Leadership New England

A REPORT BY THIRD SECTOR NEW ENGLAND

Essential Shifts for a Thriving Nonprofit Sector

THIRD SECTOR®
New England

IN THEIR WORDS: Advice to the Next Generation of Leaders

Thank you for investing your time and talent. Stay passionate, engage mentors, be disciplined about work/life balance, network across sectors, take risks, be curious and creative, be kind always and take at least one moment every day to connect deeply and personally to the mission on which you work. **Think big, think long-term.** Take good care of your health. **Stay focused on your mission and have the discipline to say "no" to funds that are outside of your mission.** Try to find a mentor in the same or similar field that you can rely on**. Get coaching early. Develop sound management and leadership skills.** Don't over promise, be realistic; it's okay to fail, and it's okay to be quiet. **Be compassionate, dispense with anger, listen, use kind words.** Take advantage of leadership programs and professional development opportunities when you are young and climbing the ranks. **Think bigger. Do tangible stuff. Don't be a sheep.** Don't take yourself too seriously and don't get discouraged; surround yourself with good people. **Learn fund development skills early.** Do not get discouraged by disappointments. **Pay attention to building relationships between board and key staff leaders, and to supporting complete honest communication.** Executive coaching and leadership peer networks are invaluable. **Find the right people for the right roles.** Listen more than speak. Break norms. Know your style and openly communicate that to staff. **Provide as many professional development opportunities for all staff as you can afford to budget.** Learn to set boundaries! Learn to delegate! **Do not try to fit a person into a role – or create a position for a long time employee that is no longer effective.** Be aware of one's weaknesses and learning from mistakes. **Running a non-profit is like working in a perpetual start-up: it's fast, fun and furious: repeat. When you leave, you take great memories.** Seek information and guidance from others. **Listen and learn with patience. If you come from the for-profit sector you have a lot to learn about how the nonprofit sector operates.**

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Essential Shifts for a Thriving Nonprofit Sector

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Introduction

Over the last several years, the literature about the nonprofit sector has been filled with alarming predictions about key trends that would negatively affect the sector's effectiveness and resiliency in the years to come. One of the most prevalent predictions was about the imminent departure of baby boomer leaders from the sector. A series of studies starting over a decade ago found that anywhere from 55 to 75 percent of nonprofit leaders said they would leave their positions within five years.[1] But then the Great Recession hit and many people remained in their jobs.

Another set of predictions that subsequently were proven false had to do with the sheer number of nonprofit organizations in the United States. As the recession kicked in, observers inside and outside the sector posited that it would lead to a wave of closures and mergers of nonprofits. But guess what? The number of nonprofits has shot up since 2008.[2] As of late 2014 there were 73,410 reporting nonprofits in New England, up from 44,688 in 2008. People who see a need and have the wherewithal to start a new nonprofit are still doing it; and some of these new nonprofits are exhibiting high levels of growth, innovation and impact.

The ongoing, against-the-odds resiliency of the nonprofit sector in New England and across the country is remarkable to see. But as this study shows, it is a very fragile resiliency. The sector's success and impact continue to rely on unsustainable trends, including: overworked, underpaid leaders and staff; a never-ending fight to balance budgets and build stable organizations in the face of ever-fickle funding streams; a lack of investment in professional and leadership development and organizational infrastructure; and a continuing struggle to work out the optimal role for nonprofit boards.

Nonprofits in New England and across the nation will continue to play a vital part in building stronger communities and a more just and equitable society. But the sector's resiliency is at its outer limit. Relying on time-worn models and dated expectations when it comes to funding and supporting nonprofit organizations and their people will no longer suffice, especially in the face of the enormous challenges facing our communities on issues from education and poverty to environmental degradation.

As this report sets out to show, it is time to shift how we think about nonprofits in New England and consider what supports they need to succeed. To the extent we do so, we will be able to predict with certainty that New England's nonprofits can remain resilient and effective well into the future – and can continue to contribute to the vibrancy of our communities, our people and our region.

General **Information**

ABOUT THE SURVEY

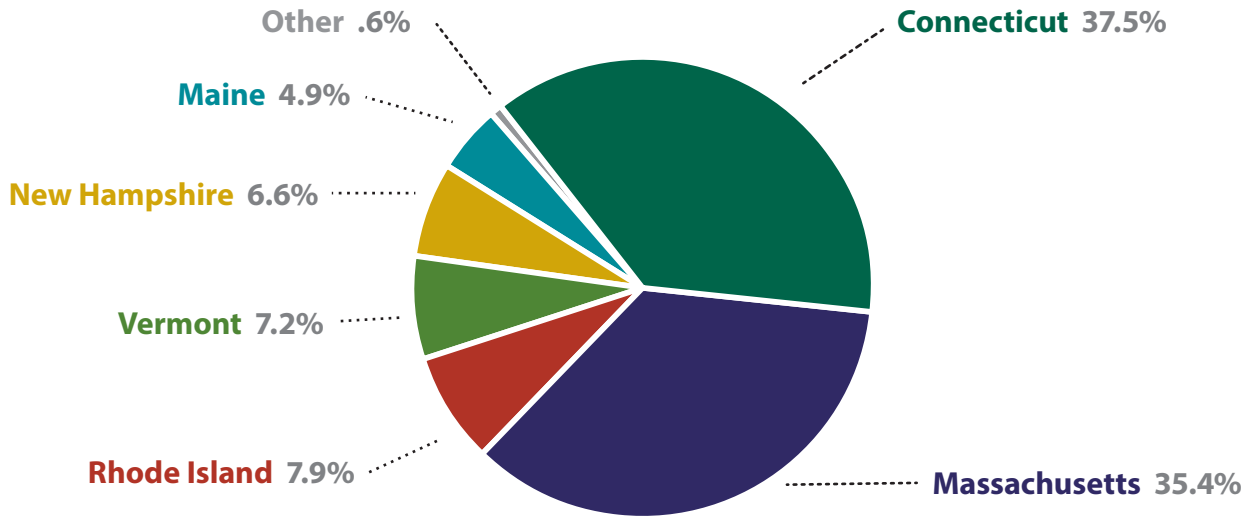
In the fall of 2014, Third Sector New England partnered with foundations and other nonprofits across the region to conduct a broad outreach campaign to their grantee and partner organizations. In response, 877 leaders (primarily executive directors)[3] and 330 board members of nonprofit organizations completed surveys aimed at advancing understanding of nonprofit leadership in New England – who these leaders are and the challenges they face in their work.

The Leadership New England survey closely mirrors (with permission) key surveys conducted in other parts of the country[4] so that information from the New England region can be added and compared to national data. Survey participants were asked a series of identical questions, in addition to questions related to their specific role in the organization as either a leader or a board member.

THE ORGANIZATIONS IN PROFILE

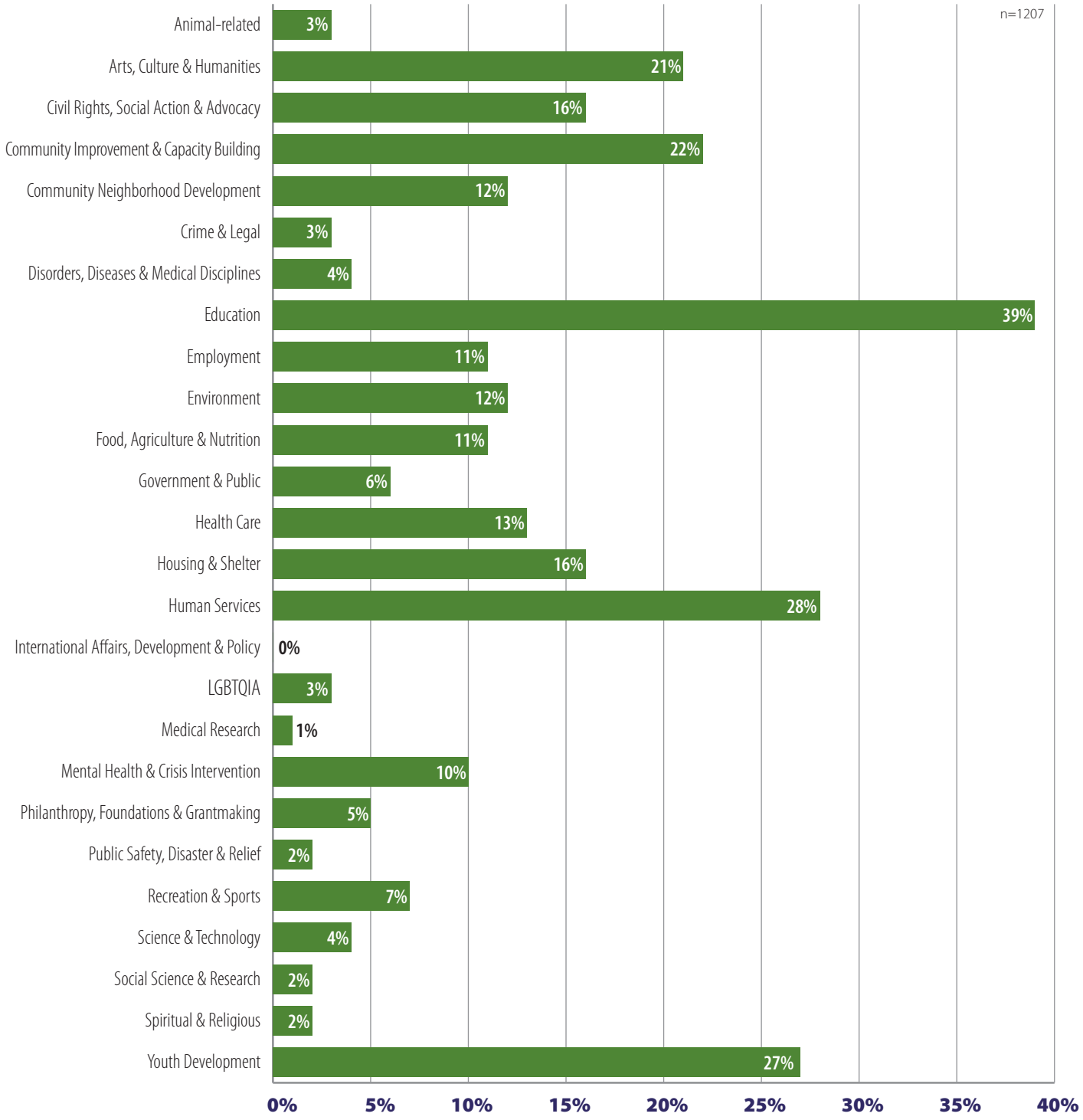
The Leadership New England leader and board responses are from all six New England states, with the majority from Connecticut and Massachusetts. Education (39%), human services (28%), youth development (27%), community improvement and capacity building (22%), and the arts (21%) are the top five fields represented in the survey sample. These fields are also among the top seven largest nonprofit fields in New England.[5]

Leadership New England Responses by State



Based on budget size, the Leadership New England sample is statistically similar to both national and regional totals.[6] Three out of four survey respondents (76%) work with organizations that have budgets of less than $2.5 million. The majority of

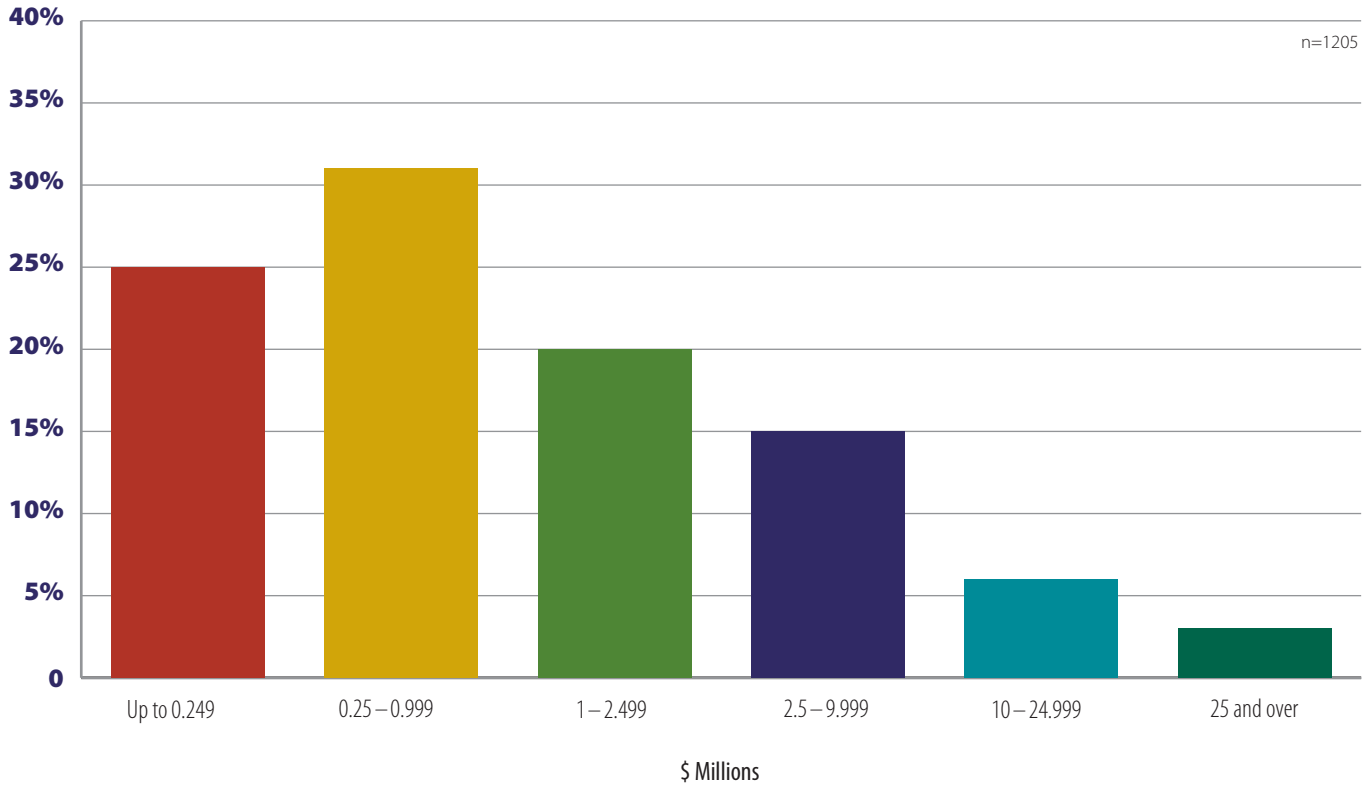
Leadership New England Organization Area



reporting national nonprofits (64%) have budgets between $250,000 and $10,000,000.

A solid majority of respondents (81%) report having 25 or fewer full-time staff in their organizations, and half (51%) have five or fewer staff.

Leadership New England Organizations by Budget Size



Leaders How many paid full-time staff does your organization have?

51% have **5** or fewer **STAFF**

81% have **25** or fewer **STAFF**

19% have **26** or more **STAFF**

Summary of **Findings**

The results of the Leadership New England survey underscore the reality that nonprofits continue to operate in a world of challenges unique to the sector. Among the most significant of these challenges: the paucity of resources to support the success of nonprofits and their leaders and staff; and inadequate models for governance that result in a lack of clarity about the role of boards and how they can best support organizations to achieve their missions.

These are not new challenges for the sector. Nonprofit leaders, foundations, and others talk and write about them regularly, and there are numerous examples of pioneering initiatives aimed squarely at helping nonprofits overcome these challenges. But solutions have been too few and far between, and today the nonprofit sector stands at a crossroads. Do we continue to rely on "here and there" solutions that benefit a handful of organizations and a system that chronically undercapitalizes the sector? Or do we once and for all embrace the need for fundamental change in how we support nonprofits and their people to build resilient and successful organizations for the long haul?

The sector is on the verge of losing large numbers of leaders, and yet organizations are unprepared for transitions.

Finding #1

Nearly two-thirds of responding leaders said they will be leaving their jobs within five years, and 30% are planning to depart in the next two years. These statistics on New England leaders, which mirror national numbers[7], underscore the importance of supporting organizations to prepare for and manage leadership transitions more effectively.

The percentage of leaders saying they will leave their jobs in the next five years has remained fairly stable across similar studies for a decade, and calls for better succession planning across the sector have been issued again and again in countless reports, blogs and other forums. Yet about six in ten New England leaders and board members say their organizations do not have succession plans.

More than anything else, leaders appear to want two things so they can better prepare for the inevitable transitions their organizations will face. The first is more support to develop sustainability strategies, and the second is support to develop and grow their leadership bench, which in many organizations is exceedingly slim.

SHIFT the framework for succession planning to deep sustainability.

SHIFT

It is time to change how the sector thinks about and approaches succession planning. Succession planning is not just about preparing for an individual leader transition; nor should it be viewed as a technical fix or a transactional exercise. Rather, it is about ensuring organizational sustainability by identifying and addressing key vulnerabilities so that the organization is not dependent on any one leader, funder, strategy, or way of thinking. Succession planning touches on everything from framing choices for the future (including asking whether the organization should exist), developing sustainable business models, to strengthening staff and board leadership – in essence, all the core activities needed to support the success of the organization's mission and its leaders over time.

Finding #2

Fundraising creates a cycle of frustration for nonprofit leaders – and it is a challenge that undermines the relationship between leaders and their boards.

Respondents to the survey identified fundraising as a recurring pain point for their organizations. A majority of board members (54%) ranked fund development as the most challenging issue facing their organization's leader. Similarly, 51% of leaders identified fund development as their most challenging issue. These findings affirm that both leaders and boards need support and guidance in fund development. Leaders struggle the most with what they say is their board's ineffectiveness in this area and it is a key strain in the board-leader relationship. Boards, for their part, want to do more to support their organizations' fundraising but are not quite sure how.

Overall, only a slight majority of nonprofit leaders (56%) said they are satisfied or very satisfied with their board's general performance and nearly a quarter of leaders are dissatisfied or very dissatisfied with their boards. What leaders want from their boards are more fundraising supports, organizational strategy and vision, impactful performance feedback and a focus on improving overall governance. Boards report being satisfied with their leaders and want tools to support fund development and strategic decision making and planning.
Taken in total, the survey illuminates board-leader disconnects that are widening in many nonprofits and is often an unspoken – and unresolved – challenge to the success of organizations and the sector as a whole.

SHIFT

SHIFT the vision for governance.

The expectations and responsibilities of boards need to shift in favor of governance over fundraising, and that means developing a shared vision for the organization, along with strategies to implement that vision, achieving operational excellence, and, yes, finding the resources to support the work. A short-term focus on fundraising undermines long-term sustainability and leads to continued dissatisfaction between leaders and their boards. This shift will not only require a shared understanding of what is effective and impactful governance, it calls for a higher level of engagement and learning together between leaders and boards – changing what may be a transactional partnership into a generative and transformative one. This means improved communication about roles and priorities to be able to move forward with a shared vision for their organization, a shared understanding of how to achieve it, and shared accountability. Mutual understanding will help organizations be more sustainable and responsive, develop a healthy culture, and serve their communities more effectively.

The nonprofit sector is undercapitalized and the stark underinvestment in leadership development undermines nonprofit leaders.

Finding #3

The reality of the sector's undercapitalization becomes clear when we see that 49% of New England leaders say their organizations have 3 months or less of cash reserves, and 1 in 5 (21%) have one month or less. Two-thirds (67%) of leaders make $99,000 or less, and 1 in 5 (22%) make less than $50,000.

Fundraising, governance and staff development are core areas of challenge for New England's nonprofit leaders. Leaders urgently want and need support in each of these areas, especially leaders who plan to leave their positions within two years, who say these supports might make them consider staying in their positions longer.

Only half (54%) of leaders said their organizations budget for professional development of staff. In addition, only one-third of leaders and board members said their organizations have enough people who are ready to step into leadership roles when needed – but those who do invest in professional development were significantly more likely to think their organizations have enough bench strength. These findings are particularly concerning as the sector is now beginning to experience the departure of boomer leaders that has been predicted for years. In the face of these departures, investing in core operations and the leadership pipeline for nonprofits is essential. But support for developing leaders in the nonprofit sector is far from the norm. In fact, over the past 20 years annual foundation support for leadership development has totaled just 1% of total annual giving[8] – a bewildering level of underinvestment given the role that nonprofits play in our society and the high expectations that foundations and others place on nonprofit leaders.

SHIFT the structural paradigm to robust investment in the sector.

SHIFT

Nonprofits can run great programs, but in order for organizations to be healthy and sustainable in the long-term, leaders and funders alike need to face up to the realities of what it takes to lead and manage organizations – financial capital, leadership development, learning and innovation and a well-compensated staff. Nonprofit overhead has long been the elephant in the room. The expectations placed on nonprofits and their leaders remain high, yet the core needs of nonprofits are often discounted with the outdated rationale and culture of thinking that low overhead = efficient and effective management. It is time for funders, nonprofits and communities to support these high expectations by investing resources and equally important, developing a culture that affirms the support of infrastructure and investments in leadership so that organizations can effectively fulfill their missions.

Survey **Data**

"I like the challenge of my job and am passionate about current issues we're working on, though the amount of work and worry does take its toll."

"I am very happy in the position; there are huge challenges which I take as my greatest responsibilities."

"I want to work in a way where I have more time for myself and my family."

"At a point where I am feeling burnt out. There is a real gap in the field around supporting nonprofit leaders (capacity building, peer support and mentoring)."

NEW ENGLAND'S NONPROFIT LEADERS IN PROFILE

New England's nonprofit leaders are generally happy in their jobs and enjoy the opportunity to work for causes they believe in. At the same time, the demands of their positions, combined with relatively low pay compared to private-sector leadership jobs, are a source of stress and burnout.

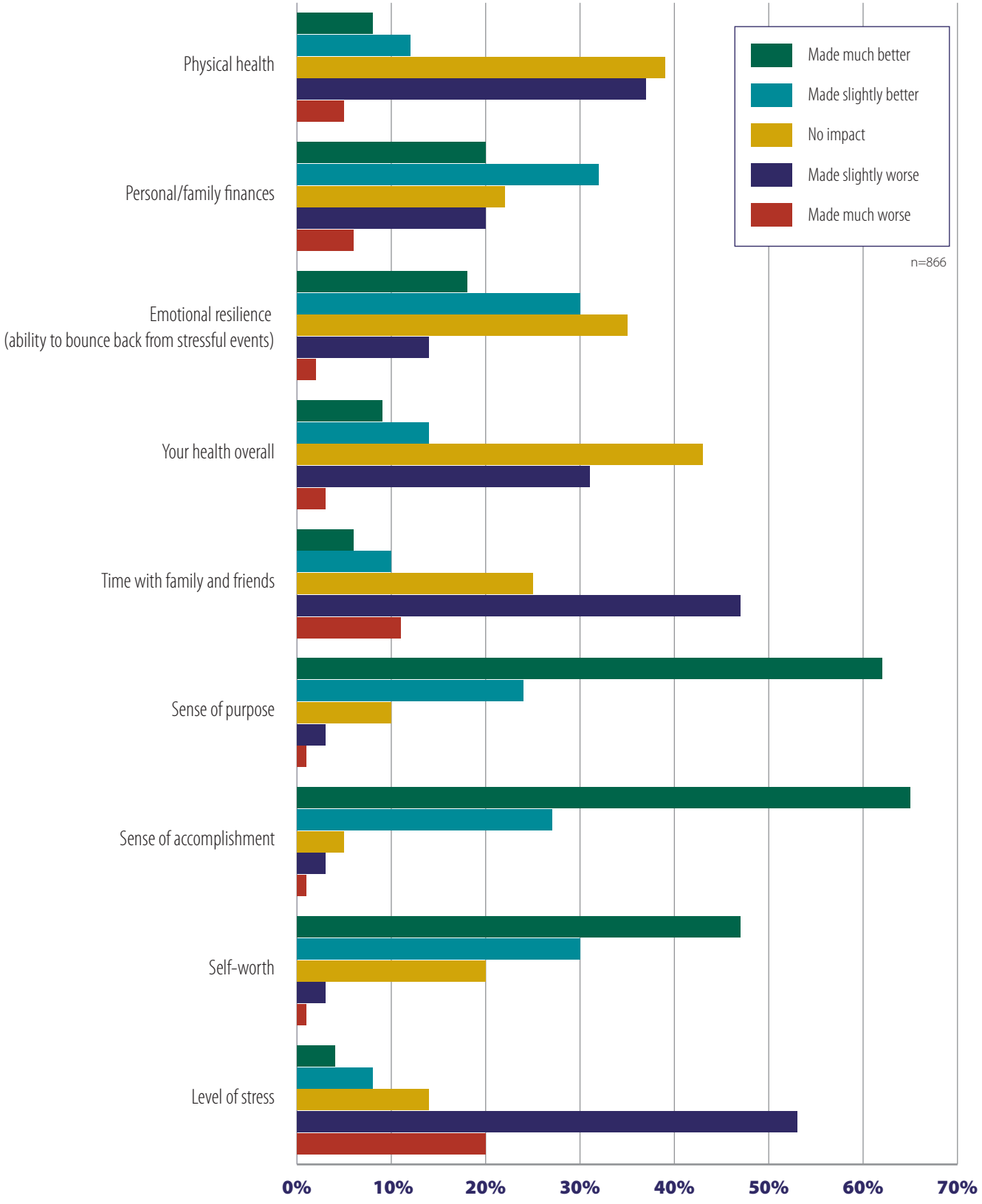
JOB SATISFACTION

SUMMARY: *Leaders often sacrifice a great deal to work in the nonprofit sector. Compared to similar jobs in the public and private sectors, nonprofit leadership positions often pay less and demand more time. While a significant number of leaders in the survey reported increased stress and other negative effects associated with their jobs, most reported being largely happy about working in the sector.*

Respondents said they feel appreciated and that their work has increased their sense of purpose, self-worth, and accomplishment. Leaders also rated themselves highly on overall effectiveness. Overall, a remarkable 88% of leaders reported that they are happy or very happy in their jobs. Over 80% of leaders also reported feeling mostly or completely appreciated by their boards of directors, staff, and constituents/clients. A mere 1% of respondents reported being very unhappy in their jobs.

Despite these positive findings, the survey also found that leaders are facing significant challenges in areas from fund development to their relationships with their boards, as we explore more deeply later in the report. The effects of these and other job-related challenges can be seen in the finding that nearly two out of five respondents (37%) reported feeling somewhat to completely burnt out because of their jobs. Leaders also reported worsened stress levels resulting from their jobs, as well as a lack of time with family and friends. Among those who report heightened levels of job-related stress, leaders still say they have more good than bad days at work. However, the significant difference in job satisfaction between leaders who reported stress decrease versus stress increase does suggest that stress increase is strongly connected to, and may even be a leading cause of, job dissatisfaction in leaders.

Leaders To what extent has your leadership position affected your health and well-being?



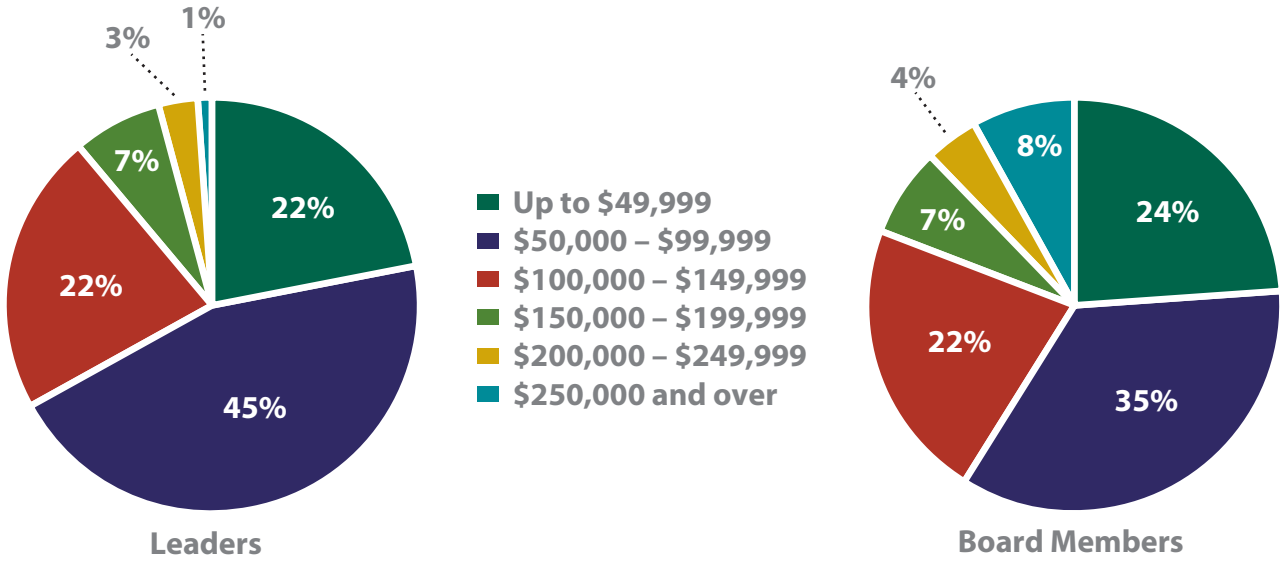
COMPENSATION AND PERSONAL FINANCES

SUMMARY: *News headlines frequently shine a spotlight on overpaid nonprofit executives, most often those working for large education or medical organizations. But the Leadership New England survey finds no evidence of overcompensation among responding leaders. If anything, these leaders are underpaid based on their responsibilities, hours worked and education. The results affirm national data showing that nonprofit leaders are likely to be paid less than private-sector workers, especially in higher-level roles.*[9]

Two-thirds (67%) of New England leaders in the survey reported salaries at $99,000 or less, with 22% – or more than one in five – making less than $50,000. Even at the higher salary levels in the survey, any suggestion that these nonprofit leaders are "well paid" should be weighed against the fact that 80% of respondents said they work more than 40 hours weekly, with 38% working more than 50 hours per week.

Board members overall also do not represent a majority high-income group, with 59% making less than $100,000, and 24% less than $50,000.

Leaders and Board Members What is your annual income?

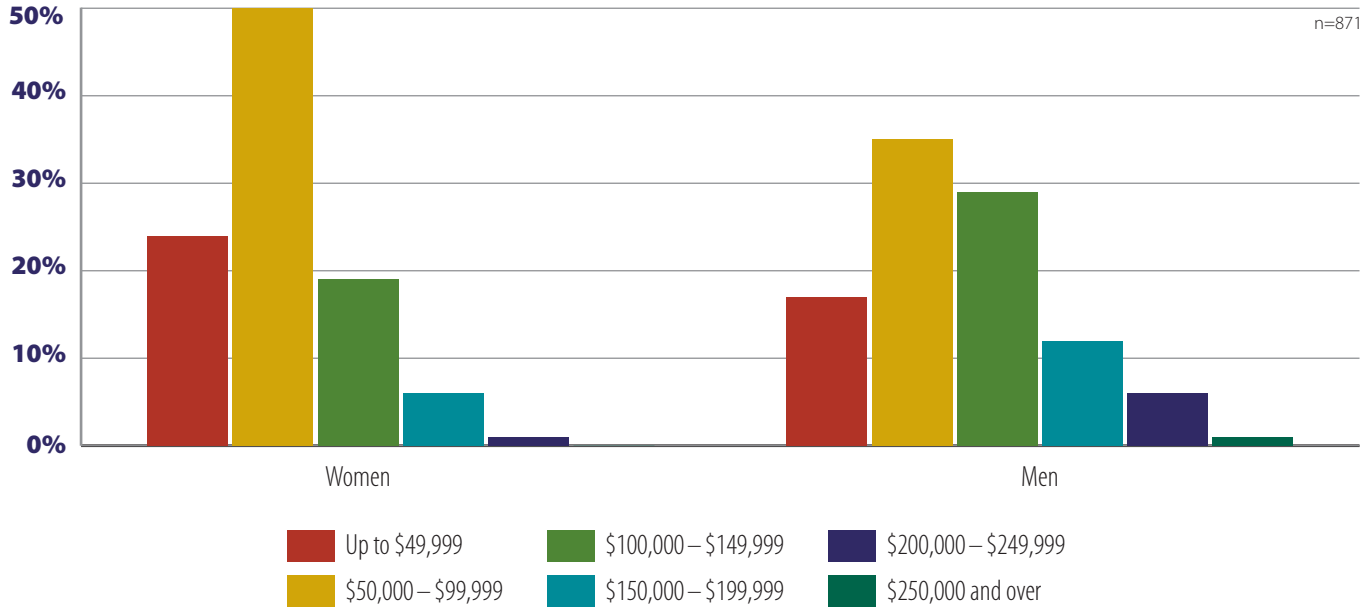


New England's leaders are a well-educated group; nearly two-thirds of respondents (64%) reported having a master's degree or higher. Even considering that the Northeast region generally has higher levels of educational attainment than other areas of the country, this group is still far above the national average of 12% of adults who have master's degrees or higher.[10]

When asked how their leadership positions affect personal/family finances, 51% of respondents reported a positive impact, while over a quarter (26%) reported that their personal finances were negatively impacted by their leadership position. In addition, the majority of respondents (72%) do not expect their organizations to offer a compensation or benefits package to them upon departure.

The survey findings echo national studies[11] in suggesting that a lack of financial security will, for many New England leaders, either delay retirement or encourage them to leave the sector. In fact, more than three out of four long-time leaders (77%) in one study said they are worried about their financial future.[12] Four in 10 New England leaders who say they will leave their roles in the next two years (40%) said they would consider staying if they could receive higher pay and better benefits.

Leaders Annual income by gender



DIVERSITY AND AGE

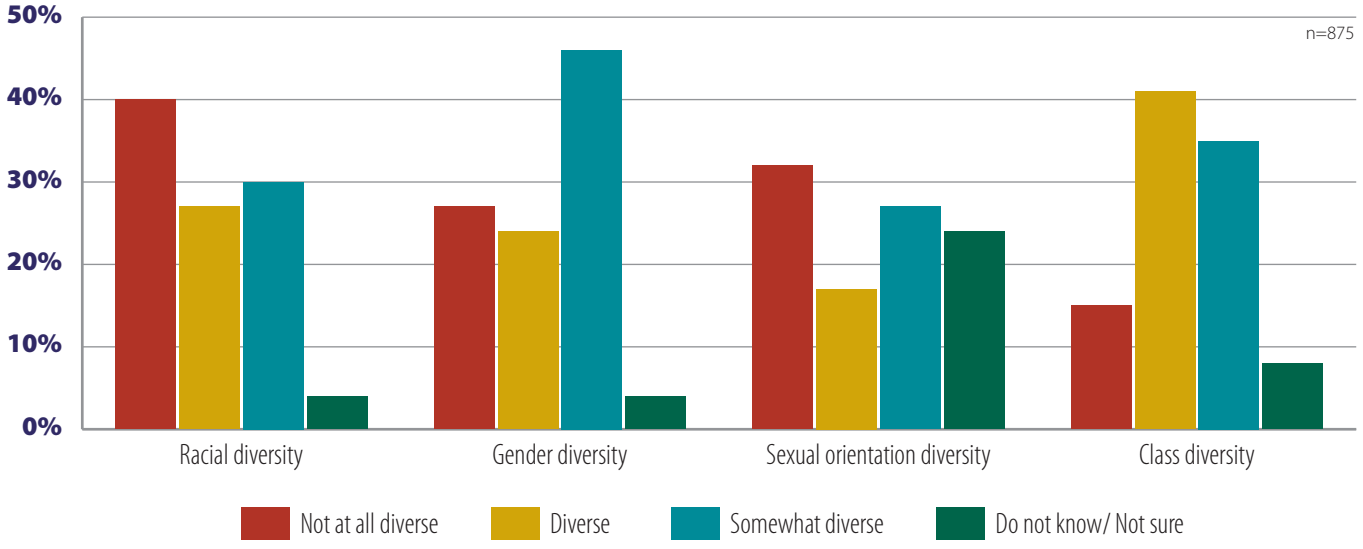
SUMMARY: *In a reflection of the region's overall demographics, New England's nonprofit leaders are a mostly homogeneous group, with a large majority of white and female leaders. But the communities and constituents served by New England nonprofits – and indeed by nonprofits across the nation – are rapidly changing. In Rhode Island and Connecticut, for example, the population of people of color increased by 31% and 45%, respectively, between 2000 and 2010, while the white population decreased by 4% in both states.*[13] *As the demographics of the region continue to shift, nonprofit organizations will need to develop the capacity to cultivate and hire diverse leadership.*

The majority of leaders responding to the survey were white (87%) and female (68%). Responding board members were also mostly white (86%) and female (59%). The lack of racial and ethnic diversity among survey respondents mirrors national findings about nonprofit leaders. For example, BoardSource's 2014 national study, *Leading with Intent*,[14] found that 89% of nonprofit CEOs were white, as were 90% of board chairs and 80% of board members.

The predominance of women leaders in New England echoes national data showing that gender diversity has improved on both nonprofit boards and in leadership positions. However, national studies show that women still hold fewer leadership positions at large nonprofit organizations, and they are paid less overall than male counterparts by anywhere from 11 to 36% depending on organization budget size.[15] The New England results show that there is a significant difference in the distribution of salary by gender: those receiving salaries in the $100,000–$199,999 range are more likely to be men, and those receiving salaries of $50,000–$99,999 are more likely to be women.

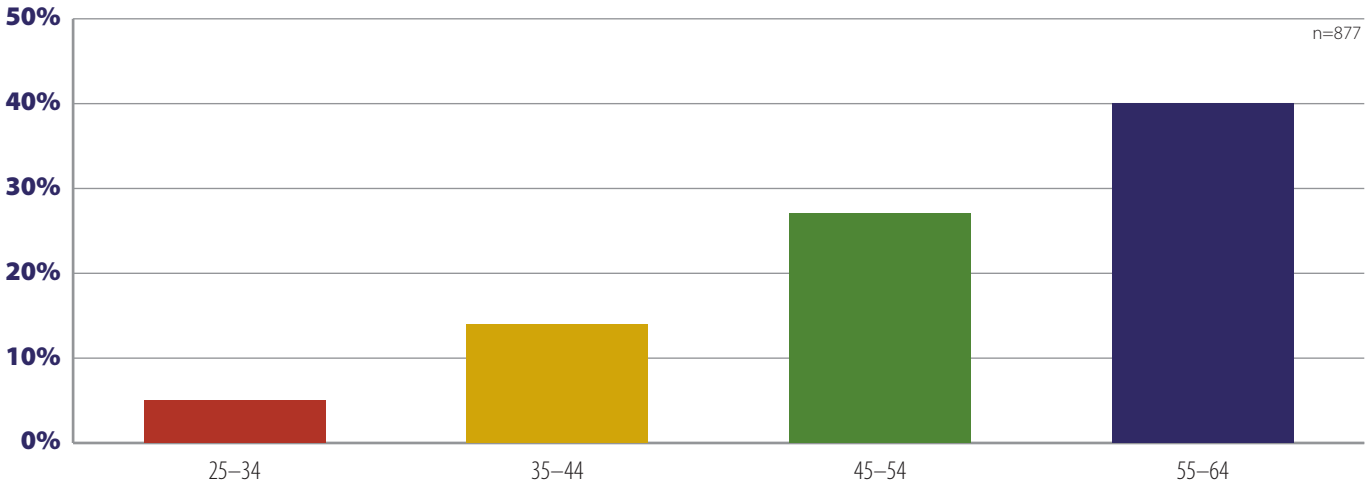
Despite the lack of racial and ethnic diversity among organization leaders, respondents to the New England survey reported that the staffs of their organizations are fairly diverse.

Leaders Assessment of staff diversity



More than half of leaders responding to the survey (53%) were 55 or older, and four out of five (80%) were 45 or older. Responding board members were older than the leaders who report to them; 61% of board members were older than 55 at the time of the survey, and 30% of board members were 65 or over compared to 13% of leaders.

Leaders What is your age?

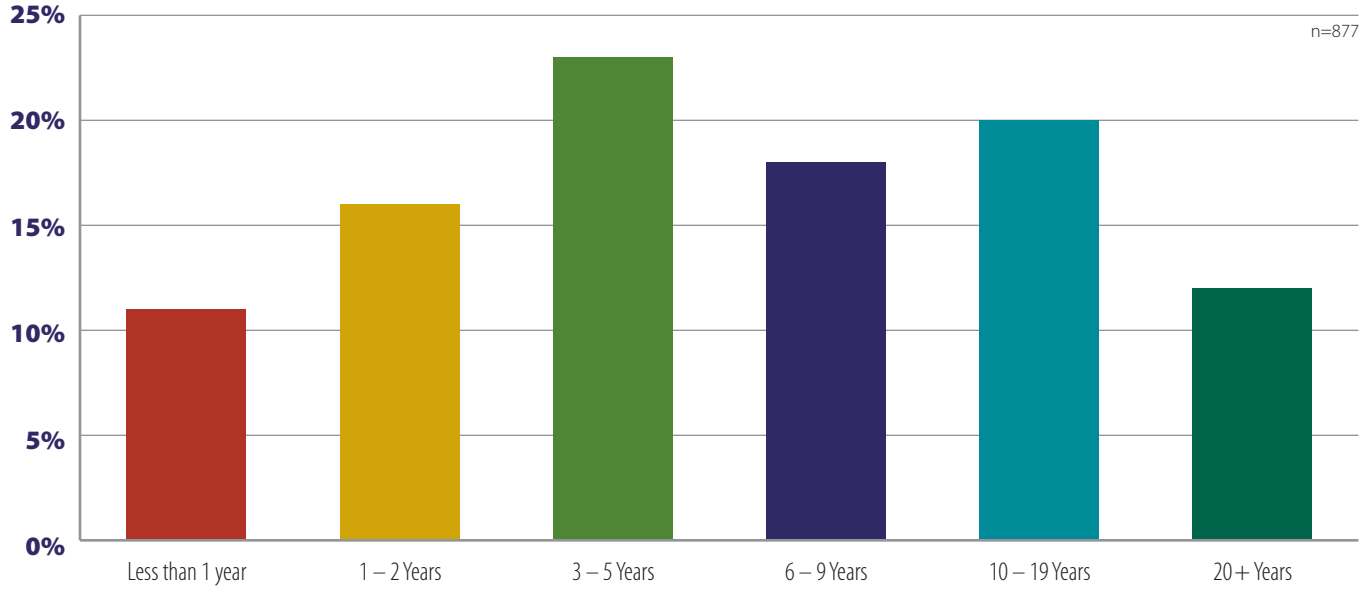


EXECUTIVE TENURE AND TRANSITIONS

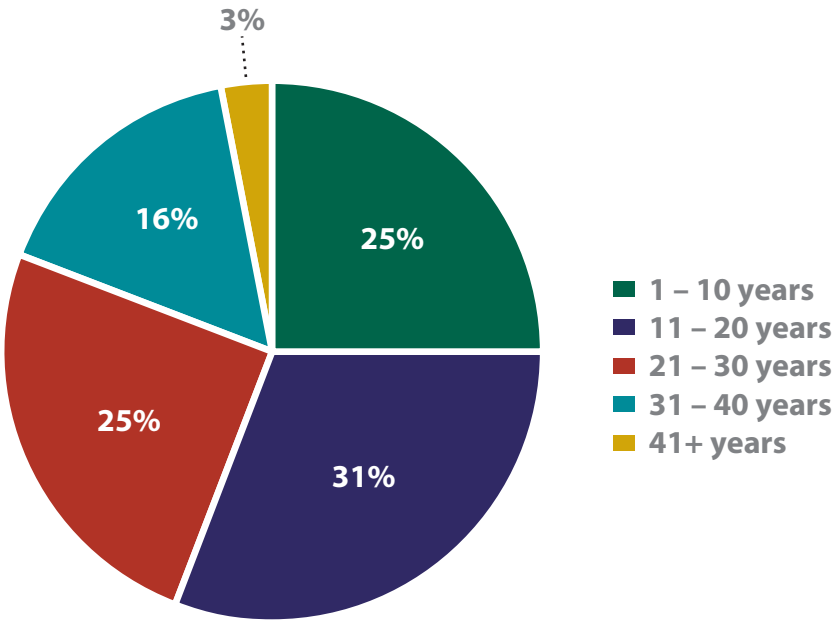
SUMMARY: *The nonprofit sector in New England faces a looming leadership transition. A significant number of leaders have served in their current positions for more than 10 years, over half are age 55 or older, and many have worked in the nonprofit sector for decades. With large numbers of leaders saying they will be leaving their current jobs in the next five years, it's time to focus on how to attract and support new leaders for the decades to come, while at the same time addressing structural issues that make it hard for many leaders to envision staying in the sector over the long haul.*

One-third of nonprofit leaders in the survey (32%) have been in their current jobs for 10 years or more, while one in four (27%) have been in their current jobs for two years or less. A substantial number of leaders reported long tenures in the nonprofit sector, with 75% holding sector jobs for 11 years or more and 44% having worked in the sector 21 years or more.

Leaders How many years have you been in your current position?

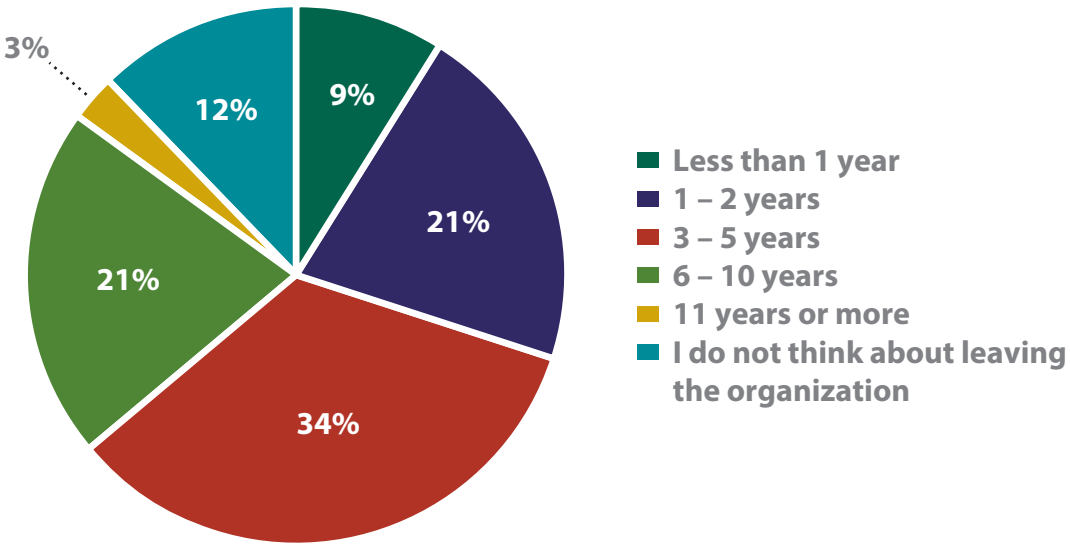


Leaders How long have you worked in the nonprofit sector?



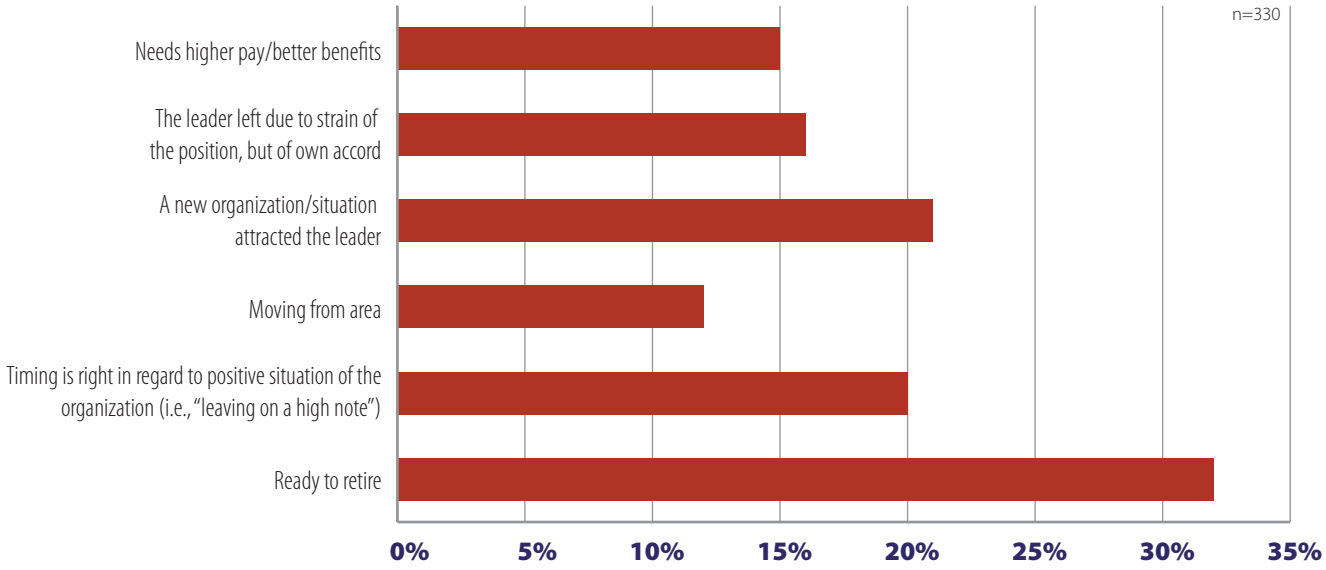
No matter the joys or the challenges associated with their leadership, a significant majority of respondents (64%) said they will leave their current positions within five years; 30% reported they will leave within two years, and 9% within one year. The percent of leaders saying they will leave within five years has remained fairly stable across several similar studies over the last decade.[16] Board member responses about leader tenure echoed these findings, with 69% of board members saying the leaders of their organizations will leave within the next five years, and 25% saying those leaders will leave within two years.

Leaders How long do your foresee remaining in your current position?



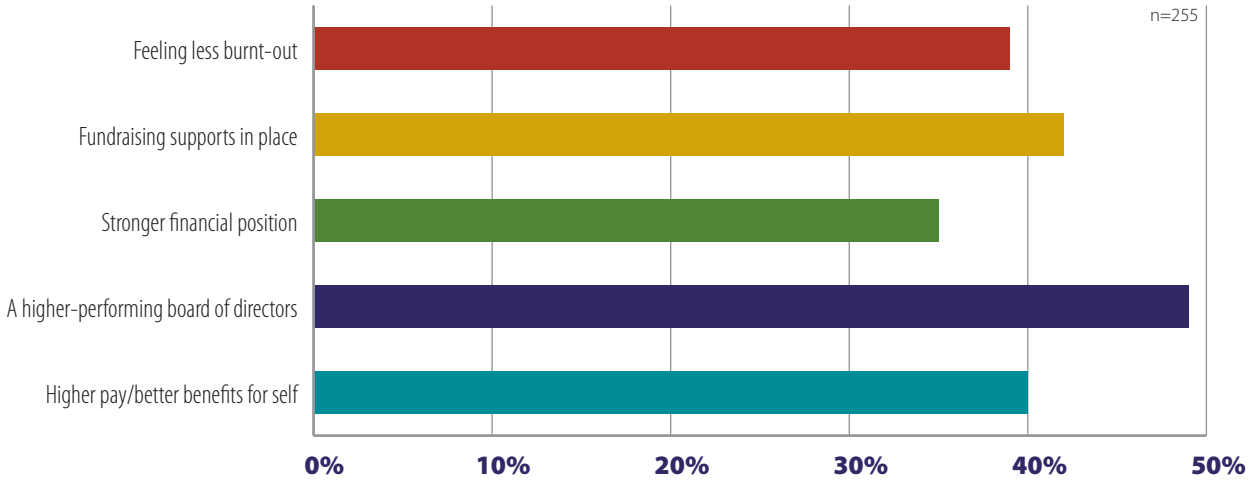
Boards reported that the majority of current planned departures are based on leaders' readiness to retire, a new opportunity that attracted the leader, or the fact that the timing is right for the leader to leave on a high note. Just 16% of board members said leaders were leaving voluntarily due to strain, and only 2% of board members reported that leaders had been terminated. In comments elaborating on why a leader was leaving, board members cited additional reasons such as a need for work-life balance, family issues and leaving due to illness.

Board If your leader has announced a transition, what do you believe contributed to the person's decision to leave?[17]



For those leaders who said they were planning to leave within two years, the top conditions that might make them stay in their jobs included a higher-performing board, fundraising support, and higher pay or better benefits. Other factors that might help retain these leaders included: higher pay/better benefits for employees (27%); a new challenge that could recapture their energy/focus (27%); and a clear succession plan (24%).

Leaders If you are planning to leave within two years, what conditions might make you consider staying longer?



Many leaders planning to leave within two years commented on the need for more staff support; either they want current staff to step up and provide "stronger internal leadership and program delivery," or they want more resources to hire the appropriate amount of staff. Among the comments of leaders planning departures: "[I need] more staff to do the program/administrative work, so I can do the executive director work."

Many leaders planning on a transition said they want to shift to teaching, and some plan to remain at their organizations in a capacity that reduces their leadership responsibilities. Others want to move into a position with more influence, or make a lateral move to a different nonprofit organization and new challenges.

Finding a higher level of life-work balance is a consistent focus among these transitioning leaders. "I want to work in a way where I have more time for myself and my family," wrote one. Another expressed a desire to "spend significant quality time with family and continue long-term eldercare role as necessary." Wrote another: "I took my current position because it was part-time. I have helped to increase the capacity of the organization so that it now requires a full-time director. I intend to step down into a part-time position within the organization and allow them to hire someone who wants full-time work."

"I inherited an organization that looked healthy on the surface, but had many underlying problems."

"Seriously, financially challenged organization in need of a turn-around, with no history of attempts to attain sustainability."

"A financially frail organization with a dysfunctional board and no staff."

"Under-utilized, under-funded, unconnected, untrained staff, unengaged board, crumbling facility."

High Expectations: Many Are Leading Challenged Organizations

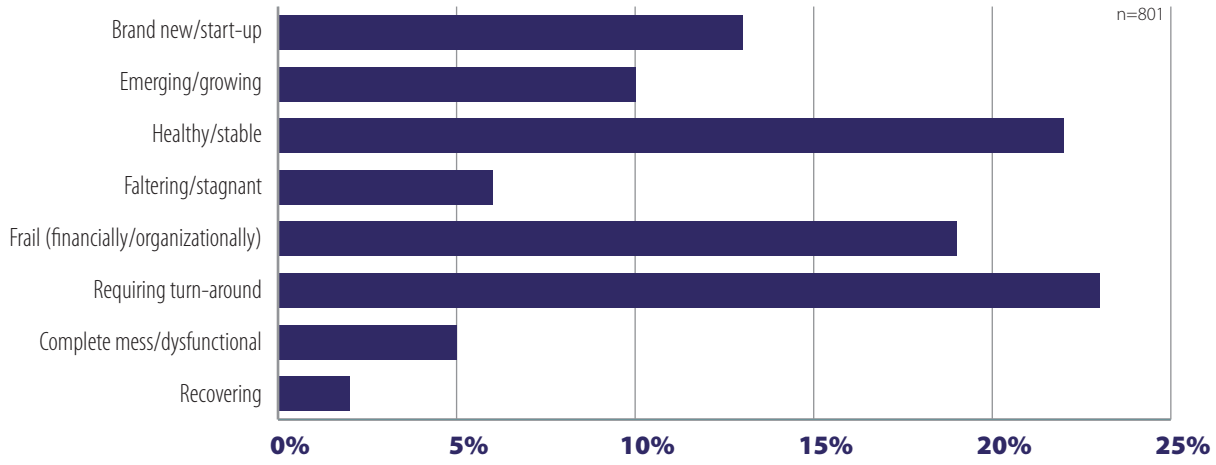
SUMMARY: Many nonprofit leaders walk into challenging scenarios from the very start of their tenure, as they are often tasked with strengthening struggling organizations or resolving problems that developed under a previous leader. Others are founders or are faced with moving a very young organization to a phase of stability or growth. That almost one in five leaders in the survey reported that their organizations were financially or organizationally frail, and almost a quarter required turnarounds affirms a need for more support for these leaders to meet the lofty expectations of funders, boards and communities.

One in five leaders (22%) described inheriting healthy, vibrant organizations. However, a substantial segment reported inheriting organizations that were financially or organizationally frail (19%) or in need of a turnaround (23%), conditions that were described by one leader as "code blue." More than likely, these leaders assumed their positions needing to address challenging situations that contributed to the end of their predecessors' tenure. From the very start, these leaders were forced to play catch-up before they could lead from a place of organizational stability. When leaders were asked about their first priority upon assuming leadership, "stabilization" came up more than any other response. These leaders spoke about inheriting organizations that needed to improve operations and management or restructure staffing.

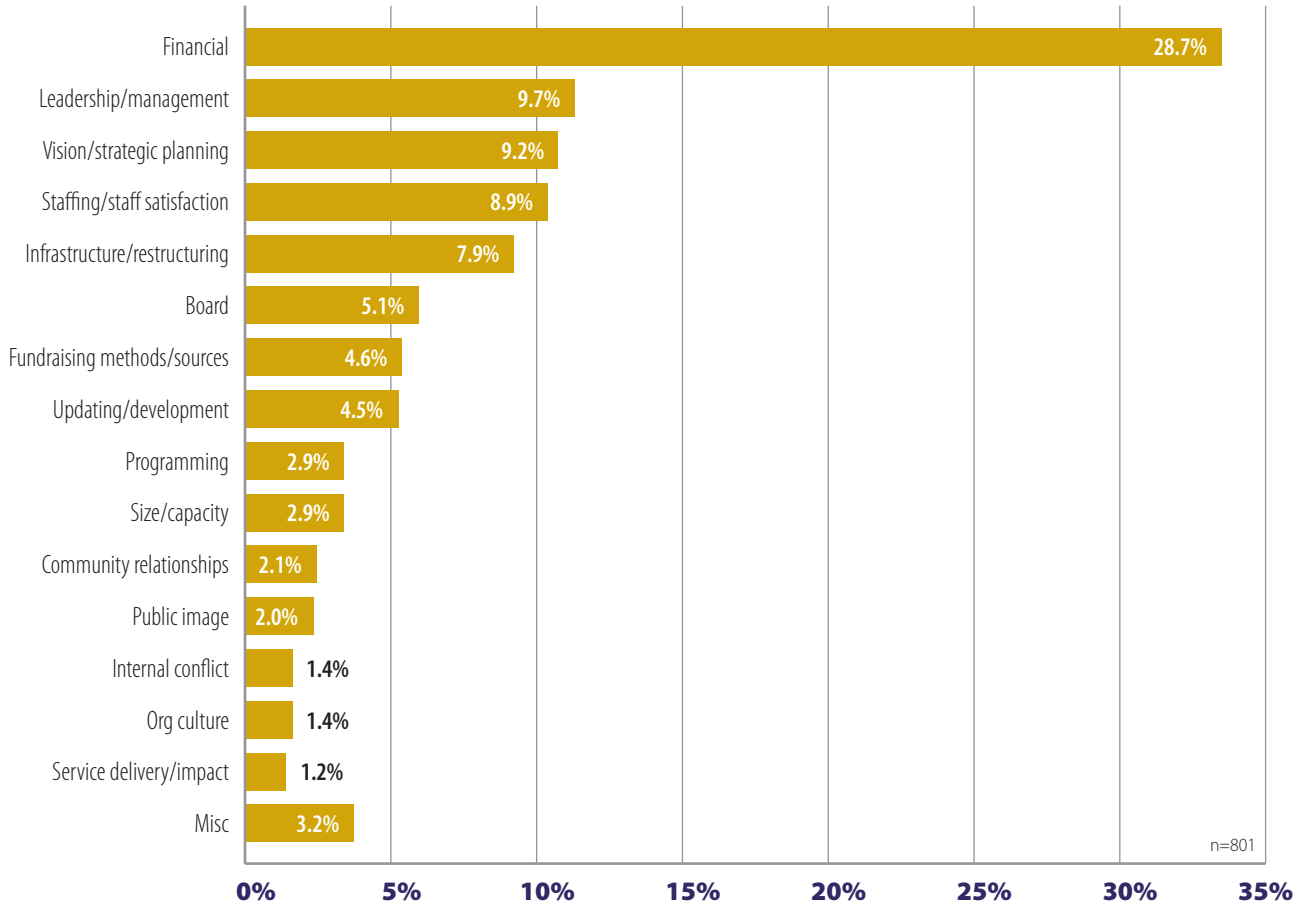
Another smaller segment (6%) described inheriting organizations that were faltering or stagnant. Some of these "tired" organizations were variously described as needing to revitalize their vision, move from a long-term founder by adopting new ideas and "new blood," or shift from "operating on autopilot" or "staying afloat but going nowhere."

Leaders' responses showed that overall, financial issues were their biggest concern when they assumed leadership – an answer two to three times more popular than the next several categories – followed by other common issues such as leadership, vision, staff satisfaction, and infrastructure. Even those who considered their organizations "healthy" identified areas of need.

Leaders What was the general situation you inherited when you assumed your leadership?



Leaders What were the issues with your organization when you assumed your leadership?



The **Challenges** and **Concerns** of New England's Nonprofit Leaders

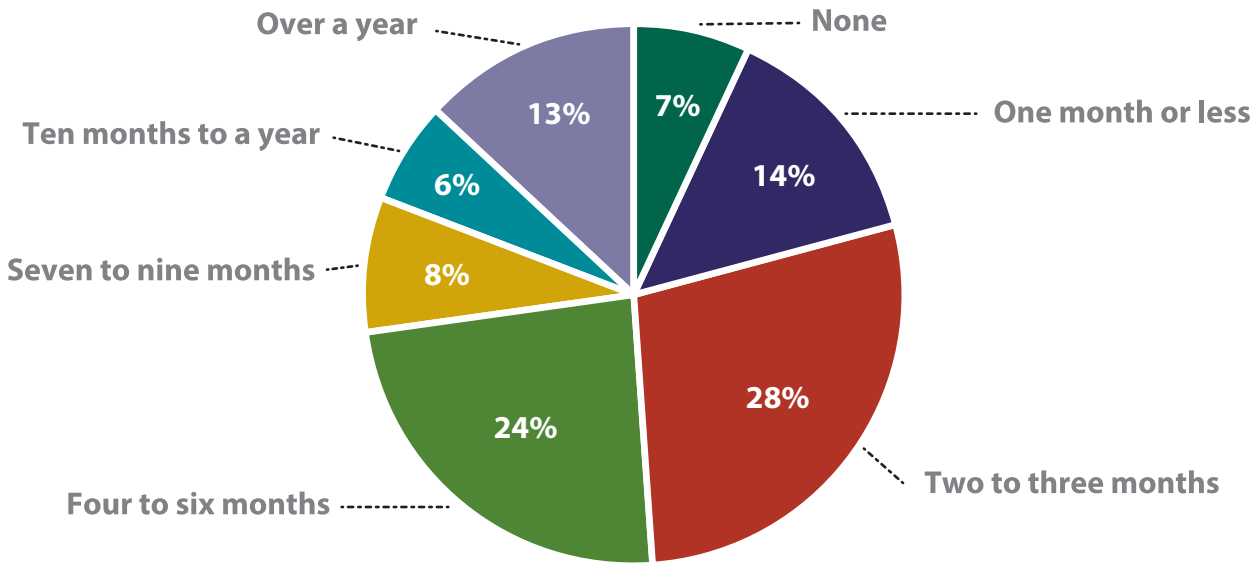
Like their counterparts across the country, New England's nonprofit leaders confront an array of urgent challenges in their day-to-day work. The top priorities facing New England leaders include fund development, challenges relating to the board and board-executive relations, succession planning, and staffing issues, including the need for professional and leadership development. In many cases, the degree to which leaders are able to address and overcome these challenges successfully will determine the success or failure of their organizations. Nonprofit leaders cannot address these challenges on their own. They need support from funders, peers and others to help them build strong, sustainable and viable organizations.

FUNDRAISING

SUMMARY: *Fundraising remains a chronic pain point for leaders and their boards, both in New England and across the country. The New England survey affirms that overall fundraising is a challenge in the region, as well as a possible source of tension in board-executive relations. Leaders have high expectations of boards regarding fundraising, and board members feel they need more fund development supports in order to increase their effectiveness.*

The degree to which fundraising is a challenge for many New England nonprofits can be seen in the survey's findings about the financial health of these organizations: 49% of leaders report their organizations have three months or less of cash reserves. Board members report that 44% of their organizations have less than six months of liquid operating funds.

Leaders How many months of cash reserves does your organization have?



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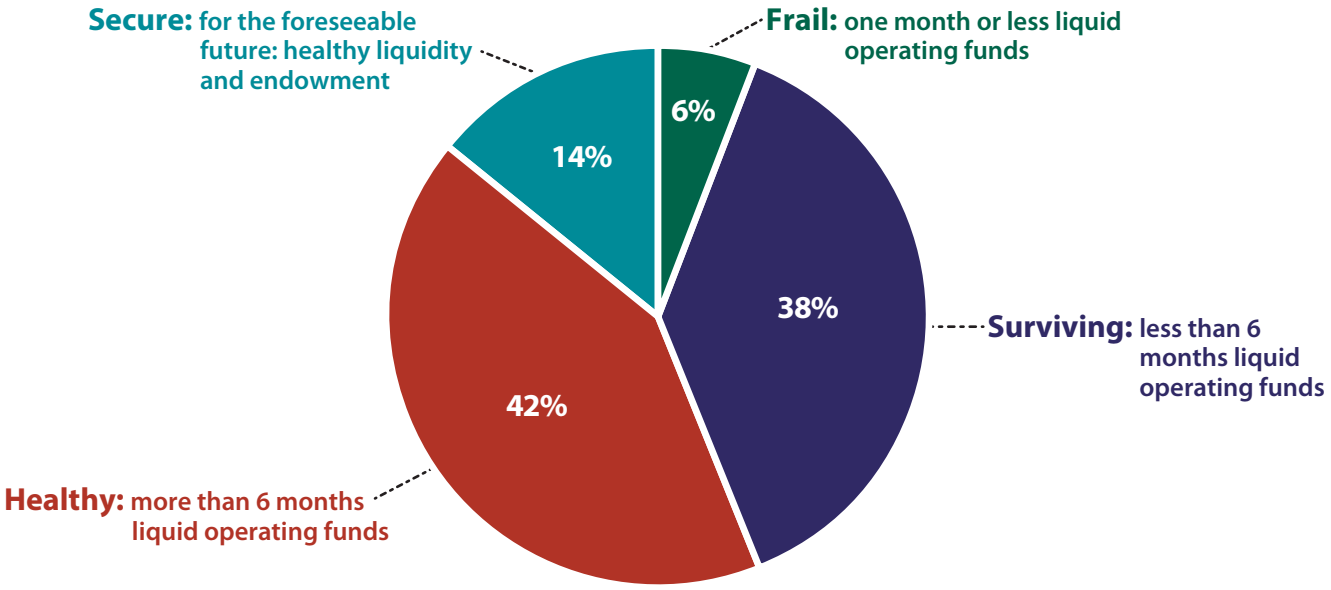
Boards How would you characterize your organization's financial health?



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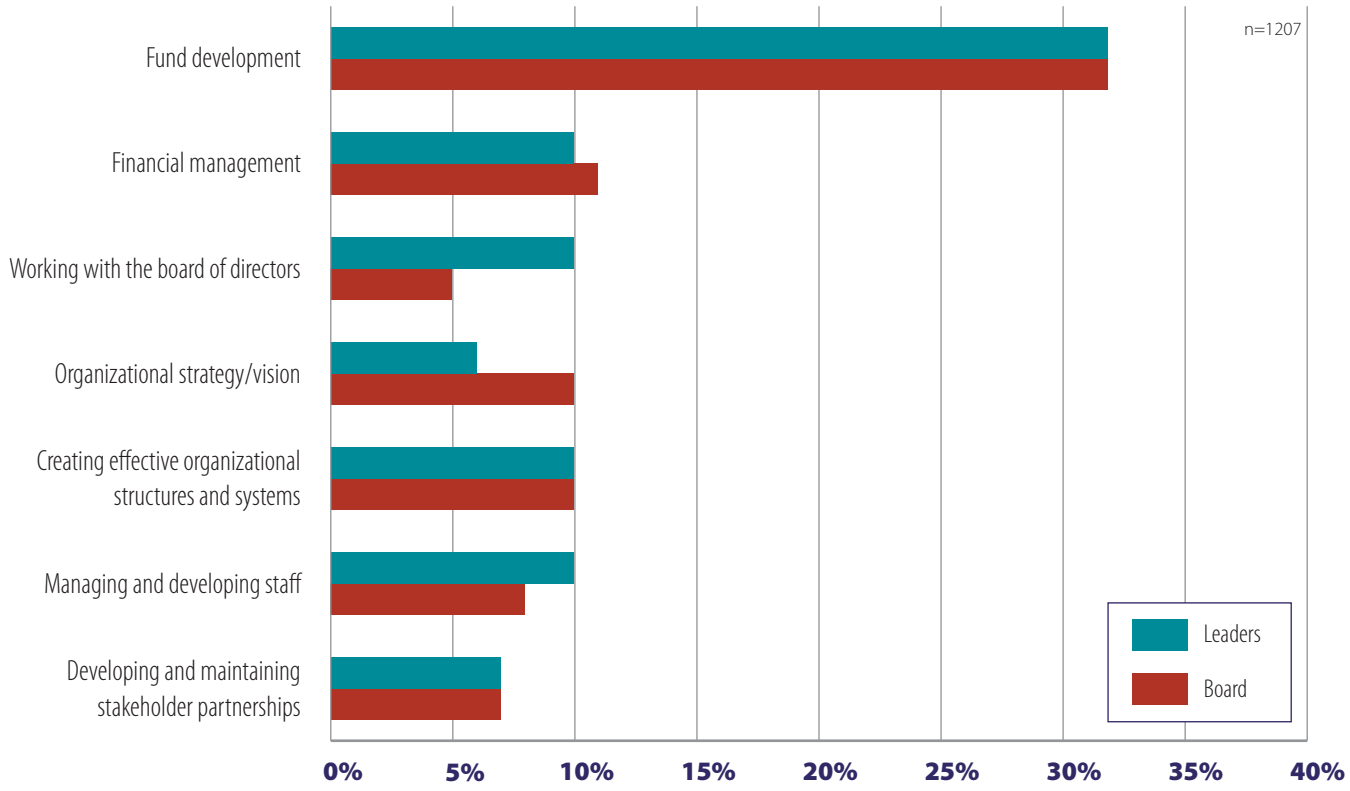
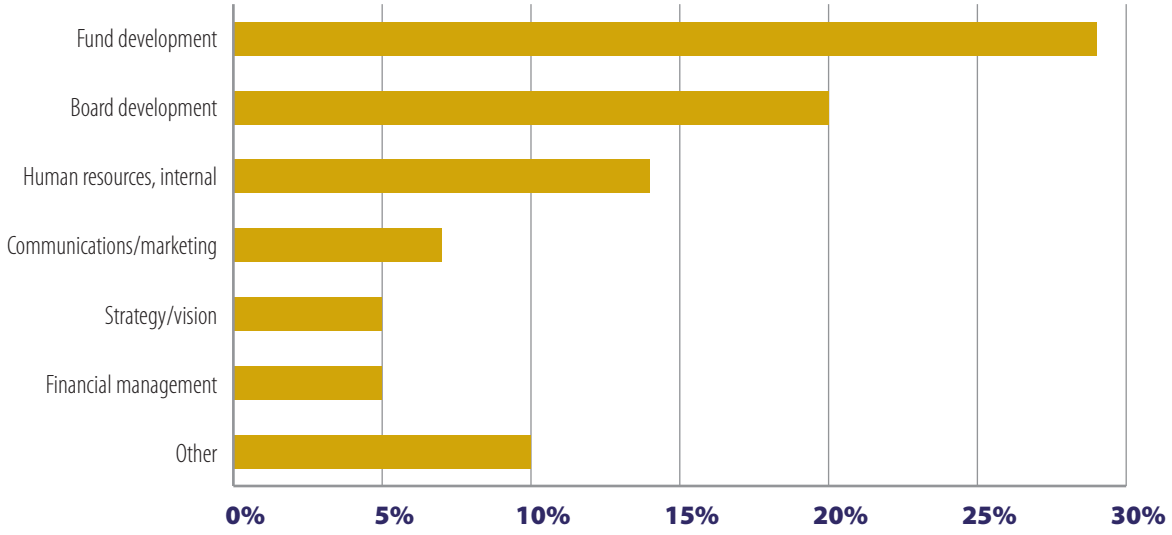
It's not surprising, then, that 54% of board members ranked fund development as the most challenging issue facing their organization's leader. Fund development, in fact, received six times as many votes as the next most challenging category. Similarly, 51% of leaders identified fund development as their most challenging issue; it received five times more votes than the next most challenging category.

Leaders and Board Members What is most challenging for the leader?



Leaders responding to the survey also were asked to identify two or three areas where they need the most support in order to lead the organizations more effectively. Support for fund development (from the basics to figuring out major donor campaigns) was the number-one area where respondents said they need support, followed by board development. Financial and fundraising issues were also identified by 30% of leaders as critical areas they needed to contend with when they first entered their leadership roles. In fact, some of those leaders seeking support for board development specified that they wanted help to get their boards to fundraise more effectively or to help the leader with fundraising. Board members agreed, with 54% responding that their boards need significant support with fund development, and 41% responding they need at least some support.

Leaders In what areas do you need the most support to lead your organization more effectively?



While leaders and board members rated themselves as effective across almost all domains, board members rated themselves markedly neutral in fund development. Similarly, while leaders and board members rated each other as effective on almost all criteria, leaders were more likely to rate their boards as neutral at fund development (in addition to public policy/advocacy).

The Leadership New England survey findings on boards and fundraising align with the national data in the CompassPoint Nonprofit Services report, *UnderDeveloped*, which found that "levels of board engagement in fundraising are still woefully inadequate." According to that survey, three out of four executive directors (75%) – and 82% of executives among organizations with operating budgets under $1 million – call board member engagement in fundraising insufficient.[18]

BOARD EFFECTIVENESS AND BOARD-EXECUTIVE RELATIONS

SUMMARY: *Boards appear to be mainly satisfied with the leaders of their organizations, while leaders are more neutral about their boards. For some, particularly those planning to leave within two years, frustration with boards ranks as a top reason for their planning to depart. The mismatched perceptions of the board-executive relationship indicate that leaders and boards are not spending enough time developing shared vision, assuring organizational alignment, checking in with each other on meaningful matters, and clarifying assumptions. The bottom line: The relationship between leaders and boards is lacking in healthy and effective communication.*

The Leadership New England survey surfaced general agreement among responding board members and leaders that boards are most effective at upholding the mission of the organization and overseeing its finances. The biggest gaps between board and leader ratings of board effectiveness were on the issues of public policy and

"The board has historically been in the weeds operationally and I am working for them to focus on governance issues."

"The newly elected Executive Committee of the Board and I have differing visions for the organization. As a result, I am being micro-managed in every aspect."

advocacy (28-percentage-point gap), supervision and guidance (22-point gap) and fundraising (22-point gap). Not surprisingly, both leaders and board members tended to rate themselves as slightly more effective than they were rated by their counterparts on all issues.

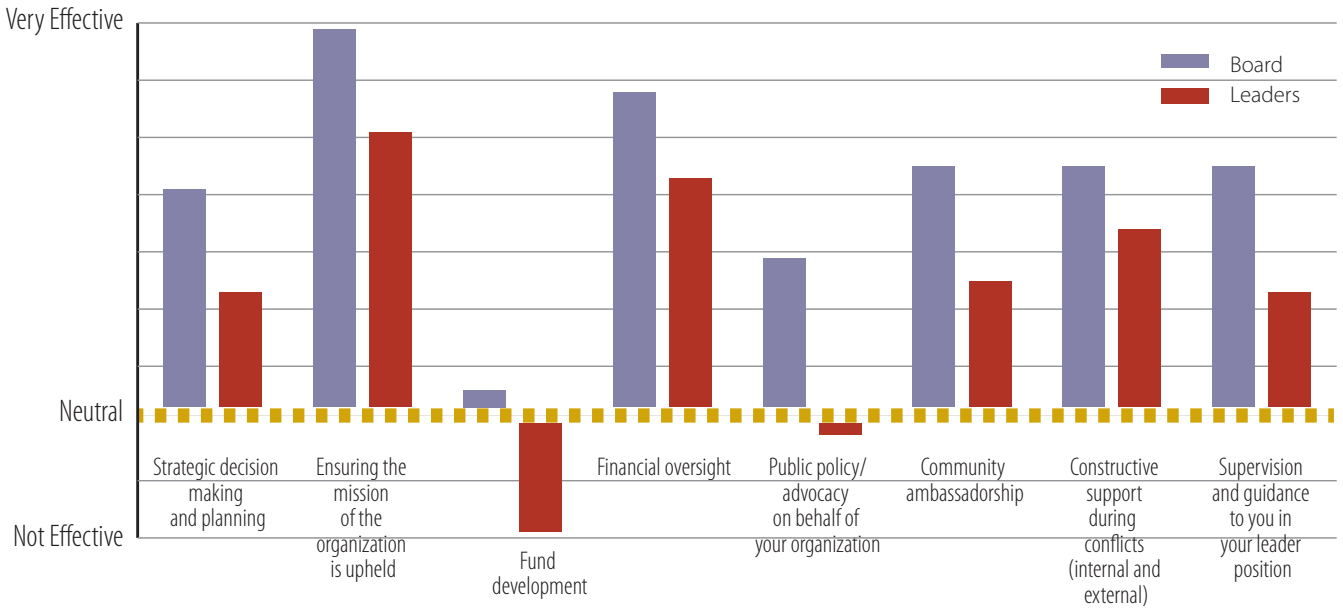
Leaders planning to leave their posts within two years ranked working with the board of directors as the second biggest challenge after fund development; by comparison, it ranked as the fifth biggest challenge among all leaders. Many leaders expressed a desire for more organizational strategy and vision from their board of directors, and a focus on improving overall governance.

Overall, only a slight majority of leaders (56%) said they are satisfied or very satisfied with their board's performance. Nearly a quarter of leaders are dissatisfied or very dissatisfied with their boards, with 18% saying they are neutral about their board's performance.

Conversely, 84% of board members are satisfied or very satisfied with their leaders, with only 8% saying they are very dissatisfied or dissatisfied. More than eight in 10 board members (82%) also reported a strong or very strong relationship between the board and the organization's leader, while only 6% reported a weak or very weak relationship. Board members said that on the whole they feel they work in partnership with leaders, rather than the leader or the board dominating the relationship.

The divergence between leaders' and board members' assessments of the board-executive relationship suggests that leaders may be struggling in silence in their relationships with their boards, reluctant to raise issues or concerns.

Leaders versus Boards How would you rank the Board's effectiveness?



Seeking Better Feedback from Their Boards

Leaders in the survey expressed interest in honest, consistent and constructive feedback to help them do their jobs better. But many indicated that they are not getting this from their boards.

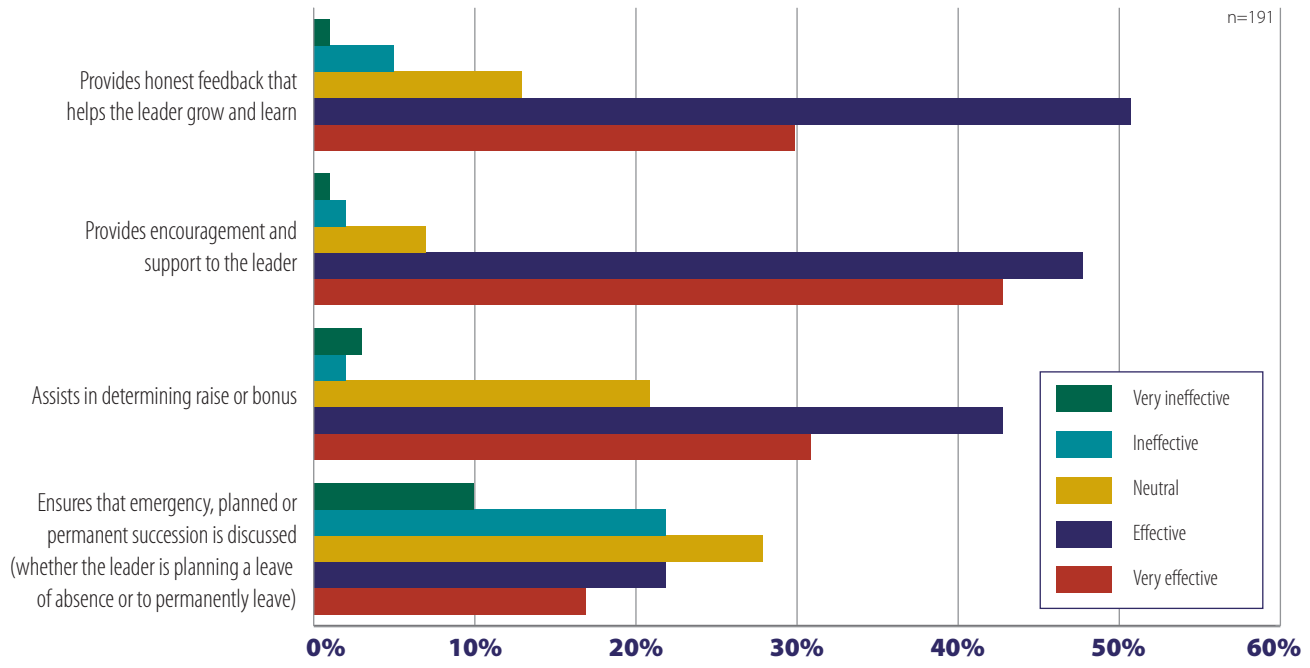
Half of leaders (**50%**) reported they have an annual review with their board, while another **10%** reported having received such a review in the past, but not annually. The remaining **40%** have never received a review.

Of the board members who reported conducting annual performance reviews of their leaders, many reported some level of dissatisfaction with the effectiveness of the review, especially in the area of succession planning.

From leader comments, it's clear that many if not most want a better process for talking with their boards about their performance. One leader wrote, "I want more than a form. I want a conversation with the board about performance and goals and challenges."

"I want more than an evaluation form. I want a conversation with the board about performance and goals and challenges."

Board Please rank the effectiveness of the annual review



"We are not in a place that I am doing one job for the organization, so I am hard to replace at current weak salary and no benefits. First we have to improve our pay, benefits and increase other staffing so I could be replaced – it is a goal of mine . . . everyone should be replaceable."

"Every position is about one person deep. Every time someone leaves it is a succession issue."

SUCCESSION PLANNING

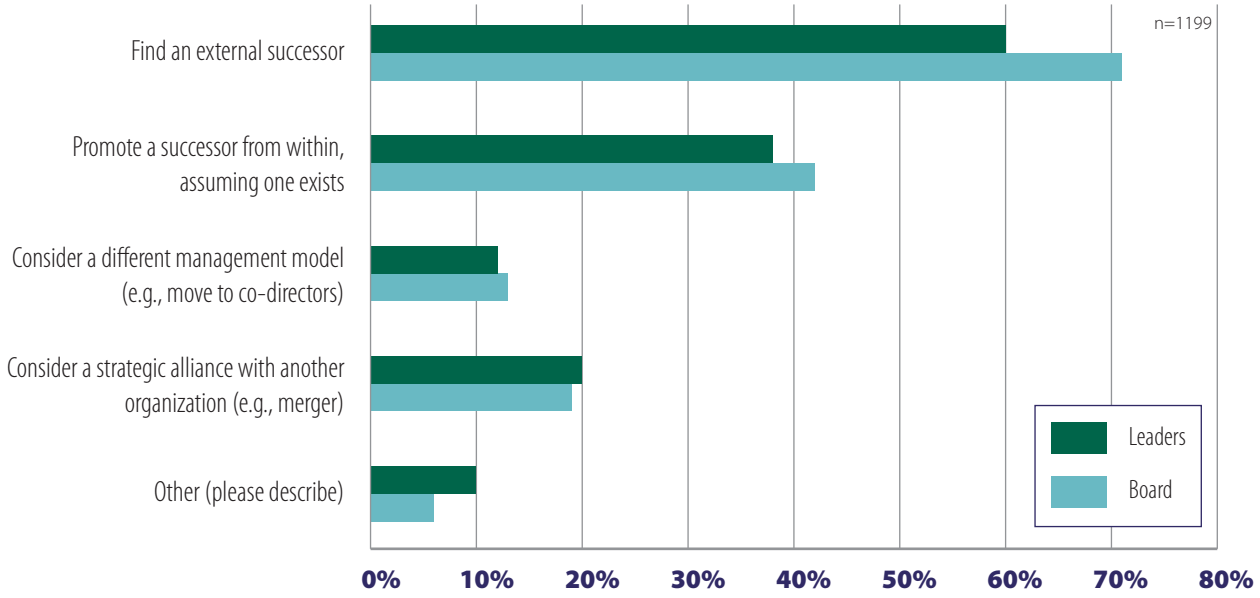
SUMMARY: *Succession planning has been a hot topic in the nonprofit sector for many years, with funders, sector leaders and capacity builders regularly making the case that organizations should make it a priority. Even as the sector faces a looming leadership transition, New England nonprofits appear unprepared for the challenge of finding and grooming future leaders.*

Despite the inevitability of a leader's departure and a decade's worth of increased information and expert support, about six in ten New England leaders (58%) and board members (62%) said their organizations do not have any type of succession plan in place. In a related finding, 32% of board members reported that their organization is not effective at ensuring that emergency, planned and permanent succession is discussed at the leader's annual evaluation.

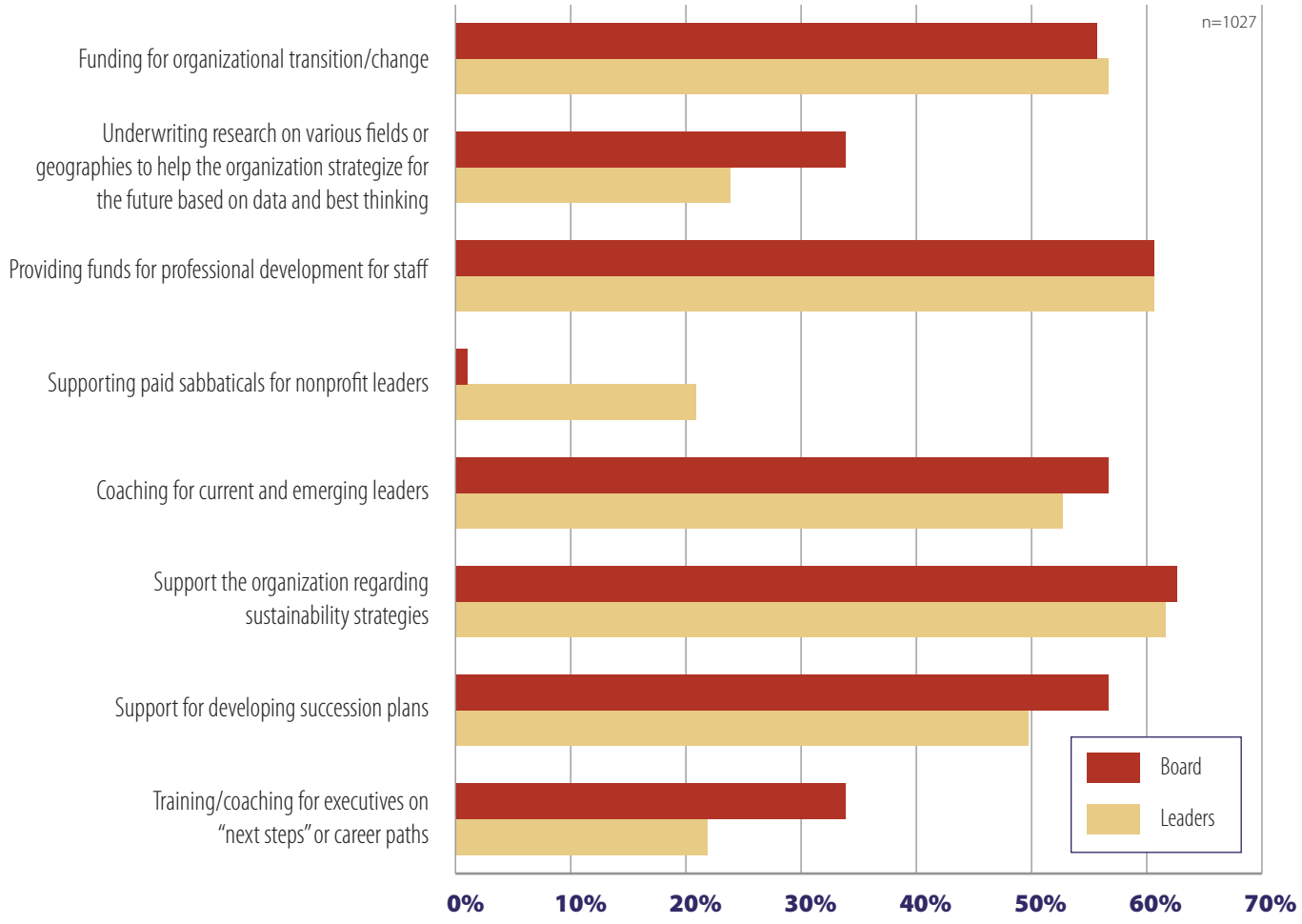
The lack of succession planning among so many organizations may be attributed to multiple factors: a lack of resources to support the work, weak communication between leaders and the board (particularly when it has to do with the sensitive topic of a leader departing), and a misperception about what succession planning is and is not. When asked to rank what they think is an essential support their organization needs to prepare for a leadership transition, leaders and board members selected the same top five supports from a list of eight but in different order of priority. At the top of the list for both groups: supporting the organization around sustainability strategies, providing funds for professional development, and funding for organizational change work.

Board members are responsible for leading an organization through an executive transition, so it makes sense that they would rank support for developing succession

Leaders and Boards If the leader were to leave the organization, what would you recommend to the board?



Leaders and Boards What support are you or your organization likely to need in preparing for a leadership transition?



plans as their second top choice, whereas leaders rated it fourth.

When asked what kinds of transition support would be "nice to have," substantial groups of leaders expressed interest in the following: supporting paid sabbaticals for nonprofit leaders (46%); coaching for current and emerging leaders (41%); and training/coaching for executives on "next steps" or career paths (36%).

Leaders and board members offered mostly similar recommendations about how their organizations should proceed with a transition, but board members are more likely to recommend finding an external successor and less likely to recommend a strategic alliance with another organization.

Leaders also offered a range of perspectives on finding successors, from conducting a national search and using professional services to expressing the belief that this was solely the purview of the board of directors and the leader should not be involved. Some felt their organizations should strongly consider mergers.

Some leaders stressed grooming successors from within, while others noted a lack of capacity among current staff to assume leadership.

"Funding and training to help with organizational development through transition would be useful. It would also be helpful to have access to a library of model documents, such as RFP models for hiring an interim director."

"There are people at different levels of readiness, but not enough time to support them all. Or money."

"We can't hold on to staff long enough because of finances. They love their jobs but need to pay their bills. Every time I groom a staff member for the next level they find a job elsewhere and we are back to ground zero."

"Current managers are not ready for promotion so would have to recommend outside search."

"Do a search that includes internal and external candidates."

"I need to be able to afford appropriate infrastructure (primarily staff—quality and quantity), so that I can focus on leading, and not managing."

BENCH STRENGTH AND STAFF DEVELOPMENT

SUMMARY: *Experienced and skilled staff is a critical element of nonprofit effectiveness. Yet the nonprofit sector lags behind the corporate sector when it comes to investing in core staff, as well as professional and leadership development. The social sector would have to spend two to four times as much for leadership development to be in line with the corporate sector.*[19]

Despite the majority of leaders reporting that they have management teams, only about one-third (32%) of all leader and board respondents said they believe there is enough "bench strength" in their organizations, which the survey described as "people who can step into leadership/management roles if and when needed." In addition, nearly two-thirds of leaders (64%) and half of board members (52%) said they do not believe there is someone on the staff who could succeed the executive. Of the 36% of leaders who do believe that someone from within could succeed them, over half (56%) were intentionally grooming that person to replace them.

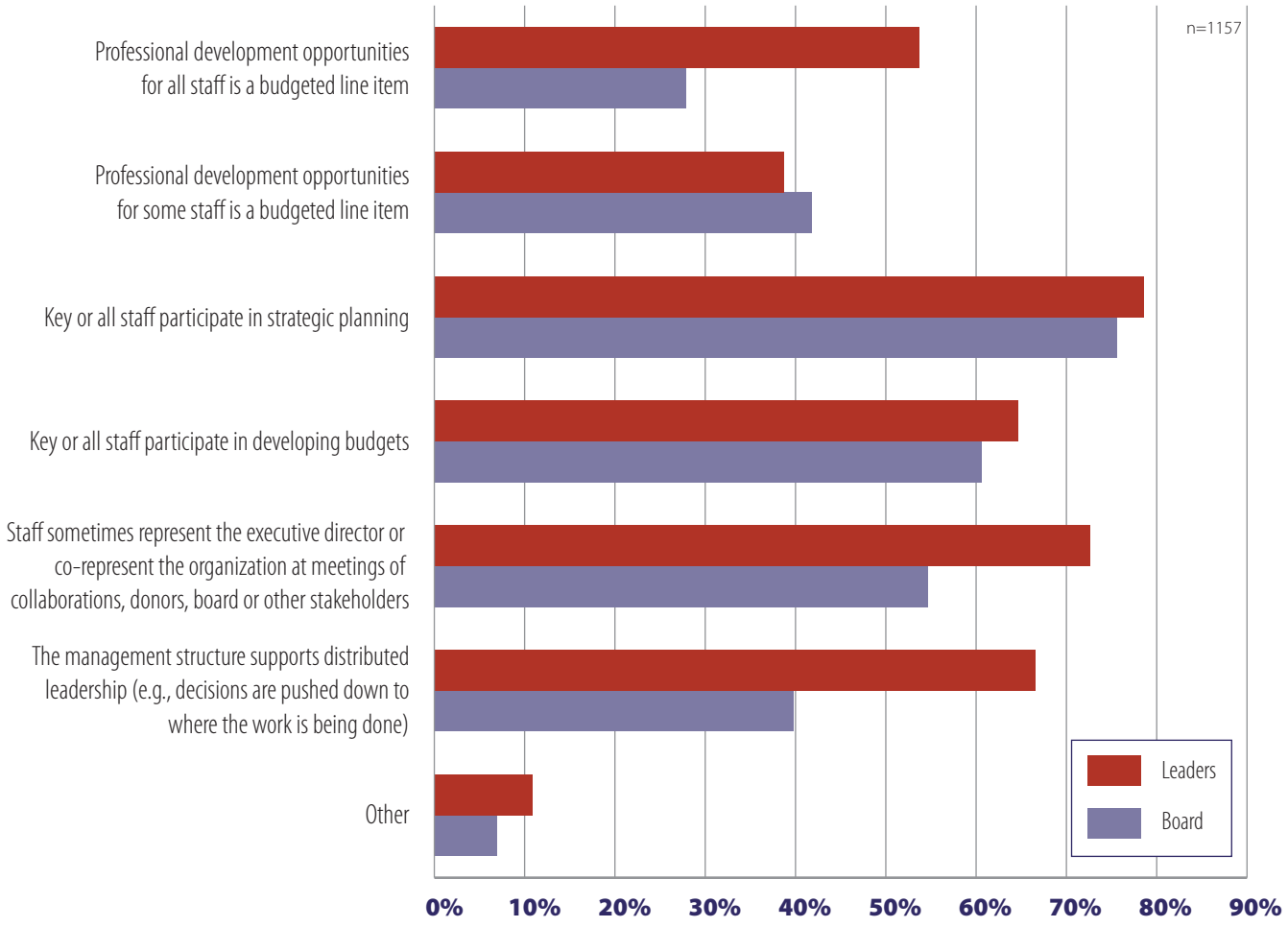
Nine out of 10 leaders (90%) said they delegate to someone, whether a management team, key staff, or other individuals in the organization. For the 30% of leaders who reported that they do not have a management team, many said they delegate to COOs, program directors, or finance managers/bookkeepers. Very few mentioned development directors and fewer still identified human resource directors, which illustrates how thin the layer of management is in many nonprofits. One leader put it very succinctly when asked to whom he or she regularly delegates tasks: "me."

Leaders noted many creative responses to how they "fill the bench." Some use volunteers, including board members, some fill in with consultants, and others use external partners. Many leaders added comments that spoke to the challenges of having a thin staff or not having enough time or money to develop or retain them.

Only half of leaders said their organizations budget for staff professional development. Those leaders whose organizations do budget for professional development were significantly more likely to think their organizations have enough bench strength.

In the absence of financial resources and time to support professional development, many leaders and board members said they look for other opportunities to provide ongoing leadership development to staff. The survey asked leaders to rank six practices that demonstrate delegation and strengthening or broadening of staff skills.

Leaders and Boards How does your organization strengthen its staff?



Leaders What strategies are you using to develop your staff?

1. "We are working towards distributed leadership. We collaborate and work together to find the best solutions."
2. "We have a cross-organizational collaborative management method which is working well."
3. "Organization was flattened by eliminating a level of senior management."
4. "Extensive cross training across program functions; nurture talent and knowledge by offering ways for staff to opt-in to opportunities that may be out of the scope of their job description, for example public speaking, committee leadership in-house or among peer groups in the field, etc.
5. "Every other staff meeting focuses on a question/issue to maintain a healthy organization culture."
6. "We are getting better and making a hard effort to push decision making down."

"I feel like I am right at my 'growing edge,' and I'm not sure where/how to learn the skills to take me and/or the organization to the next level."

"[I want] concrete ideas for how to improve my performance, perhaps outside support for learning new ways to perform better."

Whether their organizations have resources for professional development or not, most leaders stated in their comments that they would request more peer convening, coaching, scholarships to send staff to training/conference opportunities, and more sophisticated training opportunities for seasoned leaders.

For their own professional development, leaders were asked what types of support they find most useful. Most cited free and low-cost tools such as reading articles/books/writing/research (74%) and informal peer networks (72%). Also useful were topical workshops and conferences (70%), professional associations (55%) and formal peer networks (46%). The following were also found to be useful, but were not used by leaders in as great numbers (likely due to cost): leadership training/development; mentoring; executive coaching; and nonprofit degree programs.

Despite turning to these types of resources, many leaders expressed concerns about their ability to keep learning and developing new skills.

Recommendations

Nonprofit leaders are struggling with issues such as fundraising, bench strength and governance. Those findings should not be a surprise to anyone in the sector – these are chronic and systemic problems that have bedeviled nonprofits for decades, and they remain core challenge areas for the leaders of these organizations. The report findings are in alignment with the key issues that have emerged in the sector over the last forty years: burnout, under-capitalized organizations, uneven board performance, philanthropic investment in programs rather than operations and leadership development, and the lack of truly diverse, multicultural staffs have become endemic and seemingly perpetual.

The sector is at a key moment in time – we are beginning to experience the biggest generational shift in leadership as boomers retire – an unprecedented number of people will leave their leadership roles in the next ten years. The scale of this transition and change provides an opportunity for a reexamination of the structures and systems that are not sustainable and a possible major shift in mindset as we enter into a new time. This shift must include addressing the inadequate resourcing of nonprofits.

To truly address the long-standing and seemingly intractable problems and put the sector on a path to sustainability and enduring impact, it is time for nonprofits, funders and capacity builders to embrace new structures and new ways of thinking.

SHIFT #1

SHIFT THE FRAMEWORK FOR SUCCESSION PLANNING TO DEEP SUSTAINABILITY.

It is time to change how the sector thinks about and approaches succession planning. Succession planning is not just about preparing for an individual leader transition; nor should it be viewed as a technical fix or a transactional exercise. Rather, it is about ensuring organizational sustainability by identifying and addressing key vulnerabilities so that the organization is not dependent on any one leader, funder, strategy, or way of thinking. Succession planning touches on everything from framing choices for the future (including asking whether the organization should exist), developing sustainable business models, to strengthening staff and board leadership – in essence, all the core activities needed to support the success of the organization's mission and its leaders over time.

When the frame of succession planning shifts to overall organizational sustainability, nonprofits can better prioritize and budget for succession planning at the emergency, planned and permanent leave levels. Similarly, funders can align funding for succession planning and transitions, and particularly strategic leadership development, with their other support for nonprofit missions. This approach keeps organizations prepared for a moment of potential crisis – while also strengthening their capacity for impact on a continuing basis.

Changing Nonprofit Structures

Thinking outside the traditional leadership structures and management boxes can help organizations to weather transitions well and be more sustainable. Among the possibilities: flatter organizations; different, shared leadership models; and collective use of resources with like-minded organizations[20].

For organizations requiring a turn-around, it's critical to carefully review options such as skilled interim leadership, shared management models, merger or closing before seeking out the special single leader who can put the organization back on its feet. There may be mythical leaders who can do this, but the sector is overly reliant on the heroic leader as the solution to the "frail" or failing nonprofit.

Capacity builders can help these processes by exploring, researching and supporting new types of management models that do not focus on one person holding most of the responsibility at the top. New models could contribute to fresh and interesting financial models, leadership across collaborations and networks, and increased inclusion as more mission-driven people from diverse backgrounds are involved in leadership.

Changing nonprofit leadership structures is essential both in ensuring the effectiveness of an organization and in attracting the next generation of strong leaders. Building Movement Project's *Next Shift* report found that "younger leaders are more interested in co-directorships, flattened hierarchies (pushing down responsibility and authority), networked organizations, and participatory approaches."[21] The sector will benefit by investing now in developing and supporting new kinds of structures and working environments.

Departing Boomers

There will certainly be some unsettledness as leaders depart. Some organizations may not survive; particularly ones where the purpose of the organization is likely to diminish upon the exit of a founder or ones that have survived only through overreliance on a heroic leader. In sectors or regions where leaders are all of a similar age and have built trusting relationships that enable them to collaborate easily with each other, use shorthand, and at times create collective impact – those networks will need to be re-populated. As good as they might be, however, no one leader or generation of leaders is indispensable.

Many nonprofit boomers who are leaving their jobs will want to continue doing meaningful work in ways that provide flexibility and less responsibility[22]. Some of these leaders may be interested in staying involved in the organization that they are leaving and many board members may want the same. While we know from the field of executive transition management that it is not considered best practice for the departing leader to stay engaged with the organization, it will be a question with which many organizations, specifically boards, will wrestle.

"I have been encouraging initiatives to adopt changes to the management structure to build bench depth and redistribute leadership."

"We have a cross-organizational collaborative management method which is working well."

"Boot camp for new directors. Create a year-long course that helps them build a successful cohort of colleagues."

Building the Pipeline of Next Generation Leaders

Supporting the next generation of leaders is a critical task for organizations and capacity builders, with special attention to those who reflect the demographics of the changing New England landscape. As aging, white leaders depart organizations, it will be critical for the next generation to be more intentional than their predecessors at engaging younger, more diverse people in roles across the organization and creating pathways for power and influence. In order for organizations to remain relevant they must be of and speak to their communities' hearts and minds, and provide quality, culturally competent programs and services.

Recommendations:

1. Help nonprofits invest in sustainability strategies, regardless of when a transition will occur.
2. Explore different structures, including more distributed leadership models that enable organizations to be more holistically "leaderful" in meeting their missions and more effective overall.
3. Support organizations in transition and boomers as they depart their leadership roles.
4. Offer leadership and development opportunities to Gen X'ers and Millennials such as peer learning, immersive leadership programs, and coaching.
5. Engage in conversations about the new opportunities created by the transition of boomers, and how we can structure work to both thoughtfully engage the wisdom of boomers and support bold new leadership.

SHIFT #2

SHIFT THE VISION FOR GOVERNANCE.

The primary role of boards of directors is governance. Clarity about the roles and responsibilities of boards can help break the cycle of leaders' frustration with their boards' fundraising challenges as they view them in their truer role of overall stewardship, not primarily as fundraisers. The most critical aspect is educating and holding boards accountable to be more careful stewards that watchdog their organizations to prevent them from slipping into critical condition. The cycle of heroic leaders parachuting in to "turn around" nonprofits where boards were not paying enough attention needs to be fixed – and it can only be fixed with careful stewardship and bold leadership.

If boards spent more time focused on sustainability – developing a shared vision for the organization's mission, along with strategies to implement that vision, achieving operational excellence, and finding the resources to support the work – than on worrying about the next fundraiser, organizations will be better positioned to succeed. By emphasizing fundraising no matter the state of the organization's overall health and strategic relevance – boards and leaders put the cart before the horse.

In order to shift the vision for governance, leaders and boards need to develop generative and transformative partnerships. On the whole, New England board members responded that they feel they are in partnership with the leaders of their organizations. But the gap between leader and board responses on core issues in the survey suggests that the partnership still needs work. In particular, founding boards of newer organizations need to mature into allowing paid staff to do their work and to share in visioning and strategy. Conversely, boards of organizations with long-term, trusted leaders should not abdicate their role of stewardship and blindly "follow" paid staff. Governance is a delicate balance and no one size fits all. In special circumstances, there are times when boards have to lead on their own, and times when they have to follow, but these should be the exception. All boards should be seeking a balanced and intentionally designed partnership with executive leadership.

Conducting annual performance reviews can help build trust and understanding between the board and leader, but it is not enough. Reviews have to be effective and meaningful. Partnering with the leader through an honest, two-way conversation about the review process and the need for more consistent quality feedback is important. Not only will good communication help retain a good but stressed leader longer, but it also allows a board to identify issues to be resolved more quickly and build trust – this trust will support the board and leader to have sound, practical conversations regarding the leader's eventual transition. Equally important is for boards to engage in their own assessment process on a regular basis and use the information to improve their work.

Leaders, boards, funders, and capacity builders all need to work together to help boards govern well. Governance models continue to evolve, and boards need to embrace adaptive strategies for different situations and contexts. The sector needs to reconsider governance and its primary role in ensuring the mission of the organization and structure the board as much as it needs to in order to do its job and operate with excellence at any point in an organization's life cycle.

"We could all use a clearer view of how we can affect policy, connect to the community and do the deep learning about best practices so we can [be] better strategic advisors to our organization."

"I wish board members would take the time to understand nonprofit management and governance issues, as well as more deeply understand our organization's work. It is difficult to find a balance between leading and educating the board and reporting to them."

Recommendations:

1. Address organizational sustainability by examining relevance, increasing the ability to use financial and other data to plan and make strategic decisions regarding program strategies and cost centers, and focused, strategic fund development activities.
2. Provide opportunities for board members and leaders to engage in learning about the shifting role of governance in the 21st century as siloed boards become more open and fluid in overseeing organizations that will increasingly work in collaborations, networks and shared spaces.
3. Offer frameworks, tools and opportunities for board members and leaders to develop generative and transformative partnerships.
4. Engage board members in learning to apply a leadership approach to their governance role, as framed in the insightful and practical *Governance as Leadership: Reframing the Work of Nonprofit Boards*[23].
5. Develop more conversation and case studies on leadership subjects ranging from: founding or start-up challenges and joys; leading change during times of growth and scaling; re-awakening the "tired" organization; how to do a turn-around and not burn out; or when and how to successfully approach strategic alliances or allow the organization to close.

SHIFT #3

SHIFT THE STRUCTURAL PARADIGM TO ROBUST INVESTMENT IN THE SECTOR.

"Funders seem to focus on wanting to be part of 'something new and sustainable' and on the lowest percentage possible for 'administrative costs' as compared to direct funding of services and programs. Need to understand, support and help fund the development of personnel as a necessary part of an organizational budget if the organization wants to succeed. Employees presumably already have a passion for the mission, so developing their personal capacities to lead can lead to their being more effective for the organization."

Nonprofits can run great programs, but in order for organizations to be healthy and sustainable in the long-term, leaders and funders alike need to face up to the realities of what it takes to lead and manage organizations – financial capital, leadership development, learning and innovation and a well-compensated staff. Nonprofit overhead has long been the elephant in the room. The expectations placed on nonprofits and their leaders remain high, yet the core needs of nonprofits are often discounted with the outdated rationale and culture of thinking that low overhead = efficient and effective management. It is time for funders, nonprofits and communities to support these high expectations by investing resources and equally important, develop a culture that affirms the support of infrastructure and investments in leadership so that organizations can effectively fulfill their missions. To the extent that organizations and their funders share the same understanding of what nonprofits need in order to be effective, then nonprofits are freer to explore new options for structuring their staff and systems, and for investing in the leaders and the staff who do the work.

It's time to escape this dysfunctional cycle. The National Committee for Responsive Philanthropy's recent report, *Cultivating Nonprofit Leadership*[24], articulates the importance of investing in leadership and recommends concrete strategies for doing so. We support their recommendations and offer some of our own based on the feedback from New England leaders.

Recommendations:

1. Invest more in multi-year general operating support, leadership development and learning activities that support nonprofits to adopt sound strategic and operational practices for the long haul.
2. Start, continue or expand investments in nonprofit capacity building, including investing in foundation learning about capacity and learning with peers. Based on the response from New England leaders and board members the region could use more:
   - Learning opportunities and professional development for nonprofit leaders and staff, such as scholarships to attend trainings, conferences and professional association events, as well as resources to develop internal learning capacity.
   - Grants programs for coaching of leaders, leadership teams and boards, succession planning help, and for classic (but improved) organizational development activities such as organizational assessments and board, fund and financial development.
3. Create and fund more networking opportunities with nonprofits, funders and capacity builders to engage together and collaborate on moving the sector forward in a positive and powerful way.
4. And for nonprofits, use collective voice to create a shared vision of a highly effective and well-resourced sector and advocate for the changes needed.

Conclusion

The resiliency of the nonprofit sector and its leaders can no longer be left to chance or to the ability of people and organizations to continue doing more with less. As the biggest leadership transition the sector has ever faced is now upon us, this change creates an opportunity for the sector to shift how it works. Given the chronic challenges this report points to, it is our responsibility to use this rare opportunity to generate key shifts in the sector. Funders, capacity builders and nonprofits themselves have a responsibility for reinforcing the sector's resiliency while helping it move collectively from mere survival and stabilization to more impact – from "good to great"[25].

There is a great deal of knowledge about how to strengthen nonprofit effectiveness that comes from several decades of field-building and the hard-won experience of nonprofit leaders, capacity builders and funders alike. Examples of some of the drivers of effectiveness include strong governance, sound strategy and programs, operational excellence, cultural competence, financial stability, and successful fund development.

Now is the time to put this knowledge and understanding to use on a wider scale. That means investing in nonprofits so that they have what is needed to meet their missions and thrive. Being "stable" is often how nonprofit leaders define success – but this misses the mark. It is time to fight the misperception that nonprofits are different, that organizations do not need investment, and that their leaders do not need support to learn, reflect and innovate.

The highest-functioning leaders and organizations appear to know what it takes. They have figured out how to engage in deep learning about organizational development, and they know what their organizations need to achieve mission impact. The key now is to help more nonprofit leaders – and their successors – follow the lead of the sector's pioneers. The bottom line is that the sector needs to act more like a learning system. This learning system perspective would ensure that the best of what the boomers and their predecessors have created and learned can be adapted to new challenges, while also integrating the ideas of the next generations of leaders who are creating their own brand of doing good.

But supporting nonprofits and their leaders to learn is just the start. Funders and capacity builders also need to support organizations to build higher-performing boards, create succession plans grounded in a longer-term vision for sustainability, achieve financial stability, strengthen the leadership skills of their staff, and work in more collaborative and networked contexts. Only with this kind of broad and strategic investment in the capacity of organizations and their people will the sector be able to become truly resilient, and better able to address inequities and deliver on the promise of strengthening our communities and our region for years to come.

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Funders & Supporters

Major Funding Partners

Barr Foundation

The Community Foundation for Greater New Haven

Hartford Foundation for Public Giving

The Initiative for Nonprofit Excellence at the Rhode Island Foundation

The Boston Foundation

United Way of Massachusetts Bay and Merrimack Valley

Funding Partners

Connecticut Community Foundation
The Community Foundation of Northwest Connecticut
Maine Community Foundation
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The Vermont Community Foundation

Additional Funding Partners

Connecticut Health Foundation
Essex County Community Foundation
Greater Worcester Community Foundation
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Outreach Partners

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Common Good Vermont
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Connecticut Association of Nonprofits
Cultural Alliance of Fairfield County
Fairfield County Community Foundation
Greater Lowell Community Foundation
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Marlboro College
Massachusetts Alliance for Economic Development
Massachusetts Immigrant & Refugee Advocacy Coalition
Massachusetts Nonprofit Network
New Hampshire Center for Nonprofits
New Hampshire Community Development Finance Authority
Regional Housing Network of Massachusetts
The Cape Cod Foundation
The Hyams Foundation
The Lenny Zakim Fund
United Way of Pioneer Valley
VSA Massachusetts
William Caspar Graustein Memorial Fund
Women's Fund of Western Massachusetts
YMCAs of Connecticut
YMCAs of Maine
YMCAs of Massachusetts
YMCAs of Rhode Island
YMCAs of Vermont and New Hampshire

Endnotes

1. The 2004 New England Executive Transitions Partnership study found that 71% of leaders in Southern New England (CT, MA, RI) planned to leave their positions in five years. The CompassPoint *Daring to Lead* series of studies found in 2001 and 2006 that 75% of US leaders anticipated leaving within 5 years, and in 2011 that number was 67%, with additional findings that the recession and lack of appropriate successors had created a drag effect on leaders who intended to leave their positions earlier. A 2012 study by the HR Council for the Nonprofit Sector in Canada found that 55% of Canadian leaders planned to leave within 4 years.
2. Internal Revenue Service, Exempt Organizations Business Master File. "The Number and Finances of All Registered 501(c) Nonprofits", The Urban Institute, National Center for Charitable Statistics, http://nccsweb.urban.org/
3. The word "leader" is used in this report to describe those people who are serving in an executive function within the organization. Among these leaders, 83% described themselves as executive directors or presidents/CEOs, while 8% reported being co-directors or members of management teams that co-manage the organization, and 5% described themselves as founders or co-founders. The remaining leaders identified as artistic directors, pastors, regional directors for national organizations, or other executive functions.
4. Chiefly, the *Daring to Lead* series of reports by CompassPoint Nonprofit Services (2001, 2006, and 2011) www.compasspoint.org
5. Internal Revenue Service, Exempt Organizations Business Master File. "The Number and Finances of All Registered 501(c) Nonprofits", The Urban Institute, National Center for Charitable Statistics, http://nccsweb.urban.org/. Youth Development was the third-most selected field in the sample, while in New England Youth Development ranks 15th in the number of nonprofits operating in that field. Note, however, that these results are not statistically comparable as Leadership New England respondents were allowed to select multiple fields in which their organizations may do work.
6. Similar to national data on budget sizes of organizations reporting CEO salaries in the2014 GuideStar Nonprofit Compensation Report, www.guidestar.org, and similar to regional New England totals from 2014 reporting nonprofits in Internal Revenue Service, Exempt Organizations Business Master File. "The Number and Finances of All Registered 501(c) Nonprofits", The Urban Institute, National Center for Charitable Statistics, http://nccsweb.urban.org/
7. CompassPoint Nonprofit Services, *Daring to Lead* (2011) www.compasspoint.org
8. In "Under-Investing in Social Sector Leadership" by Laura Callanan, February 2014, referencing Foundation Center data from 1992–2011.
9. "Nonprofit Salaries: Achieving Parity with the Private Sector" by Rick Cohen, June 21, 2010 (Nonprofit Quarterly), based on "unpublished July 2008 wage estimates for full-time private-industry workers and workers in the nonprofit sector from the National Compensation Study (NCS) by the Bureau of Labor Statistics (BLS)."
10. U.S. Census: Educational Attainment of the Population 25 Years and Over, by Selected Characteristics (2014)
11. CompassPoint Nonprofit Services, *Daring to Lead* (2011) www.compasspoint.org
12. "The Leadership in Leaving" by Frances Kunreuther, Phyllis Segal and Stephanie Clohesy (2013) www.buildingmovement.org
13. From US Census data presented in the 2011 report *Major Health Indicators in the Racial and Ethnic Minority Populations of Rhode Island: Minority Health Facts*, at www.health.ri.gov/programs/minorityhealth, and the April 2013 report Facts about Minority Health in Connecticut by the Connecticut Department of Public Health, at www.ct.gov/dph.

14. BoardSource is a national resource on governance. It conducts period national surveys. The 2014 *Leading with Intent* survey (805 chief executive and 246 board chairs reporting) was issued in January 2014.

15. *GuideStar Nonprofit Compensation Report* (2014) www.guidestar.org

16. Ten years ago the 2004 New England Executive Transitions Partnership study found that 71% of leaders in Southern New England (CT, MA, RI) planned to leave their positions in five years. The CompassPoint *Daring to Lead* series of studies found in 2001 and 2006 that 75% of US leaders anticipated leaving within 5 years, and in 2011 that number was 67%, with additional findings that the recession and lack of appropriate successors had created a drag effect on leaders who intended to leave their positions earlier. A 2012 study by the HR Council for the Nonprofit Sector in Canada found that 55% of Canadian leaders planned to leave within 4 years.

17. This survey question allowed respondents to select multiple answers, and did not include an option for "current leader has not announced a transition" – some leaders used the "other" option to volunteer the information that their leader had not announced a transition. Due to these factors, the percentages in this chart cannot be construed to represent the total number of boards with current leaders who have either announced, or not announced, transitions.

18. Bell, Jeanne and Marla Cornelius, *UnderDeveloped: A National Study of Challenges Facing Nonprofit Fundraising* (San Francisco, CA: CompassPoint Nonprofit Services and the Evelyn and Walter Haas, Jr. Fund, 2013), at www.compasspoint.org.

19. In "Under-Investing in Social Sector Leadership" by Laura Callanan, February 2014, referencing Foundation Center data from 1992–2011.

20. "You Don't Need an Empire to Build Strength for Change" by Deborah Linnell (*Nonprofit Quarterly*, January 2011)

21. "Next Shift: Beyond the Nonprofit Leadership Crisis" by Frances Kunreuther and Patrick Covington (The Annie E. Casey Foundation, 2007) www.buildingmovement.org

22. "The Leadership in Leaving" by Frances Kunreuther, Phyllis Segal and Stephanie Clohesy (2013) www.buildingmovement.org

23. *Governance as Leadership: Reframing the Work of Nonprofit Boards*, by Richard P. Chait, William P. Ryan, and Barbara E. Taylor. Copyright BoardSource (2005). John E. Wiley & Sons, Hoboken, NJ.

24. "Cultivating Nonprofit Leadership: A (Missed?) Philanthropic Opportunity" by Niki Jagpal and Ryan Schlegel(2015) www.ncrp.org

25. Jim Collins has written extensively on good-to-great concepts in both for-profit and nonprofit sectors, in *Good to Great: Why Some Companies Make the Leap . . . And Other's Don't* (2001) and in *Good to Great in the Social Sectors: A Monograph to Accompany Good to Great* (2005)

Be prepared to be "all-in" in your chosen field. In such a competitive field, with the economic conditions existing today, you will need to be committed, efficient and resilient if you are to succeed. **The organization you build is not yours. If you do your job well, the organization won't even blink when you leave, it will keep on running just fine.** Never take a break from board development and trainings. **Be respectful, develop people skills, give staff credit for the work of the organization, honor diversity, and make every effort to avail oneself and staff of professional development opportunities.** Look for challenges to take on, that is where you learn. However, don't lose site of the day-to-day as that is where the relationships and respect are built. **Get support, talk to people, find a mentor.** Learn as much as possible about financial management and development. **Expect a long learning curve! Ask peers for advice!** We all need to rethink the model. It isn't working. **Get into an executive leadership development program, get yourself a personal coach, demand constant feedback from your peers and superiors and shadow a leader you admire.** Keep the fire and do strive for work-life balance to keep the creative juices flowing. **Fundraise like crazy, it's what it's all about, the ability to pay for things and keep things running.** Know your field from the bottom up. Get in and do the work before assuming any leadership. **Keep learning! Scan the horizon. Being good today, does not ensure you will be good/relevant tomorrow. Learn from others' experience, but take risks.** Use an executive coach and develop a peer support network**. Financial stability makes mission possible.** Try to minimize anxiety and maximize inspiration. **Stay authentic to yourself and your personal mission and find situations that provide "right livelihood" in order to fulfill your mission; your energy and intelligence is needed.** Hold on to your passion for what you do. **If you are passionate about your mission, all is possible.** Be relentlessly driven in accomplishing mission. It's worth the effort. Network, Network, Network. Balance, Balance, Balance. Breathe, keep faith. It's worth it.

For more information on the **Leadership New England** report or to access our interactive website of leadership data, go to: **www.tsne.org**

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