Essential Shifts for a Thriving Nonprofit Sector

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Third Sector New England
Focus of Today

Leadership New England Report

- Organization / Leader Profile
- Key Findings
- Challenges and Concerns of Leaders
- Recommendations
Third Sector New England

- Multi-service nonprofit capacity builder
- Largest comprehensive fiscal sponsor in region
- Organizational/Executive Transitions Program
- Training & Convening
- Developer of NonProfit Center in Boston
We set out to learn what nonprofits face

<table>
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<th>Who are the leaders?</th>
<th>Are they well-staffed?</th>
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<td>Are they financially stable?</td>
<td>How do their boards perform?</td>
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Key Findings

- Organizations are not prepared for leadership transitions.
- Organizations struggle with sustainability.
- Sector is undercapitalized - undermines nonprofit leaders and restricts mission impact.
Who Responded?

Leadership New England Responses by State

- Connecticut 37.5%
- Massachusetts 35.4%
- Rhode Island 7.9%
- Vermont 7.2%
- New Hampshire 6.6%
- Maine 4.9%
- Other .6%
Budget & Staff Size

56% of nonprofits have budgets under $1m.

51% have 5 or fewer staff.
Diversity: by the numbers

87% of leaders are white

86% of board members are white
Diversity: by the numbers

68% of leaders are women

53% of leaders are over 55
Leaders How many months of cash reserves does your organization have?

- Two to three months: 28%
- Over a year: 13%
- Four to six months: 24%
- Seven to nine months: 8%
- Ten months to a year: 6%
- None: 7%
- One month or less: 14%

n=867
59% of organizations have 3 or fewer months of cash reserve.

29% have no cash reserve.

22% higher than region with no reserve.
OH, YOU'RE PAID FULLTIME BY A NONPROFIT?

YOU MUST BE SO SELFLESS
Compensation

2/3 leaders have salary under $99k.

22% have salary under $50k.
High expectations of leaders.

Leading Challenged Organizations:

- Healthy/Stable: 22%
- Growing/Start-up: 23%
- Needs a Turnaround: 23%
- Frail: 19%
- Complete Mess: 13%
Job Satisfaction

“I like the challenge of my work and am passionate about the issues... though the amount of work and worry does takes its toll.”
Job Satisfaction

88% report being happy.

80% feel appreciated.

2 out of 5 feel burnt out.
Core Challenges
Most Challenging: Fundraising

Received 6 times as many votes as the next category

- Fund development
- Financial management
- Working with the board of directors
Governance

• Perception of board effectiveness different between leader and board

• Core area of tension is fund development

• Supervision and guidance support
“I want more than an evaluation form…

I want a conversation with the board about performance and goals and challenges.”
Staff Development: $\frac{1}{2}$ with no budget

Confidence in bench increases.

Stress decreases.
Staff Development: Bench Strength

2/3 say they have no bench strength
64% of leaders say they will be leaving in five years.

30% of those in the next two years.

For CT, 47% in the next two years.
60% of organizations have no succession plan.

75% have no emergency succession plan.
Essential Shifts
SHIFT from succession planning to deep sustainability

- Not just about one leader.
- Building ‘leaderful’ organizations.
- Identifying and addressing key vulnerabilities.
- Consider alternative structures.
Sustainability Planning

**Invest** in sustainability planning.

**Explore** alternative leadership and organizational structures.
SHIFT the vision for governance
Governance

**Partner** to create healthy, communicative, and productive relationship between board and leader.

**Provide** opportunities for board to engage in learning about their governance role.
SHIFT to robust investment

Financial capital

Well-compensated staff

Learning, Innovation, Measures

Adaptive-capacity development

Alternative structures
Robust Investment

**Educate** outdated thinking about how to capitalize the sector.

**Support** for capacity building and leadership.

**Funding vehicles** align with calls to locate work in larger analysis, across organizational boundaries and in networks creating community and collective impact.
Questions

• What is surprising to you in this data?

• What resonated for you?

• What learnings from this would be important/relevant for your foundation?
Essential Shifts for a Thriving Nonprofit Sector

Download the report:
[tsne.org/leadership-new-england](http://tsne.org/leadership-new-england)

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“Sustainable”

- Resourceful
- Resilient
- Long term view
- Adaptive – learn from outside
- Willing to take risks

“Leadership, more than budget, is a key predictor of nonprofit success and appears to be one of the most important factors in organizational sustainability…”

- Foundation Center, Philanthropy News Digest 2009 referring to a TCC Group survey.
Sustainability Planning

- Purpose
- Leadership
- Partnerships
- Resources
- Culture
- Operational Excellence
Thank You!

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