

STEPPING UP OR STEPPING OUT

*A Report on the Readiness of Next
Generation Nonprofit Leaders*

About the Young Nonprofit Professionals Network (YNPN)

YNPN is a national nonprofit grassroots organization that engages and supports future nonprofit leaders through professional development, networking, and social opportunities. Beginning in 1997 as a small gathering of peers in San Francisco, YNPN has since grown through word-of-mouth and local volunteer leadership teams to a 10,000-member network composed of five affiliate chapters, including San Francisco; New York City; Washington, DC; Chicago; Denver; and dozens of other chapters emerging in other cities across the country.

YNPN's mission is to promote an efficient, viable, and inclusive nonprofit sector that supports the growth, learning, and development of young professionals. It fulfills this mission through local programming as well as planning and coordination by a national Board. Unlike other organizations and projects focusing on the "next generation" of nonprofit leaders, YNPN operates entirely under the direction of these emerging leaders, at both the local chapter and national levels. Specifically, we provide support, resources, and advocacy to young nonprofit and community leaders as they seek to improve their organizations, communities, and the sector as a whole.

About the authors

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Acknowledgments

YNPN would like to acknowledge the generous support of the Annie E. Casey Foundation in producing this publication. We would like to thank Jeanne Bell, Executive Director and Marla Cornelius, Managing Director of Programs at CompassPoint Nonprofit Services as well as Frances Kunreuther, Director at Building Movement Project for their invaluable encouragement and mentorship while producing this report.

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Credits

Strategic Communications & Planning provided editorial support for this publication.
Jesse V. Elmore provided design and production services.

An Exodus of Talent

During the last several years, there has been a steady drumbeat of studies and related news about the large number of older executive directors (EDs) planning to leave the nonprofit sector. Few of these reports, however, have given much attention to younger nonprofit managers and staff—ostensibly the women and men most likely to take up nonprofit leadership roles in large numbers. Earlier this year, the Young Nonprofit Professionals Network (YNPN) carried out a study among our 10,000 members to learn more about their career aspirations and the barriers that might be standing in their way.

What we discovered was startling. Forty-five percent—nearly half—of those surveyed say they plan to leave not only their current jobs but the nonprofit sector altogether. Their most frequently cited reason is burnout, followed closely by low salary and wages, lack of career advancement, and job-related stress.

Key findings

- Forty-five percent of the most skilled and experienced respondents plan to leave the nonprofit sector, although many intend to return.
- Forty-eight percent consider lack of management experience a barrier to reaching an executive position.
- Many consider the ED role too stressful and hard to balance with a personal life. This may be the result of negative modeling by current EDs.
- Despite this, one-third consider it highly likely that they will become executive directors (EDs) in the future (although only eight percent think this will be at their current nonprofit).

The fact that so many of our members are planning to leave the sector does not necessarily mean that there will be a leadership vacuum. Currently, resources for professional development and career advancement are limited at smaller nonprofits, and it can make sense for young professionals to seek training through the private or public sector or graduate school.

However, it does demonstrate the need for greater career development opportunities in the sector so that in the short term we can retain the talent we already have as we fill positions left by retiring baby boomers. We also need to take steps to ensure that those who leave the sector will find it attractive to return, bringing their new training and experience back.

For a long time the nonprofit sector has recognized that low salaries are a problem but has relied on passion for mission and a steady supply of idealistic young staff as short-term fixes. Given the current fluidity and overlap between sectors as well as increasing competition among all sectors for top talent, we need to find new answers to frustrations around salary, career paths, and professional development. Otherwise, many of these professionals may not return, whatever their intentions now.

Also striking is the ambivalence that survey respondents express about the executive director role. Over and over again, respondents cite long hours, frustration, and lack of work/life balance as deterrents to becoming

executive directors. Despite this, nearly one-third of respondents also say that they were highly likely to serve as EDs in the future. This shows the commitment our generation has made to taking up social change leadership—but also reveals their concerns about what these choices will mean for them personally.

The negative associations that our members hold around the ED role are consistent with complaints made by current executives, as detailed in *Daring to Lead* and other recent studies on this subject.¹ What current leaders may not realize is that the way in which they model their jobs to their staff can have a significant impact on young professionals considering their own future career direction. Our findings suggest that the ED role has a marketing problem: not only do we need to find ways to make the job more sustainable for current executives, but we also need to ensure that these leaders are sharing the inspiring and rewarding parts of their jobs with the young professionals around them, many of whom are considering whether to take on these leadership positions in the future.

About the survey

YNPN surveyed its 10,000 members around the country to find out whether young potential leaders were leaving or remaining in their jobs, what preparations and support they needed to take on greater leadership roles, and how to best develop the next generation of leaders to replace the baby boomers. Some 1,657 people completed the survey. We focus much of our analysis here on responses from the 851 who had at least four years' experience, based on the premise that these respondents had demonstrated interest in longer-term careers in the sector, and given their training and skills, were prime candidates for senior leadership roles. In fact, half of these respondents already hold manager or director level positions. See the appendix for full demographics on survey participants.

In general, the responses from our members with less than four years' experience were consistent with those from more experienced members. However, the more experienced respondents expressed even greater reservations around all factors that lead people to leave the sector, as well as several key concerns about taking on an ED role such as long hours and demands of boards and funders. This reinforces concerns raised about retention and barriers to leadership in the sector.

¹ Bell, Jeanne; Moyers, Richard; and Wolfred, Timothy. *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership*. San Francisco: CompassPoint Nonprofit Services, 2006.

Sector Switchers: Key Questions

As noted above, the clearest and most striking revelation in the study is the sheer number of experienced people who intend to exit the sector. With so many planning to pack their bags, some obvious questions arise:

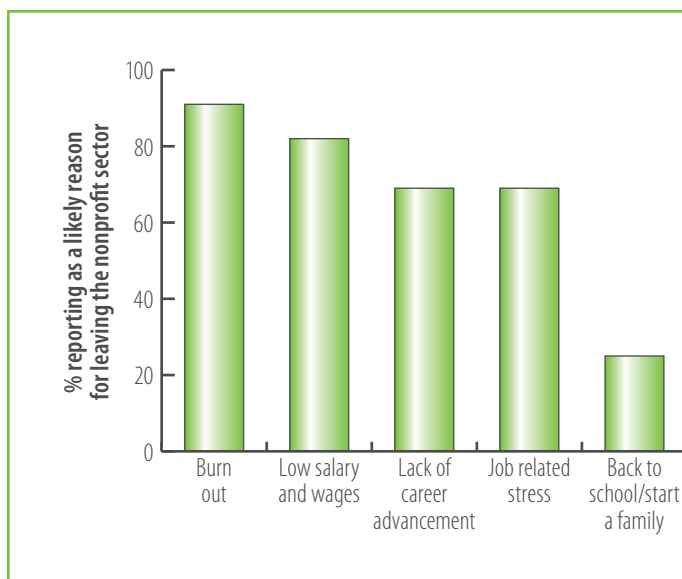
- **Why are they leaving?** Having the skills and experience necessary to move into leadership positions is not keeping them in place. So what is going on? Is the sector letting them down, and if so, how?
- **Where are they going?** Few people vacate their jobs without first finding a safe place to land. What sorts of jobs are attracting them? Are most headed to the for-profit sector? If so, what do they hope to find there?
- **How much of a problem to the sector would their leaving represent?** At first glance, a major exodus from nonprofits would seem to predict a crisis, but is that really the case?

What we discovered

Why they are leaving

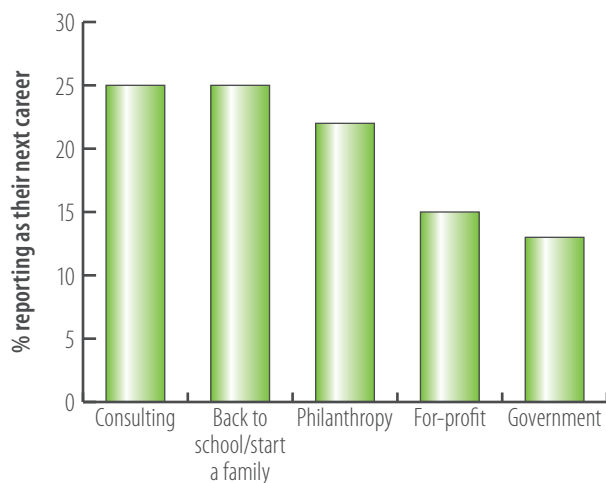
More than 90 percent of respondents cite burnout as a likely reason for leaving the sector, followed closely by low salary and wages (82 percent), lack of career advancement (69 percent), and job related stress (69 percent). Many respondents selected multiple reasons, and the high level of consensus among the reasons selected is striking.

Neither those who plan to stay nor those who plan to go see transitioning into an executive position as an answer to these problems. In fact, most who are planning to stay say they would be ambivalent about taking on an ED role. Although 60 percent of those leaving the sector and 65 percent of those staying say they are either likely or highly likely to become an ED in the future, they also express significant qualms about taking on the role. They associate high stress levels and long hours with the executive position and express concern regarding the way it affects “quality of life” and “work/life balance.” As one participant said, “It’s very important for me to be able to have a happy, healthy, and fulfilling personal life in addition to my career. The climate I have observed in many nonprofits does not support this... [there is an expectation] that leaders, especially EDs, will take on challenging, stressful schedules with relatively low pay because they believe in ‘the cause.’”



“[There should be] better pay for [the] work put in. All of the EDs I see put in insanely long hours for relatively little pay in comparison with the government and private sectors.”

—Survey Participant



Where they are going

Although participants showed no strong preference for any specific kind of future career, a quarter indicate they will end up outside of traditional nonprofit organizational structures and work as “consultants.” Unfortunately, we do not know if they meant strategy consulting (e.g., Mckinsey or Bain) or more generic, independent consulting that would allow for flexible hours/work conditions. Further analysis will be required here. Another 22 percent said they planned to work in philanthropy. Another quarter said they would be leaving the workforce for “other” reasons, which include returning to school, starting a family, or pursuing other plans. Only 13 percent were headed to government positions,

while 15 percent were likely to go after for-profit opportunities. If we assume that consulting means nonprofit consulting and that philanthropy is still in the larger nonprofit sphere, then 47 percent are planning to stay in nonprofit-related work, while 28 percent are heading to other sectors entirely. This underscores a significant priority for the sector as a whole. With so many of our young, potential leaders looking to leave the sector outright, we need to emphasize the importance of working on talent retention.

Is this really a problem?

The exodus of young talent, mirroring the exit of “baby boomer” EDs described in “The Nonprofit Sector’s Leadership Deficit” by Bridgespan and other studies, may not be as critical as we thought. Research suggests that Generations X and Y are very comfortable about frequently changing professional positions and sectors in order to achieve their career goals and ambitions.² So while many intend to leave, their absence may be only temporary. In fact, 33 percent of those who intended to leave said not only that they were likely, but that they were highly likely to become a nonprofit ED some time in the future. Again, this highlights the importance of ensuring that the right incentives and opportunities are in place to retain talent in the sector and attract it to return. Currently, data suggests that nonprofits fill 30 to 40 percent of their senior positions internally, while for-profit companies average closer to 65 percent.³ Many current management scholars argue that there is a war for talent occurring between organizations and sectors. To succeed in this increasingly competitive market, nonprofit organizations will need to create incentives and career paths that keep more of their top talent in place and also attract young professionals who have left to return to the sector.

² Anon, “Hop to It,” *Personnel Today Magazine*, <http://www.personneltoday.com/Articles/2005/01/18/27463/hop-to-it.html>.

³ Ram Charan, “Ending the CEO Succession Crisis,” *Harvard Business Review*, February 2005; Russell Reynolds Associates, “The CFO Turnover Study,” May 2005; CompassPoint, “Daring to Lead: Nonprofit Executive Directors and their Work Experience,” 2001.

Barriers to Taking on Executive Director Roles

Inevitably, a few key issues took shape as we analyzed the survey responses. For example, stressful, low-paying working conditions that seem to be producing burnout are a significant cause for concern. This suggests a need to find ways to acknowledge these perceptions and work to improve nonprofit work environments.

“I would be more likely to take on a leadership role in an organization with internal structures in place to support new leadership, as well as opportunities to network and be part of a community of other new leaders.”

—Survey Participant

More than half of the respondents cited a lack of management experience as the most significant barrier to taking on an ED role. Our members are looking for other ways to gain leadership experience, with many finding new opportunities such as serving on the board of their local YNPN chapter, for example, because they don't see these opportunities within their workplaces. This may be one explanation as to why so many may plan to leave the sector—they don't see a path up from their current position, while at the same time, they see senior hires entering the organization from other sectors or backgrounds.

Current EDs can help address this situation, where possible, by providing mentoring and investing more leadership responsibility in their Next Generation managers and administrators. In larger nonprofits, EDs can explore developing current staff for middle management positions before looking outside the organization. This is a win-win solution. It makes an ED's job easier while providing training for the next generation. It also gives incentives for other staff to stay by showing that they will have career path and opportunities within the sector.

Smaller nonprofits often have even greater trouble providing a well-defined career path for future leaders. The organizations tend to be flat, with few opportunities for advancement and most of the responsibility resting with the ED. One solution might be for regional associations or management support organizations to promote issue-based regional leadership development programs or facilitate career paths based on moving between organizations working on the same issue in the same area (e.g., a talent bank for environmental organizations in Boston.) This would allow potential leaders to move more easily between organizations in the sector, gain needed experience, and move into positions of greater responsibility along the way.

Participants' perceptions that an ED position equals a compromised quality of life is also troubling. Current EDs may not be aware of the impact their behavior makes on the future leaders in their organizations. By modeling positive aspects of the top leadership position, they can help potential leaders see that the job is not just about long hours and high stress levels. They can communicate through word and deed how rewarding it is to lead an organization that is creating social change.

“I was not always a good role model as an executive director...I certainly let the staff know how hard I worked, the sacrifices I made...Board members and donors were much more likely to know about the great parts of the job than the staff members.”

—Frances Kunreuther, Director of the Building Movement Project

Taking Action

Solutions to the leadership challenges facing the nonprofit sector need to come from everyone involved, including current EDs, funders, regional associations, community foundations, management service organizations (MSOs), academic researchers, and anyone else in the sector who is interested in these issues. Below are some of our recommendations for taking action now.

For current EDs

Mentor your successors. One participant put it this way: “I think if I had a mentor...if I had someone who saw potential in me, I would feel encouraged [to stay in the sector]. Instead, I feel as though executives see me as a threat and purposefully try to prevent me from moving forward in my career.”

Help potential leaders take on leadership responsibilities now. This responds to the younger generations’ needs for more management experience, grooms them for leadership, and may keep them in the sector. It is also important to follow through by promoting these young leaders into positions of increasing responsibility. An organizational situation in which there is no clearly articulated career path for young professionals while outside managers are recruited and installed over them into top management positions can easily cause them to look for their future elsewhere.

EDs can also examine their current organizational structure to ascertain whether staff have leadership opportunities at all levels. Traditional hierarchical arrangements tend to provide only those at the top with these opportunities, but newer organizational models can provide leadership and management training to all employees, regardless of rank. New structures can also create space to develop mentoring relationships as well as provide a place for employees to make mistakes, learn from those mistakes, and grow into experienced leaders.

“Shared leadership situations would encourage me to stay in the field, particularly when there is support re: fundraising/development.”

—Survey Participant

For funders

Fund for career path and leadership development. Our study shows that nonprofits’ failure to fund talent development is doing a disservice to both individual organizations and the sector as a whole. One respondent, a current executive, notes with regard to expenditures, “As an ED, it is incredibly stressful and disheartening to be constantly juggling quality of workplace and professional development opportunities for my staff versus the program.” Funders need to partner with EDs in recognizing that developing top staff and future leaders is actually an investment in sustained program quality and organizational sustainability. Providing funds to support talent development emphasizes the importance of succession planning for EDs and demonstrates to younger staff that the sector will invest in their careers—making it more likely that they will stay.

For regional associations/community foundations/MSOs

Create a “talent bank” of young nonprofit professionals. This will bring together young nonprofit professionals with similar experience and help connect them to leadership opportunities. Since many nonprofits are so small in size, this is one possible way to facilitate career paths or transitions between organizations in the

same geographic area. It is also important to seek opportunities to connect future leaders based on the work they do. The challenges facing social services agencies in a city may be very different from those facing arts or environmental organizations. Creating these connections among young professionals can promote resource and idea-sharing between nonprofits coping with similar dilemmas while building a pipeline of talent that is more likely to stay in the sector and the region. Nonprofits already collaborate through joint funding proposals and program initiatives. Why not partner on training and retaining future leaders?

For academics/think tankers

Include young nonprofit professionals and their perspective in your surveys and studies. Reach out to YNPN National or your local YNPN chapter to explore possibilities for partnering in analyzing leadership gaps and formulating solutions. As new career paths are developing, business schools such as Stanford and Harvard are adapting their curricula to educate MBA students on “Investing in Social Change” and “Greening the Bottom Line.” Most nonprofit management programs have yet to make similar adaptations to meet the evolving professional development needs of the sector. Academic programs should work with groups such as YNPN to ensure that they are providing the skills and perspectives that young professionals are looking for and by doing so they can better prepare people for their new career paths while helping to build a bridge between sectors that have traditionally been separate.

For all of us in the nonprofit sector

Work on our image. Think about how we present ourselves as a sector to young, talented people. We need to show professionals that they can think of this as a sector to spend their careers in, not just a “jumping off” point for other opportunities or an end-of-career bridge to retirement. We need to educate the next generations’ future leaders about what it means to have a career in the nonprofit sector, about their own responsibilities in making these jobs sustainable, and about the very different challenges and opportunities each organization will present leaders, based on its size, lifecycle phase, and issue.

We also need to advocate for our needs in order to achieve a healthy work/life balance and be successful in our careers. We are very good at advocating for the rights of others, yet we spend little time advocating for our own. We need to believe that we can be both professional and passionate. We can have a career in this sector and still buy a house, start a family, and pay off our student debt. By simply asking for what we need to achieve a sustainable, fulfilling career in the nonprofit sector, we can help ensure a next generation of future leaders is attracted to this sector, and will want to stay in this sector.

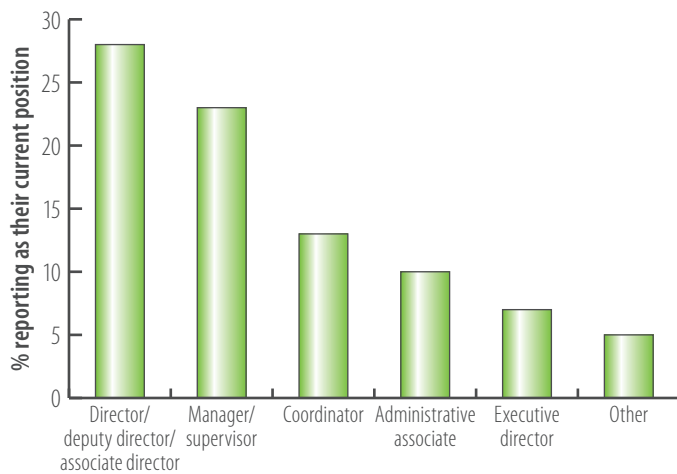
Conclusion

While our results may point to a coming exodus of many next-generation leaders from the nonprofit sector, our survey findings show that over half want to stay, and that many more may one day return, if offered the right opportunities. It also demonstrates that many of the issues and concerns driving them away are well defined and tractable. With a strong and sincere effort, there is a significant opportunity not only to retain needed and talented leaders, but to strengthen the sector more broadly.

Some Notes on Demographics

On the Featured Respondents (Four or More Years of Experience)

Our most experienced respondents (those with four plus years of experience) are a diverse group. Fifty-four percent are over age 35, with women outnumbering men by four to one. This number is even higher than that for the *Daring to Lead 2006* survey, an earlier national study of EDs sponsored by the Meyer Foundation and CompassPoint Nonprofit Services. That study showed a 66 percent predominance of women. The sector as a whole shows a 68 percent predominance.⁴

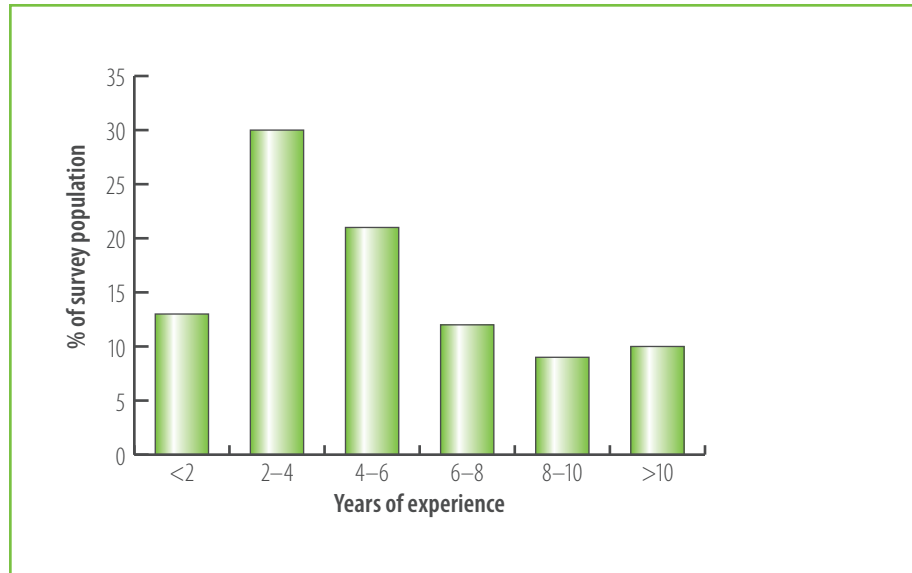


A quarter of our respondents are people of color. Caucasians are the largest group represented, followed by African Americans, Asian/Pacific Islanders, and Latino/as. In general, the members we surveyed are very well educated—nearly 94 percent hold at least a bachelor’s degree, and 46 percent of those hold at least a master’s. As shown by the chart below, roughly half of the respondents already hold director or manager positions and are therefore well-positioned to continue advancing career-wise in the sector.

On the Full Survey Population

The full survey population represents young nonprofit professionals from across the nation. Thirty-six percent are from the West, 40 percent from the North, 16 percent from the Midwest, and 5 percent from the South. Women are again predominant in their representation, composing 82 percent of the population. Two-thirds of the population are White, while a quarter is split evenly between African American, Asian/Pacific Islander, and Latino/Latina.

Just over half the population work in organizations with budgets above 3 million dollars. The majority (41 percent) are between the ages of 25 and 29. Seventeen percent are 24 or younger, and 15 percent are 35 or older. Just under half of the population hold either a manager's or director's position, and 15 percent hold a coordinator's position. As demonstrated in the adjacent chart, roughly a third of the population has worked in the sector between two and four years, and an additional third have six or more years of experience in the sector.



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