

Finding Leaders for America's Nonprofits

Executive Summary

The executive director (ED) of a growing nonprofit serving inner city kids puzzles about whether to hire a chief operating officer. The chief financial officer of an arts organization can't convince a youth-serving nonprofit of her qualifications for a like position. At the same time, a mid-career business executive craves mission-focused work, but can't find a way to break into a new role with meaning.

Similar nonprofit hiring and job-seeking challenges—and the implications of those challenges—are addressed in the Bridgespan Group's recent report, "[Finding Leaders for America's Nonprofits](#)." Commissioned by American Express Foundation, the survey and resulting report explores the nature and dimensions of the evolving nonprofit leadership deficit through interviews with 433 U.S. leaders of nonprofits with \$1 million or more in revenues, offering perspective on organizations' hiring needs and plans, what they find most valuable in candidates for senior leadership positions, and more.

Most notable from the survey: In the next 12 months, 28 percent of nonprofit organizations with revenues of \$1 million and above plan to make one or more senior management hires, translating to 24,000 vacancies in 2009. Those project vacancies are largely the result of retirement, since much of the existing leadership is comprised of boomers. Vacancies also stem from new roles being created due to an increase in organizational complexity based on growth in prior years. The need is especially acute in human services and arts organizations. In the face of anticipated baby boomer retirements, many of those surveyed cited a need to fill roles with increasing management complexity, and they foresee challenges in finding candidates who are both qualified for the roles and who are cultural fits with their organizations. The report also reveals how managerial skills from the business sector can boost leadership capacity among nonprofits and ways in which nonprofit organizations are filling their most critical senior leadership roles.

The study data further indicates:

- Top barriers to finding suitable leaders included compensation and difficulty finding executives with specialized skills, as well as competition for the same in-sector talent pool and lack of resources to find or cultivate new leaders.
- The most important attributes recruiters are seeking include anticipated relevant experience as well as "cultural fit," or shared passion for the mission (68 percent on average cite fit as a very important asset. That number climbs to 82 percent in the education field).

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- 73 percent of respondents said that they value for-profit experience in a candidate.
- 53 percent of U.S. nonprofits surveyed have significant for-profit management experience represented on their senior management teams, including 20 percent in financial roles.
- Additionally, 42 percent of the EDs surveyed had significant management experience in the private sector.

In addition, a series of messages emerged from the survey data, further highlighting key data and its implications in the hiring and recruiting plans of nonprofit organizations.

Message No. 1: The leadership deficit in nonprofit organizations remains large, and the gap includes “new-to-the-organization” positions as well as vacancies due to baby boomer retirements (a trend that may have slowed with the downturn, but certainly not abated).

During the 18 months from June 2007 to December 2008 nonprofit organizations hired, on average, 1.1 senior managers. With 68,500 U.S. organizations with \$1 million in revenues or more, this translates into an annualized 49,000 senior management openings per year. Twenty-two percent of the positions filled in 2008 were newly created, largely based on growth in prior years and increasing organizational complexity. And as of January 2009, respondents projected that their need for senior talent to join their organizations would continue in the next 12 months, anticipating 24,000 job openings for senior managers.

Message No. 2: Functional skills matter (and are transferable across sectors or domains).

Specific functional experience is the most highly rated criteria for hiring, with 79 percent of respondents rating it as “very important.” And according to respondents, 50 to 75 percent of the roles they will need to fill in the near future look to require traditional business skills (finance, general management, marketing/communications, planning, evaluation, operations, technology, and human resources).

Nonprofit organizations clearly recognize the power of for-profit experience. Seventy-three percent of the survey’s 433 respondents affirmed that they value private sector skills. Forty-two percent of nonprofit CEOs surveyed reported that they, themselves, had significant for-profit management experience; 53 percent of organizations surveyed employ other senior leaders with significant for-profit management experience.

Message No. 3: Cultural fit is the deal breaker.

While functional expertise is desired and relevant, Bridgespan’s study indicates that only cultural fit can seal the deal, and make the candidate successful once hired. While 79 percent of respondents cited functional experience as very important, 75 percent gave “fit with the culture of our organization” the same high priority.

Message 4: Job boards, networks, and search professionals most effectively connect talent to jobs.

For a sector that is notorious for relying on personal relationships, job boards surpassed *external* networking for first place as a way to reach candidates, with 49 percent of organizations using job boards versus 44 percent using external networking to identify their candidates. Thirty-eight percent of respondents also used general print advertising, but it was found to be among the least effective tools. Only 13 percent used executive search firms, but those that did found them highly effective.

What's next?

In the spirit of helping to address the leadership deficit, Bridgespan offers these thoughts:

Define the value of nonprofit sector leadership. In our challenging economic times, one might expect (and some of the respondents confirm this) that the available talent pool will only grow. We should not be so complacent. Great people are inspired by great opportunity. In order to attract and retain leaders, we should lay out a compelling case for mission-focused work.

Reconsider “fit.” Cultural fit, while somewhat intangible, is critically important. For some organizations certain criteria, like religious background, are must-haves. But we have seen many cases where “fit” is more associated with “like” or, more to the point, “like us.” It may be challenging to associate a candidate with the cultural characteristics of any particular organization. In addition, our expectations around specialized experience and skills may be unrealistic. Cultivating greater willingness to hire for aptitude and transferable experience should be considered. We might also put greater emphasis on the capacity to understand and respect the mission and passion of the organization, rather than to actively share it, in order to get the best candidates.

Re-think the network. If personal and organizational networks are narrow—confined to a domain, to a city, or to a college or alumni network—the contact pools also are likely to be narrow. While understanding that areas within our sector have unique characteristics and challenges, we should facilitate greater cross-sector germination as a way to expand both the talent pool and our own thinking.

Invest in the people we have, and the people we hire, to increase the likelihood of impact and retention. Onboarding should include not only support for the new role, but also introductions within the organization’s network, visibility with the organization’s board of directors and key lay leadership committees as appropriate, and training in concepts and topics close to the organization’s mission.

At the same time, we need to be careful not to wholly immerse new leaders in the organization's "way" of doing things. New perspectives, especially from across the sectors and domains, have the potential to open our eyes to the possibilities for our organizations—and, most importantly, to the possibilities for those we serve.

Over the long-term: Foster ways to develop leaders internally. Where nonprofits are able to design internal leadership development programs, they should do so. But the sector also needs to make such development opportunities more widely available, and ensure that support is in place to allow individuals to take advantage of them. Further, leadership development should be built into the "regular work" of nonprofit managers—as a requirement, and as a goal. It is simply too easy for these activities to get lost if they are not formalized, and we believe the upside is worth the effort. Ultimately, internal re-seeding will maximize the organization's ability to deliver on its mission, as the organization is led by people who have lived its values over a long period of time.