

Planning for the Next Generation of Nonprofit Leadership

VNR/VCCC "Lunch and Learn" Workshop - October 16, 2008

*** About the Next Generation of Leaders**

In 2007, the *Ready to Lead* study (cited on p. 3) conducted the largest national survey to date of emerging nonprofit leaders, most of them under 40. Among the nearly 6,000 respondents:

- 32% of respondents aspire to be an executive director someday
- a higher percentage of respondents who definitely aspire to become executive directors are people of color
- of respondents who do aspire to become executive directors, 40% reported that they are ready either now or will be within five years
- the pipeline consists of many highly educated and committed individuals who are gaining the skills and experiences necessary to successfully lead nonprofit organizations
- the nonprofit sector is viewed as a desirable place to work and to seek future employment by people interested in social change
- most respondents working in the nonprofit sector feel that they have meaningful and satisfying work
- the long hours and compromised personal lives associated with executive leadership are significant deterrents to pursuing top positions
- nonprofit salaries and actual or perceived insufficient lifelong earning potential are barriers to executive leadership: 69% of respondents feel underpaid in their current positions and 64% reported that they have financial concerns about committing to a career in the nonprofit sector
- lack of mentorship and support from incumbent executives in helping to pave a career path are serious frustrations for many next generation leaders; only 4% of respondents are explicitly being developed to become their organization's executive director; women are being developed at a lower rate than men
- inherent nonprofit structural limitations and obscure avenues to career advancement are obstacles to leadership opportunities inside organizations
- the prevailing executive director job description is unappealing to many next generation leaders.

These findings are best understood in the larger context of the demographic and psychological aspects of the Generation X and Generation Y (Millennials) populations, as set forth in Magid's presentation, *Millennials: Meet the Next Great Generation*.

Nonprofit community connections with and support for young staff can be energized through networking groups such as VNR's *Valley Young Nonprofit Professionals Network*, described at www.valleynonprofitresources.org.

* How to Fund Transition Planning

What Needs External Funding?

Informal plans for transition of executive directors or other key staff/board members can often be handled entirely with internal resources. However, if more extensive transition activities are needed by the organization, external funding may be essential to success. Among the alternatives:

- * strategic planning by a board of directors using an outside consultant,
- * support for an entire Executive Transition Management Process, or
- * partial financing of an Interim Executive Director for a period of time.

What Are Sources of External Funding?

(1) *Foundations*: among the local foundations that have funded capacity building for nonprofits, and may respond positively to a well-framed proposal for transition planning, are:

- * The California Endowment
- * The California Wellness Foundation
- * California Community Foundation
- * Dwight Stuart Youth Foundation
- * Weingart Foundation

More information on these and other foundations supporting capacity building are in the *Resource Directory for Nonprofit Capacity Building in Los Angeles County* (see citation on p. 3).

(2) *Corporate Sponsors*: business leaders may find favor with a creative, well-organized plan for strategic transition planning, which may parallel efforts these businesses undertake on their own behalf. Sometimes, support may come in a combined package, with both some financial support to the nonprofit and a loaned executive who can provide consulting assistance.

(3) *Individual Donors*: Increasingly, in today's tight-resources environment, nonprofits are turning to individual donors to support them. This may be particularly likely for a focused transition planning effort, to which the donor can be given "naming rights." Individual donors may be identified through:

- the nonprofit's board members (sometimes a board member may be a donor also)
- database search for both past and present donors, to identify contacts where there might be some special interest in this type of activity (e.g., a donor who is a human resources professional or a management consultant might be a good approach)
- approach to donor advisors (private bankers, wealth managers, trust attorneys, etc.), to engage them in approaching donors on behalf of the nonprofit. This may be done, for instance, by asking the nonprofit's own bank relationship manager to make an introduction to the private banking side of the institution).

*** Resources**

Reports available from Compasspoint

www.compasspoint.org

Capturing the Power of Leadership Change, by CompassPoint and Transition Guides, 2004

Daring to Lead: A National Study of Nonprofit Leadership, by Jeanne Bell, Rochard Moyers & Tim Wolfred, 2006.

Founder Transitions: Creating Good Endings and New Beginnings, by Tom Adams, 2005

Interim Executive Directors: The Power of the Middle, by Tim Wolfred, 2004.

Ready to Lead: Next Generation Leaders Speak Out, by Marla Cornelius, Patrick Corvington & Albert Ruesga, 2008.

Stepping Up: A Board's Challenges in Leadership Transition, by Tim Wolfred, 2002.

Up Next: Generation Change and the Leadership of Nonprofit Organizations, by Frances Kunreuther, 2005.

Publications available from Valley Nonprofit Resources

www.valleynonprofitresources.org:

Millennials: Meet the Next Great Generation, by Frank N. Magid Associates, 2008.

Resource Directory for Nonprofit Capacity Building in Los Angeles County, 2008 edition.

Other publications:

Executive Transition as a Celebration of What is Possible, by Hildy Gottlieb. Help 4 Nonprofits Community Driven Institute, www.help4nonprofits.com

Donor Advisors and Philanthropic Strategy, by Thomas E. Backer, 2008. Available from Human Interaction Research Institute, www.humaninteract.org, or e-mail hirila@aol.com.

Managing Transitions, by William Bridges, 1991. Available from Addison-Wesley Publishing Company.