

Recommendations to Current Executive Directors, Next Generation Leaders, Boards of Directors, Nonprofit Training and Leadership Capacity Builders, and Funders

The scale and complexity of the generational leadership handoff now underway require that each of the key forces in our sector—staff, executives, boards, funders, and capacity builders—attend to it thoughtfully. To that end, the authors suggest below a number of potential responses that are based both on analysis of this data and our respective experiences as funders and intermediaries who have been working on this issue for some time. We intend for these suggestions to spark dialogue in organizations, and perhaps inspiration for positive change among individuals in all stages of the leadership pipeline.

Current Executive Directors

Replace dated power structures

Executive directors—particularly those with long tenure and deeply ingrained management practices—risk perpetuating power structures that alienate emerging leadership talent in their organizations. The top two critiques of current executive directors by the next generation respondents to this study were “poor supervisor” and “cannot effectively communicate with staff.” In the focus groups, many younger people expressed frustration over top-down decision making, overly hierarchical structures, poor communication, lack of transparency around decision making, a culture of sacrifice, and resistance to change. Executives who adapt their organizational cultures for less traditional hierarchy, while holding everyone accountable for meaningful mission impact, are in the best position to attract and retain the next generation of leadership.

Help staff build strong external networks

Forty-five percent (45%) of respondents identified the need to “further develop external connections and networks” as something they need to do to get ready for executive leadership. Without a strong network, otherwise talented people are unlikely to gain the broader perspectives or collegial support that it takes to secure executive positions someday. Invite younger staff to attend meetings with funders and colleagues—working with them beforehand if necessary so that they can participate meaningfully. Give staff substantive access to the board: have them staff board committees and task forces; have them attend and present at board meetings; have them suggest new board members for recruitment. Instead of attending every community meeting yourself, assign staff to be liaisons to key external networks and committees. These practices will build the confidence and knowledge base of emerging talent, while building the reputation of your organization as one with a breadth of capable leaders.

Be a mentor

In *Daring to Lead 2006*, only half of the executive directors surveyed said they were developing someone on their staff to be a future executive director. Current executives should be serving as talent scouts for future executive directors for their own organizations and others. Because so many nonprofits are relatively small and employees often advance in their careers by moving on to other organizations, executive directors should consider mentorship an investment in the future

leadership of the entire nonprofit sector—and encourage other executive directors to do the same. Focus group participants in this study commented frequently on the difficulty of finding mentors. An important caution: younger employees may be searching for mentors, but also don't want to be patronized or molded into the image of the preceding generation. They are eager to be treated as colleagues and given meaningful work.

Be a good role model

As they consider whether or not to become an executive director, next generation leaders are heavily influenced by how they see current executives doing the job—and what they see is often negative. Seventeen percent (17%) of nonprofit respondents said their current executive directors are usually not or definitely not good role models; another 21% said their executive directors are good role models only sometimes. After fundraising responsibilities, sacrificing work-life balance was the reason most frequently cited by respondents for not pursuing an executive role someday. Current executive directors can help change the perception that leadership necessarily entails an unhealthy work-life balance—and lessen their own potential for burnout—by modeling healthier behavior. Whether generally expected of all employees or only practiced by the executive director, 80-hour work weeks and round-the-clock e-mails influence organizational culture and create the impression that these work habits are essential for advancement or executive leadership.

Pay reasonable salaries and provide benefits

The financial concerns of next generation leaders are very clear in this research: 69% of respondents said they are underpaid for the work they do, and 64% have financial concerns about committing to a career in the sector. Presumed financial sacrifice can no longer be part of the nonprofit business model if we want to attract and retain next generation talent. The too often touted psychological rewards of nonprofit work are no substitute for decent pay and reasonable working hours.

Engage in succession planning

All executive directors should periodically ask themselves whether they are still the right person for the job and how their continuing leadership affects the organization's ability to attract and retain talented staff and build future leadership. Thoughtful succession planning doesn't mean hand-picking and grooming a successor. It does mean putting in place contingency plans in the event of an unplanned leadership turnover as well as planning for an eventual departure, whether it is imminent or far off.

Recognize generational differences

Executive directors should understand that differences in style, approach, and priorities among younger staff don't necessarily reflect a lack of passion or commitment. In addition, younger staff may be reluctant to spend more than a few years in a job where they have little potential for growth or professional development. Executive directors should also understand that their Generation X and Generation Y staffers (generally those under 40) vary widely in attitudes and work experience. Some are just beginning their careers, and some are already seasoned managers who are ready to lead now.

Next Generation Leaders

Take control of your career

Your career is your responsibility. Yes, of course, your executive director should have your best interests in mind, and she probably does, but your professional development is not at the top of her daily to-do list. Ask your executive director for the opportunity to lead initiatives or take on special projects for the organization. Lead a staff development effort, a personnel policy change, facilitate a staff meeting, or ask to present a body of work to the board of directors. Find workshops and trainings you'd like to attend,

and ask for support. Some of this may need to be done on your own time or even with some of your own money, but might be essential. Don't assume that your organization has no money for professional development—you won't know unless you ask.

Develop broad management expertise

Next generation leaders will be of greater value to nonprofits—and thus more likely to be chosen for greater leadership responsibility—if they develop a broad base of practical management skills including budgeting, grant-writing, and supervision. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. Embracing such responsibilities—rather than dismissing them as administrative—puts you closer to the “engine” of the organization. It gives you direct involvement in critical decisions such as how money gets raised and spent and who gets hired and fired. In building management skills right alongside programmatic skills, next generation leaders should do away with the outdated nonprofit tendency to pit program against management.

Join a board

Just 30% of participants in this study have served on a nonprofit board of directors. The other 70% are missing out on an ideal way to prepare themselves for nonprofit leadership. On a board of directors, you can learn to fundraise, hire and evaluate an executive director, and authorize an annual budget—responsibilities that may still be out of reach in your day job. Moreover, serving on a board will give you direct access to other leaders of all types and ages whom you might otherwise never meet. These board colleagues can be sources of mentoring and even referrals to new job opportunities. Board service is an entirely legitimate part of your resume and should not be overlooked as a means to building your career in the sector.

Find a mentor

You need to have someone who will help you understand how they managed their career so that you can learn how to manage your own. Times may be different, but having a mentor who can introduce you to people, give you strategic career advice, and help you learn from his or her mistakes is critical. Mentors don't have to be in your organization. Look around your community. Who do you think is doing interesting work? Who inspires you? Approach these people and develop a relationship. Sometimes being a mentor can feel like a big step for people, so ask them to have coffee with you regularly and develop a relationship before popping the mentor question.

Work with a coach

While a mentor can help build your network and give advice, a coach can build your skills and help develop a personal strategy. The use of executive coaches has been commonplace in the business sector for many years and the practice has now taken hold in the nonprofit sector. Coaches can help you work on specific developmental skills as well as work on organizational challenges you might be facing.

Recognize and respect generational differences

Stop saying they just don't get it; maybe it's that you don't get it. Generational differences are profound and you should recognize that as hard as it is for you to work across generations, it may be equally difficult for your older colleagues. While the constant reminder of what Baby Boomers sacrificed and what they did back in the day might be annoying for you to hear, constantly reminding them of how great you are and how you work differently might be equally annoying to them. Stop fighting the generational war and try to get on the same side. This is an opportunity to lead. When you recognize generational difference, find a way to have that conversation with others in your organization that keeps the focus on the work rather than on individuals. You're all working towards the same goal, but may be going about it differently.

Boards of Directors

Pay reasonable salaries and provide benefits

The financial anxiety about committing to nonprofit work expressed in this report should be a wake-up call to boards, too. Many board members—particularly those from the corporate sector—routinely ratify nonprofit organizational budgets that reflect policy decisions they would find unacceptable in their own workplaces. Ask why the organization doesn't contribute even a nominal amount to employee retirement accounts. Ask why the budget does not allow for employee salary increases—or at least find out whether it does. Ask about the reasons for high staff turnover. Of course, board members who adopt a more aggressive attitude toward investing in human capital need to be prepared to engage the question of the board's responsibility for helping to raise the money to support an increased investment.

Ensure robust leadership beyond the executive director

Board members should recognize that leadership needs to exist beyond the executive director for an organization to be truly well managed and effective. Staff at all levels make decisions every day as they interact with funders, constituents, partners, and key stakeholders. Forty-one percent (41%) of respondents to this survey said their nonprofits do not do a good job of developing and promoting staff from within. The executive director is responsible for hiring and developing staff who will be good leaders, but the board is ultimately responsible for holding the executive director accountable. Boards should be sure to include this aspect of executive director performance in the annual performance review.

When hiring, get out of your cultural comfort zone

When the time comes to hire a new executive director, boards often have a difficult time searching beyond the usual suspects for potential leaders. Boards and executive directors, who are predominantly white, often hire people who look like themselves and demonstrate a leadership style like their own. Younger leaders as well as people of color are often overlooked as viable candidates for executive director positions because boards don't recognize their talents and strengths. Boards need to pay attention to this possible pitfall and take steps to avoid it by broadening their recruitment strategies, putting others on the selection committee, and hiring a search consultant with a good track record of reaching diverse groups.

Recruit young leaders to serve with you

Just as with hiring, board members naturally default to recruiting people of their same demographic and background to serve on boards with them. The board room can be a powerful place for leadership development—exposing talented young leaders to the inner workings of organizations and their governance practices. As you focus on recruiting the next class of board members, consider holding some slots for strong emerging talent.

Nonprofit Training and Leadership Capacity Builders

Upgrade training programs to be relevant and fresh

Much of the curriculum in use by management support organizations and other capacity builders is based on Baby Boomer leadership practices and learning styles. It also tends to assume the inevitability of traditional nonprofit forms and structures. This research—along with other studies of generational differences—suggests that you maintain that status quo at your

peril. If the next generation is “sector-agnostic,” do your classes and programs really work for an audience of nonprofit veterans and recent “sector bridgers?” If the next generation wants to lead from wherever it’s sitting now—rather than waiting to be anointed by an outgoing founder—do you provide leadership training for non-executive directors? Does your use of technology in program delivery consist of PowerPoint lectures and fundraising software demos? To help guide the generational handoff, rather than be made obsolete by it, capacity builders will have to review and revise based on careful and ongoing listening to a changing client base.

Build concrete management skills specific to the executive director role

General leadership programs are important, but respondents to this survey repeatedly mentioned specific “hard” skills they felt they needed to prepare for executive leadership, including finance and fundraising. In fact, developing these skills was the most often cited “to-do” by survey respondents who aspire to executive leadership someday. The field needs a balance of management and leadership programming targeted specifically to future executives.

Help next generation leaders build their external networks

Next generation leaders need to develop a supportive peer network, but they also need the opportunity to make connections and build relationships with established community leaders, including civic and government leaders, funders, consultants, and veteran nonprofit executives. Training and leadership development programs should be designed with that in mind.

Funders

Support leadership and training programs

Nonprofit leaders often say, “We want to develop leadership, but funders won’t pay for that.” Grantmakers and government contractors should invest in leadership programs directly or support scholarships for grantees to participate. Funders should also invest in their core grantees by supporting succession planning and transition management, coaching, and other kinds of professional development. This can take the form of leadership development and organizational development grants, as well as flexible operating support for organizations.

Ask the question

Recognize that your success and your grantees’ success are linked. Have the conversation with grantees about succession planning, leadership development, salaries, and benefits—and be prepared to ante up a solution. Opening the door to this conversation can begin to change the funder-grantee relationship from a transactional one to a deeper partnership concerned with the long-term health and impact of the organization.

Don’t be part of the problem

Avoid behaviors that may be making things worse for nonprofit organizations and their leaders. In *Daring to Lead 2006*, the challenge of accessing institutional capital was one of the leading causes of executive burnout. And among next generation leaders in this study, an aversion to fundraising was the primary reason people gave for not aspiring to executive leadership. Re-examine grantmaking practices that may be contributing to the underinvestment in human capital. Consider building increases into multi-year grants to account for inflation and staff salary increases. Provide flexible support when necessary, and allow for higher overhead. Help nonprofits transform themselves into organizations that next generation leaders want to lead.