Retention in Nonprofit Organizations," in *The Jossey-Bass Handbook of Nonprofit Leadership & Management*, ed. Robert J. Herman and Associates (San Francisco, CA: Jossey-Bass, 2005).
- 23** For more insight into the challenges of and dissatisfactions with the executive director role, please see: Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* (San Francisco: CompassPoint Nonprofit Services, 2006).